



SCFD BOARD OF DIRECTORS PLANNING SESSION
Thursday, October 29, 2013
2 pm to 5:30 pm
Mizel Arts and Culture Center

Retreat Goal: Define Options for SCFD Administration, and Determine Processes for Exploring Tier Structure and Eligibility Options.

Attendees

Board members present- Kathryn Spuhler (Chair), Kathy Kucsan (Vice Chair), Dan Hopkins (Treasurer), Peggy Lehmann (Secretary), Joseph Arcese, Bob Grant, Damon O. Barry, Shepard Nevel, Rob Johnson, Hal Logan and Elaine D. Torres

SCFD Staff- Peg Long (Executive Director), Jessica Clare (Program Manager), Nancy McCamey (Senior Program Manager), Erica Barclay (Program Associate) and Sheila Mieger (Office Systems Administrator)

Facilitator- Raylene Decatur (Decatur & Company, Inc.)

Minutes

At 2:15 pm Chairwoman Kathryn Spuhler welcomed everyone and introductions were made. A quorum was present.

Executive session pursuant to C.R.S. §24-6-402(4)(b) to discuss specific legal issues with legal counsel related to litigation brought against the district by the TABOR Foundation. Dan Hopkins read the executive session announcement at 2:20pm. The board moved into Executive Session. The open meeting resumed at 3:05 pm.

Executive session pursuant to CRS Section 24-6-402(4)(e) for the purpose of discussing information which is required to kept confidential pursuant to CRS Section 29-2-106(4)(e) for the purposes of determining positions relative to matters that may be subject to negotiations and developing strategy therefore. Kathryn Spuhler read the executive session announcement at 3:08pm. The board moved into Executive Session. The open meeting resumed at 3:20pm.

SCFD Administrative Percentage: History and Scenarios by Peg Long and Dan Hopkins

Dan Hopkins shared interest rate history. He commented that the founders of SCFD could not have foreseen such volatile and unpredictable interest rates with such a large increase in the number of eligible organizations as SCFD has experienced over the past 15 years.

Peg Long provided the Board a history of SCFD's budget; highlighting the three quarters of one percent administration allowance has never been sufficient to cover operating costs. She also

provided a list of other cultural districts, cultural funders and their administrative allowances. She also informed the board that the Special District Association responded to an email that no other special districts have a statutory cap on their administrative allowance. Peg provided three budget scenarios:

1. Current Basic Budget - Increase administrative percentage to 1.25% at a minimum to cover current very basic expenses.
2. Efficient Budget - Increase administrative percentage to 1.5% at a minimum to allow for needed software upgrades, capital and noncapital needs, staff training, and to better support staff, board and council functions.
3. Ideal Budget - Increase administrative percentage to 1.75% at a minimum to cover all expenses in the efficient budget, add a full-time position, better support staff, board and council functions, and allow for 9 months of reserves and savings for future election costs.

The Board discussed each of the three proposed budget scenarios. They discussed the possible need to go to the legislature prior to 2016 reauthorization. They asked for advice from their lobbyist, Melanie Layton as to the pros and cons of going with a bill to only address the administrative percentage.

Bob Grant motioned to present a bill in 2014 to the legislature to increase the SCFD administrative percentage. Damon O. Barry seconded. The motion to accept going to the legislator in 2014 failed to pass, two to ten.

The Board discussed different possible administrative scenarios; percentage, sliding scale, a cap of 3%, 5%, etc. They came to the conclusion that since they are not going to the legislature in 2014, a decision regarding the administrative allocation did not need to be decided today. They are going to explore more scenarios.

Board questions and discussion of Interview Report, Themes, Forums, Process for Exploring Tier Structure and Eligibility Options 2016 Phases of Reauthorization conducted by Raylene Decatur

Raylene walked the Board through the report with the results of the one-on-one interviews she conducted with each board and staff member. The Board discussed the various topics that were raised during the interviews and captured in the related chart to determine what needs to be addressed in what order. It was decided:

1. Administrative percentage
2. Structure of the Tiers - how to address growth, attendance, eligibility, percentages

The Board asked that a Reauthorization agenda item be placed on the agenda for all 2014 Board meetings. Additional data was requested to help with the administrative percentage and Tier conversations. They also asked to take another look at the Stakeholder Process results to aid in determining how to proceed. Peg and Raylene will meet to discuss if it would be best for the Board to have an additional planning session or if the topics can be covered at regular Board meetings.

Public Comment

George Sparks (Denver Museum of Nature and Science) – Thanked the Board for their thoughtful discussion. He stated that the SCFD is not about the organizations but about the voters.

Stella Yu (Arts Street) – The arts improve the quality of life. Some focus needs to be on what future generations need and how the arts fit into that.

James Harrington (CATZ Board) – “The SCFD staff has a fiduciary responsibility to be good stewards of the \$45 million that is collected and distributed annually to the recipient organizations. To fulfill our responsibilities, we need to allocate more time and effort to training, technology enhancements, education and oversight, and dissemination of best practices, especially business practices, among our recipient organizations. This requires an increase in administrative funding. From inception in 1988 to present, SCFD administration has been funded from a $\frac{3}{4}$ of 1 percent share of the tax plus interest income. In recent years, interest income has declined significantly. This has limited the ability of staff to fulfill all of its responsibilities. To correct this situation, the SCFD Board has decided to seek an increase in administrative funding.”

Steve Wilson (Mizel Arts and Culture Center/SCC) – Encouraged the Board to have intimate discussions with each of the Tiers to figure out what the real needs are.

5:25pm Meeting was adjourned.


Secretary