

Press Statement

Delaware Art Museum Board of Trustees Vote to Retire Debt

WILMINGTON, DE (March 26, 2014) – The Board of Trustees of the Delaware Art Museum announced today their unanimous vote to deaccession and sell up to four works of art from the Museum’s 12,500-object permanent collection. The funds generated from the sale, projected to be \$30 million, will repay the full balance of the Museum’s \$19.8 million bond debt and replenish the Museum’s endowment, which will place the Museum on a firm financial basis for the future. The process will begin immediately, and the sale will be finalized in the next six months. No works of art acquired through gift or bequest will be part of the sale.

“After detailed analysis, heavy scrutiny and the exhaustion of every reasonable alternative to relieve our bond debt, the Trustees had two agonizing choices in front of them—to either sell works of art, or to close our doors,” said Mike Miller, Chief Executive Officer at the Delaware Art Museum. “While today’s decision is certainly hard to bear, the closure of this 100-year-old museum would be, by comparison, unbearable.”

The Trustees pursued all reasonable options, such as refinancing the bond debt, fundraising and regional alliances. Refinancing strategies included using investment banks to explore public and private alternatives. The Trustees also sought the guidance of the Association of Art Museum Directors (AAMD) and the American Alliance of Museums (AAM). Despite this lengthy process, no options to relieve the Museum’s debt proved viable, forcing the Trustees to consider the last resort of selling works from the collection.

The Museum’s debt stems from the renovation and expansion of its historic Kentmere Parkway building. Tax-exempt bonds were issued in 2003 and nominally due in a lump sum in 2037. New, restrictive banking regulations, which were spawned by the 2008 financial crisis, resulted in tightened credit standards, which caused the Museum to default on performance covenants and effectively accelerated the repayment terms on the bonds. Simultaneously, the Museum experienced a significant decline to its endowment as a result of stock market performance, forcing the Trustees to enact significant budget cuts, including staff layoffs and funding cuts for exhibitions.

“This decision was made with heavy hearts, but clear minds,” said Elva Ferrari-Graham, President of the Museum’s Board of Trustees. “While the Trustees fully understand and respect museum best practices, we couldn’t bear voting to close our beloved Delaware Art Museum — a local treasure with a century-long legacy of uniting our community and cultivating a deep connection to art. This decision today will help us achieve financial stability and allow us to channel all of our collective energy back into our tradition of being a cherished community resource. Our unique collections provide educational opportunities, access to art for all ages and the chance to experience learning and creativity. In addition, the Museum fosters innovation, drives economic development and tourism and adds to the

quality of life in our region. The Trustees and staff will work tirelessly in 2014 to support our new educational initiatives, our thriving Studio Art program, our new Membership program and the exciting exhibition schedule.”

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