

Minutes

PACRC Board

11/18/15

Present: Kristol McKie, Dennyce Korb, Brad Berens, Ross McKie, Mike Gould, Ken Ketel, Pat Goetzinger, Anna Huntington, Darla Drew Lerdal, Jason Reuter, Jeff Nelsen. Also present Nick Johnson.

Meeting called to order at 7:33 a.m. by President Kristol McKie.

Gould moved approval of the October minutes. R. McKie seconded. Motion carried.

R. McKie gave the financial report. Capital campaign checking account was reduced to reflect the cost of the new lighting instruments. Reuter inquired about the approval process for large capital expenditures. The lighting purchases were pre-approved some time ago. There is a prioritized list of needs which was approved by the Board previously. K. McKie will send that out to Board Members again. We are moving on now to looking at sound needs, which are also pre-approved. The consultant that we used for the lighting is going to also be used for the sound as our Technical Director has indicated he does feel they are up to the job. The feeling of the Board is that a concert system is not necessary and not prudent, so the focus of attention will be on getting sound to the dead spots in the historic theater. Most concert acts bring their own sound systems. The P & L reflects that we have now received the last installment of the Vucurevich Foundation grant. Given that fact, we need to start seeking other sources for grants. Huntington suggested the South Dakota Arts Council. The deadline to apply for that grant is March 1st. Application for that needs to be made a priority. R. McKie requested that Johnson supply suggestions at the December board meeting for alternative sources for grants to make up for the Vucurevich Foundation grant.

R. McKie reported that we have received an extension for our tax filings, but they are ready to go. The ARC 501(c)(3) can now be shut down.

Johnson gave his Executive Director's report. He included a calendar of events through March, 2016. Jeff Smith is moving on to new employment. Johnson has encountered difficulty finding someone to fill the Head House Manager position, but with Smith moving on, he would like to put the non-evening activities of the Events Manager in to the Head House Manager position. He is hoping to have the job description retooled today and to get it out on some websites. Smith will still work for us on graphics design on a contract basis. Jeff's last day will be December 11. An inquiry was made as to who will be handling promotion. Johnson stated he believes the person to be hired can be responsible for updating the website, Facebook page, etc. The element of finding additional promoters to bring events here will also be part of this position.

Johnson stated that we are in a holding pattern on the weather cancellation policy. The School District is completely retooling their policy and we need to base ours on theirs. Gould and Johnson attended a facilities committee meeting with Dave Janak. He confirmed that just because the school district has

made the decision to shut down, if PAC-RC has the personnel here to clear the snow, etc., that doesn't mean we have to shut down. At this point board member Jeff Nelsen left the meeting.

Drew Lerdal inquired as to what kind of outreach we are doing to the schools. Johnson stated that we have been conversing with Rapid City High School principal Deb Steele about how we can involve more of their students. Johnson also stated that when the school is doing an event we provide technical assistance free of charge. There is a middle school/high school event this weekend involving a number of artists. There is another group coming in February called Young Americans and that will be another outreach event for the schools. That event is district-wide. There is also a Parks Service group that is bringing in a theater group in February and we are working with them. Drew Lerdal and Huntington stressed the importance of putting the full court press on with media coverage.

McKie stated that the pop-up party committee needs to get together to make a decision on a venue and theme.

Johnson gave a capital campaign update. Billings are ready to go and just need to get in the mail.

Johnson reported that he attended the Americans for the Arts Marketing Conference in Salt Lake City. It was a very good event to attend with lots of information about trends in marketing. He will supply a written report for the December meeting.

Goetzinger reported on the endowment plan. He has supplied the Board with a draft Resolution for creation of that endowment foundation. The Resolution is brief by design in order to give us flexibility. (At this point board member Jeff Nelsen returned to the meeting.) We do not need another board. If a donor directs a gift to go into this fund, the donor will then be asked what their intentions are for that gift. There will be a Memorandum of Understanding between the Board and the donor regarding the use of those funds, and in that way it offers as much protection as possible from any judgment creditors, although there is never a 100% guarantee. There will be separate segregated accounts to hold designated funds. The funds will all be in one pool to build additional income faster, but there would be separate designated funds within that pool. An "endowed fund" is a permanent fund. You give the principal and can only give the additional income earned on the principal, can never give the principal. We would try to steer donors away from that, but a donor can do that if they wish to. Then there are the "non-endowed funds" where the donor gives an amount and either tells us to do what we want to with it, or they tell us how they want the funds given. Donor autonomy in carrying out the donor intent is what we want to provide, but we can give the donor direction. Goetzinger envisions an investment group and a distribution group coming from this Board. The object today is to adopt a resolution, and the governance policies will then be developed. Drew Lerdal suggested that there always be a percentage of the donation that goes to the PAC to pay for the work of supervising that endowment. Goetzinger stated there will always be an administrative fee that will be part of the donation. BHSO has its own endowment fund which has been in place for about 15 years. Ketel stated he wants to get their Board together to discuss this. Ketel did inquire as to what the fees are going to be, and at this point that cannot be determined as no investment advisor has been selected yet. Goetzinger did say,

however, that in a fund like this the fees would be less because the assumption is the amount of money is larger and the fees go down the larger the fund amount is.

Confusion in the marketplace for our donors was discussed. It is a real concern and something that needs to be addressed head-on. We have a unique story to tell as the Performing Arts Center. But we would not be competing with any entity's endowment fund, we would be a complement to it.

Korb moved that the Resolution be adopted. Gould seconded the motion. Nelsen offered a friendly amendment that allows Goetzinger to "word smith" any fuzzy language that needs to be cleaned up. Motion carried. Goetzinger will bring governance policies to the Board. The Board expressed its extreme gratitude to Goetzinger for his excellent work.

K. McKie reported on the Executive Director's performance review. Joint Management Committee member Steve Hengen will be putting together a summary for the Board, and Johnson will then be given an opportunity for his response.

K. McKie discussed possibly putting together a services survey regarding the services we are providing. At this point it would just go out to our CMO Board members. Ketel and Korb volunteered to assist with putting together the services survey.

Johnson, Reuter, and K. McKie will get together regarding a bi-annual appeal letter. One was not done last year. Huntington commented that we might consider delaying until our endowment launch. However, it was felt that was a ways down the pike yet. We could, however, talk about the fact that it's upcoming. Drew Lerdal recommended integrating pictures, and especially kids.

Drew Lerdal gave an update on the cultural plan. It is being worked on, and there should be a finalized copy presented in January. Huntington commented that the PAC is not mentioned once in that plan, and she feels that is a gap. Facilities are really not a large part of the plan at all. Huntington invited input from the board. Johnson will send out a copy of the draft to this board for input. Drew Lerdal stated it is something that the City Council is going to be looking at, and she also feels a facilities inventory is an important piece. (At this point board member Drew Lerdal left the meeting.) Huntington and Johnson will be looking into this deeper, in particular the Leadership and Coordination section, as to how the PAC can become a more prominent part of the plan.

R. McKie moved, Nelsen seconded that the meeting be adjourned. Meeting adjourned at 9:00 a.m.

Respectfully submitted,

Dennyce Korb, PAC Board Secretary