

**Downtown Boone Development Association
Special Meeting of the Board of Directors
Monday, September 20, 2010
9 a.m. Watauga County Library Conference Room**

Recorded Attendance

Board Members: Sheri Moretz – Secretary, Mast General Store; Dempsey Wilcox – President, Property Owner; Jamie Leigh, Town Council Liaison; Rich Jacobs – Past President, ArtWalk; Greg Lovins, ASU; Linda Smith, Hands Gallery; Jason Berry – Secretary, Footsloggers; Lynne Mason, Town Council Liaison; Andy Stallings, Property Owner; Sam Ratchford, Vidalia Restaurant; Omer Tomlinson, Boone Area Chamber

Staff: Mary Baker

Public: John Cooper, Mast General Store;

General Administration

Dempsey Wilcox called the meeting to order at 9:12 a.m. A quorum was present at the meeting. Sheri Moretz made a motion to approve the agenda as presented. Jason Berry seconded the motion, and it passed.

Approval of the Minutes

The Minutes from the Annual Meeting were included in the packet. Wilcox asked the board to review them for approval. There was one change to be made. Under Closing Remarks, it was suggested to add: Board President Dempsey Wilcox made closing remarks: ... Hearing no further discussion, Lynne Mason made a motion to approve the minutes with the proposed change. Greg Lovins seconded the motion, and it passed.

Financial Report

Treasurer Jason Berry indicated that this month's report is a running balance based upon expenditures from the organization's fund balance. The DBDA has not received funding from the Town. Currently, the majority of our work has been administrative. Berry made a motion to accept the treasurer's report as submitted. Andy Stallings seconded the motion, and it passed.

UPDATES BY COMMITTEE

Organization

2010 DBDA Contract Renewal with Town of Boone – Dempsey Wilcox

The Organization/Executive Committee has reviewed the contract and has several concerns with signing it in its current form. We have had it reviewed by an attorney and he agrees with our concerns. The contract in several areas is ambiguous as it relates to goals and methods of measurement.

One of the big concerns for the organization is the Art Crawl. The contracted time for this event is on the calendar year. Participants signed-on expecting publicity and event administration through the end of the year. The board would like to continue through the end of the year with the current operation and restructure it for next calendar year. Jamie Leigh said that that sounds reasonable to her as long as it is within the legal issues for this event that have been brought to the fore. These issues include spending MSD funds to promote businesses outside the MSD area. Wilcox pointed out that we have enough funds in our fund balance to spend on the one business that participates in the Art Crawl and is located outside the MSD. Although contracted for the year, funds paid in are called sponsorships and, in the future, the DBDA will strive harder to encourage other businesses to open their doors and participate even if they do not sign-up. Rich Jacobs spoke favorably about the Art Crawl and the number of people it brings downtown. He called it A Bold

Move. Mary Baker pointed out that in 2009 more staff time was allocated to this event. If we would like to see it grow, the organization will have to go back to spending more time on it. Staff worked with each individual business on ideas, etc.

Article XIV – The contract as it is written states: Default: If the DBDA defaults in the performance of any of its duties under paragraph (should be Article) III of this Agreement, all of which are deemed material, or violates any of the terms of Article IV through XIV of this Agreement, all of which are deemed material, the Town may immediately terminate the Agreement or suspend the payment of the funds, at its choice, without prior notice or an opportunity for the DBDA to cure its violation.

If the contract is going to be entered into in good faith, there should be a policy of notification and an opportunity to correct.

FUND BALANCE concerns – Wilcox will look through the audits to check the fund balance and its make-up. In looking at prior contracts it was never requested that MSD funds should be held separately from private contributions or other raised funds. We need to come to terms on the make-up of the fund balance, but we feel pretty confident that its funds are private at this time. The board should make a statement on funds being first in, first out.

Article XIV and XV – This is our worst nightmare. If we sign the contract and funds do not come in until December or January, but we continue to administer the programs and run down the fund balance for the organization, the town could say that we are in violation and not pay us the funds that are due. The board would like to request a change that would read: Upon termination, the town will reimburse any funds spent in the administration of the MSD/Main Street program. Perhaps this could be added to Article II.

Article II – This article states that funds for this contract will come from the 2010-2011 MSD tax revenues, when those revenues come available. These funds will be collected in December and January. In examining prior years' contracts, it seems that one full year has been skipped. Mason will clarify this point.

Article VIII – The DBDA will notify the Town in writing within five days if any member of its staff is charged with or convicted of any crime involving malfeasance or misfeasance, or *honesty* in the use or handling of any DBDA funds. Honesty needs to be corrected to, “dishonesty.”

Article III, A, 9 – Bond – The maximum bond from our insurance is \$100,000 per person. At any point in time, the organization would not have more than \$200,000 in funds. Two signatures are also required on checks. Mason asked how bonding is determined. It is how an insurance company recovers their loss. As a small organization with limited funds, we could not get bonding for any larger amount. Mason and Leigh suggested that we present what we have.

Article III, A, 6 – Establish and post on its website, and begin keeping in accordance with the posted schedule, regular and full public office hours, in amounts and at times authorized by the DBDA's board of directors. It was suggested that if the director leaves the office, a post on the door will be sufficient notification. Leigh suggests having a set time that someone is always available, like from 10 a.m. until noon. “And full” could be taken out. Leigh indicates that this phrase was never intended as keeping staff in the office at all times.

Article III, D, 2 – Administration of any MSD revitalization project specifically requested by the Town. This phrase has been in the contract for 13 years, and is not worth further discussion.

Wilcox asked Leigh and Mason to ask the town financial officer to help in providing copies of prior audits for us to look for fund balance information. Greg Young should be contacted to ask for the audits. Mason and Leigh will follow up.

Andy Stallings asked about insurance. The organization has liability and D&O.

John Cooper asked about the 30% of MSD fund being spent on infrastructure. Some of that should be allowed for administration of the program to provide the infrastructure. Leigh agreed that staff time spent in grant funding could be a part of this percentage, but not overhead. A suggested change in Article III, C is adding in direct administration including salaries of MSD funds spent on infrastructure....

Mason asked for a recap of the adjustments:

- *Fund Balance Issue – Mary Baker will contact Greg Young for copies of past audits.
- *Article II – reimbursement for administering MSD activities/funds – clarify that DBDA gets funds for doing the program
- *Seek clarification on Article IX with the contract for the Art Crawl in this calendar year, counting as sponsorships
- *Correct honesty
- *In the default section, paragraph should be article III
- *Clarify reimbursements
- *Article VI – Misspelling of “Its”
- *Article XIV – Language to protect the town – cure breach promptly

New Business

The Wayfinding signs – Baker has an example of the wayfinding signs and fears that we might be creating a product that is not good for anyone. The sign company wanted to send it to the meeting to be examined. They suggest the width be 18” instead of the 11” that it is now. It would require changing the container to make it bigger. This is what the CAC approved initially. There will be one big sign at Town Hall. The frames are not made yet. Mason suggests showing it to the Community Appearance Commission. The new size would be approximately 18x24. Jacobs suggests making this map available to businesses downtown in a tablet so it can be given to visitors. Mason made a motion to ask the sign company to print out a larger prototype. Linda Smith seconded the motion, and it passed.

There being no further business, the meeting was adjourned at 10:10 a.m.

Minutes respectfully submitted for your approval

Sheri J. Moretz