

SCFD BOARD OF DIRECTORS MEETING

June 24, 2010

1:00 pm

Cherokee Ranch and Castle

Meeting Minutes

SCFD Board members present: Chair James Harrington, Secretary Councilwoman Marcia Johnson, Kathy Kucsan, Kathleen Stapleton, Kathryn Spuhler and Bob Grant

SCFD Board members absent: Vice Chair Jim Martin, Treasurer Joseph Arcese, Khadija Haynes, Shepard Nevel and Dave Montez

SCFD staff present: Peg Long, Executive Director, Program Manager Nancy McCamey, Program Manager Donna Smith, Office Administrator Sheila Mieger, Program Assistant Cassiope Sydoriak

1. Introductions and Approval of Agenda

James Harrington called the meeting to order at 1:12 pm, followed by introductions. A quorum was present.

Donna Wilson, Chief Executive Officer of Cherokee Ranch and Castle, welcomed everyone. Donna gave a brief history of the Castle and the organization. The Castle sits on 3,100 acres and offers educational and cultural events throughout the year.

James Harrington proposed a change to the agenda. He asked the Board to approve moving 6.3.1 Bylaws Revisions to 5A, following Resolution No. 10-06: Pertaining to Opposition to Amendment 60 and 61 and Proposition 101. Marcia Johnson motioned to amend the agenda. Kathleen Stapleton seconded. The motion passed.

2. Approval of May 27, 2010 Board Minutes

Marcia Johnson motioned to approve minutes. Kathleen Stapleton seconded. The motion to accept the minutes passed.

3. SCFD 2009 Audit and Resolution

James Harrington introduced Mark Elmshouser of Clifton Gunderson. Mark thanked Peg Long and the SCFD staff for their timely response for information and documents. Mark proceeded to highlight the audit including an overview of the financial statements.

- Governmental auditing standards have been followed
- No adjustments needed to be made to the financials
- There were no disagreements with management
- Funds were down 4.6 million dollars from 2008
- Administrative costs were below budget
- A line item was created for Rex Morgan Tribute funds. These funds are restricted.
- Funds were distributed to the Tiers correctly based on the statute specified percentages

Kathleen Stapleton congratulated the staff on being able to keep costs at a minimum. Bob Grant asked for an explanation of Note 9 – Tax, Revenue, Spending and Debt Limitations. Mark explained that in previous years the interpretation of TABOR required that 3% of tax revenue slotted to be distributed to the organizations be held back as reserves. Current understanding is all revenue collected for the organizations must be distributed each year according to the percentages outlined in the statute. Bob Grant asked for an update on the Rex Morgan Tribute funds. Peg Long reported the amount appearing in the audit was of December 31, 2009. Kathy Kucsan asked what portion of the Rex Morgan funds will go to the artist. Peg said Patrick Marold, the artist, will receive \$50,000. The rest of the Rex Morgan restricted funds are going to be used on award events and adding names to the piece. James Harrington expressed gratitude to Joseph Arcese for bringing his CFO knowledge to his Treasurer role on the SCFD Board.

Bob Grant motioned to approve Resolution 10-05, Pertaining to Acceptance of FY 2009 Audit. Kathleen Stapleton seconded. The motion passed.

4. Resolution 10-06: Pertaining to Opposition to Amendment 60 and 61 and Proposition 101

The Special District Association has taken a stance to oppose Amendment 60 and 61 and Proposition 101. The Association provided special districts a draft resolution encouraging Boards to formally oppose the measures. Peg

Long also heard from former SCFD Board member, Dan Hopkins, who is with Don't Hurt Colorado, asking if the SCFD had considered taking a stance on the issues. Peg, with input from James Harrington and SCFD legal counsel, drafted a resolution opposing the issues. Peg said the measures don't directly impact the majority of arts organizations. If the measures passed organizations such as the Tier Is would find it difficult if not impossible to access bond money.

Marcia Johnson stated that there are things a person can do on his/her own and there are other things people can only do collectively. Tax payers vote on the taxes they wish to pay and they vote for officials to oversee the expenditure of such taxes. Kathleen Stapleton asked if Don't Hurt Colorado is writing the text opposing the issues for the Blue Book. No one knew who would write the text. James said current polling shows the issues have a 60% chance of passing. Kathryn Spuhler asked what is done with the resolution once it passes. Peg said a copy would be sent to the Special District Association and to Don't Hurt Colorado. Kathryn said some of the language is very appealing. Bob Grant replied such language is done purposefully for drawing people in. Kathy Kuscan asked if there are restrictions to speaking on the matter as a SCFD Board member. James said there are no restrictions. As he sees it the role of the Board is to speak on behalf of the funded organizations and its citizens. Nancy McCamey asked if the SCFD newsletter would be an appropriate place to acknowledge the Board's action. James asked Peg to consult SCFD's legal counsel before placing the notice in the newsletter. James mentioned some other possible impacts the passage of the issues could have through de-Brucing. Bob replied that at this time most impacts are perceived. It is unknown what will hold up in court.

Kathleen Stapleton motioned to approve Resolution 10-06, Pertaining to Opposition to Amendment 60 and 61 and Proposition 101. Kathryn Spuhler seconded. The motion passed.

5. Bylaw Revisions

Peg Long worked with SCFD's legal counsel to clean up SCFD Bylaws. The Board was given, prior to the meeting, a copy of the updates. The changes bring the Bylaws more in line with the SCFD statute and other state statutes.

Kathy Kuscan motioned to approve revised Bylaws. Bob Grant seconded. The motion passed.

6. Reports

6.1 Treasurer

James Harrington presented the Treasurer's report on behalf of Joseph Arcese. He reported The April 2010 SCFD sales and use tax revenue was \$3,201,694.48. This compares to April 2009 revenue of \$2,883,532.59. The variance is \$318,161.89, which is an 11.0% increase over month-to-date (MTD) April 2009. This is the sixth consecutive month of reported MTD increases. The 2010 year-to-date (YTD) sales and use tax revenue is \$12,062,462.94. This compares to YTD 2009 revenue of \$11,377,580.00. The variance is \$684,882.94, which is a 6.0% increase in YTD 2010 over YTD 2009.

Marcia Johnson asked if Board members felt the increase in revenues is related to The Census. James said on the national level The Census employment does make an impact, but on the local level not too much. SCFD revenues have been going up steadily for the last six months. Peg Long commented that last year during the first quarter SCFD funds were down close to 18% and 20%; as the year progressed revenues increased to close the year down 11%. She anticipates the month to month comparisons will not be so significant in upcoming months. Kathy Spuhler asked if there is any reason/cause for the yearly increase in revenues in June. The Board speculated there is an increase in car sales and weddings in June.

6.2 Chairman

James Harrington shared that many SCFD organizations have events coming up. He encouraged Board members to attend events when possible. He said CenterFest at the Arvada Center is underway and there are lots of great collaborations taking place.

6.3 Executive Director

- Peg Long shared that the Scientific and Cultural Facilities District encompasses a total of 4,542 square miles—an area larger than the states of Rhode Island (1,545) and Delaware (1,954) combined and closer to the size of Connecticut (5,544).

- She distributed a list of Tier II 2010 qualifying organizations. Kathy Spuhler asked where attendance numbers come from because they don't represent some organizations' full attendance. Peg explained the audited paid attendance requirements for Tier II organizations. Donna Smith said she would provide complete attendance information in the next couple of Board packets. Qualifying Tier II organizations will make presentations to the Board in July and August. Peg emphasized the importance of the Board's attendance at the August meeting in which they must approve a resolution to grant the Tier II funds.
- Peg asked Donna Smith and Marcia Johnson to give a Rex Morgan tribute and award update. Marcia asked Donna to give the update. Donna reported the Tribute committee had approved the final design. The artist has been paid two initial installments. The contract with the Denver City and County to take and maintain the piece is underway. The City is also working to determine exactly where the piece will be placed in the Galleria. This requires engineers to determine where supportive beams are under the floor. James Harrington asked if SCFD has received enough funds to cover contractual obligations. Donna said they had. \$60,000 has been deposited. The committee is working to raise funds to cover the award ceremony costs. James asked how much was spent on the award ceremony last year. Peg said about \$7,500 was spent. A similar amount will be needed for this year as well. James asked when the Tribute will be installed. Mid-November, said Donna. James Harrington thanked staff for the high quality event presented last year and is pleased the plan is to do so again this year.
- Staff met with WESTAF for formal demonstration of database and also with Kathy Kucsan to review staff's research on programs available. Next month a WESTAF representative will attend the Board meeting to address questions Board members may have. Kathy Kucsan said she thought the system looked great and offered features needed by staff. Kathy Spuhler asked if there were comparable systems available. Kathy Kucsan said there wasn't much. SCFD is a unique program with specific database /grant processing needs. Many of the systems are designed for foundations and government bodies. Peg mentioned staff researched comparable systems such as those offered by MicroEdge, the system Colorado Health Foundation and the Gill Foundation use. The cost is much greater. Kathy Spuhler commented SCFD deserves to have an efficient system because it is unique.
- Peg reported she has renewed one CD in the amount of \$243,822 for 6 months at 1.25% APY and a second in the amount of \$245,000 for 12 months at 1.4% APY. A third CD has been moved into the COBiz account and the 4th does not mature until December 2010.

7. Eligibility Presentation

Peg Long presented a power point outlining the eligibility process. Marcia Johnson asked if the policies outlined in the presentation were in place prior to Peg joining the SCFD. Peg replied that some were but many she put in place, such as asking Tier I organizations for a Form 990. Bob Grant asked how many government based organizations are SCFD eligible. Less than a third replied Peg. If an organization has to be doing programming for three years when does the three years start asked Kathy Spuhler. Peg replied staff looks at a number of things such as when the organization became a 501(c)3, when they started their activities, when the activities became open to the public, etc. There is not one thing that determines this. Bob asked if the statute requires organizations to apply to Tier II if they qualify. Organizations do not have to apply for Tier II. Peg mentioned to the Board one aspect of determining eligibility the staff struggles with is education institutions. The statute does not define educational institutions. She will be coming to the Board in September to ask for policy guidance regarding a working definition. James Harrington asked Peg to arrange for the absent Board members to be given the eligibility presentation prior to the Tier II interviews.

8. Public Comment

Steve Wilson commented that SCFD staff goes out of their way to help organizations succeed. Donna Wilson agreed. She asked when re-authorization would be. James Harrington said probably in 2015 or 2016.

9. Adjournment

Kathleen Stapleton motioned to adjourn. Kathy Kucsan seconded. All were in favor. The meeting was adjourned at 4:25 pm.



 Secretary