

SCFD BOARD OF DIRECTORS MEETING

March 27, 2008

1:00 pm

Ballet Nouveau Colorado

Meeting Minutes

SCFD Board members present: Chair James Harrington, Treasurer Stevan Strain, Vice Chair Holly Osgood, Jim Martin, Joseph Arcese, Kathleen Stapleton, Mark Addison, Nancy Lee, Jake Zambrano and Marcia Johnson

SCFD Board members absent: Secretary Dan Hopkins

SCFD staff present: Executive Director Peg Long, Program Manager Donna Smith and Office Administrator Sheila Mieger

1. Introductions

James Harrington called the meeting to order at 1:05 pm, followed by introductions.

2. Ballet Nouveau Colorado

Executive Director, Lissy Garrison and Amanda Stewart, Development Director gave a short welcome and introduction to Ballet Nouveau. They will be applying in Jefferson County this year for the first time. The Company currently receives Tier III funding from Adams and Broomfield counties.

3. Report on Tier II Qualifying Income Threshold

Peg Long reported according to the Statute, the SCFD staff calculates the qualifying income threshold annually based on the prior year's figure plus the rise in the Denver-Boulder-Greeley Consumer Price Index published by the Bureau of Labor Statistics. This year's CPI was 2.2%. Therefore the 2008 qualifying threshold for organizations qualified for Tier II prior to July 1, 2006 is \$999,339.35. The qualifying threshold for organizations qualifying for the first time on or after July 1, 2006 is \$1,323,490. Since 1997 the CPI has ranged from .1%-4.7%. Currently organizations meet the threshold if their qualifying income meets the applicable threshold. All organizations applying to receive funds in 2010 must meet the single higher threshold. Applicant organizations will thus have to achieve this level of qualifying income in fiscal year 2009.

The proportional share each Tier II organization receives of the total allocated to the Tier II is based on a formula that weights qualifying income and paid attendance equally. Peg Long shared with the Board her concerns of several, possibly as many as six, current Tier II organizations not making the 2010 threshold. This could have an effect on Tier III groups and those remaining in Tier II. She informed the Board that by statute they have the power to evaluate and make changes to the weighting of the income vs. attendance equation. A change to this equation is binding on the board for a period of five years thereafter. If the Board sees the need to change the qualifying income threshold a bill would need to be drafted and brought before the state legislators during the 2009 legislative session in order to alter the threshold requirement for the 2010 application cycle.

Holly Osgood informed the Board of some history which involved members of Tier II drafting the current threshold. She feels if a Tier II organization does not meet the threshold there are most likely organizational viability reasons. She feels the SCFD's purpose is to support arts and culture in the Denver Metro Area, not specific groups other than the Tier I's. She encouraged the Board to take this matter very seriously and cautiously. As a former County Cultural Council member (chair) she feels that the council members will protect the Tier III organizations that they currently fund. If a Tier II drops down it will cause a bigger problem for the specific organization than for the Tier III itself.

Stevan Strain commented that a few of the Tier II organizations that he reviewed showed a steady growth over the last few years. He is concerned the Tier II's were thinking big at the time the 2010 threshold was conceived. And due to the current state of the economy and other outside factors certain strong groups will not make the threshold. James Harrington agreed.

Mark Addison stated his concern of the organizations at both the Tier II and Tier III level tensions against the SCFD if the Board does not proceed cautiously and include members of both tiers in the Board's decision making. He also brought up the point that a few Tier II's would like to become Tier I's. If the Board brings this issue to the legislative level without the support of all tiers there could be a chance of the Tier I's breaking off and creating their own legislation to protect themselves.

Marcia Johnson suggested the possibility of restructuring Tier II into two groups--one group consisting of financially solid Tier II's getting a certain percentage of the Tier II pie and another group of Tier II organizations who are not as stable getting the remainder of the funds. This might help the solid Tier IIs not to feel as threatened by additional groups entering the Tier.

James Harrington asked the staff to research how many Tier II's are likely to drop out of the tier. He also asked them to do some modeling to determine how Tier II groups entering Tier III would affect the Tier III groups; and which counties would be affected. Marcia Johnson encouraged the modeling to be as neutral as possible. She suggested leaving off the organizations' names to allow a more unbiased review. Many Board members agreed. Jake Zambrano asked if the staff had the resources to accomplish such a task. Peg Long stated that she was unsure of the skills her current staff had with such projects. She does feel that the current staff is very strapped for time since this analysis would need to be done right away. It was suggested that an outside person be hired to do the task. Both Peg Long and James Harrington said the current budget will not allow for additional paid help. Mark Addison suggested a graduate student would be a great person for this project. He knows of someone that might be available. Peg Long said she would also check with her current intern to see if he could help.

Everyone on the Board agreed that this issue needs to be examined. The Board asked the staff to bring a list of Tier II organizations that are not likely to meet the 2010 threshold to the next board meeting along with any other research they are able to pull together in the month. The Board will discuss what the staff discovers and possibly form an ad hoc group to continue researching this issue. James Harrington requested that Peg Long bring the board a proposal for how to address the Tier II issues.

4. Resolution 08-04: Pertaining to 2008 Tier III Distribution Budget

The SCFD office received the Department of Revenue's numbers stating the percent of sales tax each county earned. There is a 5% increase over the budgeted amount. Holly Osgood motioned to approve Resolution 01-08, and Stevan Strain seconded. The motion passed.

5. Reports

5.1 Treasurer

Stevan Strain reported SCFD based the 2008 budget on Colorado Trust's interest rates being at 4%. The current interest rate is 3.29%. Many on the Board feel Colorado has not fallen into a recession but consumers are being cautious.

5.2 Chairman

James Harrington thanked all the Board members for attending the retreat.

5.3 Executive Director

- Peg Long informed the Board of the hiring of Laura Duerksen as a part time program assistant. She gave the Board a current staff and Board listing.
- She expects to get a summary of the Board Retreat from Karla Raines early next week. Once she receives it she will give each Board member a copy.

- Peg Long sent each Board member a new disclosure form and asked that they return them to her as soon as possible.
- She shared information regarding the upcoming national conferences taking place locally and encouraged any Board member that would like to attend to let her know and she would register him or her.
- Peg long gave each Board member a copy of three different 20th anniversary logo designs. The Board would like to see each of them the same size and reduced to an actual print material size before they decide which logo to use.

6. Report of Legal RFP Committee

Stevan Strain reported SCFD staff sent out 19 RFPs towards obtaining new counsel for the District. Marcia Johnson had to withdraw from the committee because one of the firms that submitted a proposal donated money to her campaign. Strain along with the guidance of Peg Long narrowed down the list to Icenogle Norton PC. This firm specializes in special districts. Icenogle Norton PC has two partners. Alan Pogue would be SCFD's main representative. If he is not available his partner, Tamara Gilida would be present. Their discounted rate is \$187.50 an hour. Icenogle Norton PC would not require the SCFD to pay a retainer. Stevan Strain suggested the Board interview Icenogle Norton PC. The Board agreed. Peg Long is to ask the firm to join the Board at the April 24 Board meeting.

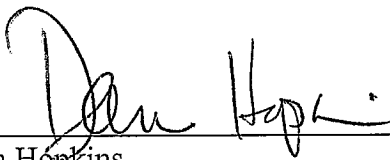
7. Public Comments

Jane Potts, Denver Tier III, thanked the Board for their willingness to look into the Tier II process. She reported there is already one Tier II that cannot make the threshold and will be moving down to Tier III this year.

Lissy Garrison invited Board members to stay and watch rehearsals.

9. Adjournment

Kathleen Stapleton motioned to adjourn the meeting and Stevan Stain seconded. The motion was passed and the meeting was adjourned at 2:45 pm.



Dan Hopkins
Secretary