

TEXAS FOLK MUSIC FOUNDATION

Board Meeting Minutes

Saturday, July 19, 2009

Quiet Valley Ranch, Kerrville, Texas

Board Members Present: Michael D'Eath, Chuck Lesniak, Adams Kirkpatrick, Bill Stacy, Jon Charles, Theresa Tod

Board Members Absent: Therese Spina, Thomas Chapmond, Steve Gillette

Others Present: Steve Carruthers, Charlie, Stuart, Lee Green, Rick, Alan McGill, Vern Crawford, Lenore Langsdorf, Tim Mason, Mike Melanson (Dirty Feet), Steve Smith, Peter Casey, Dalis Allen

The meeting was called to order by Michael D'Eath, Chair, at 12:00 noon.

Minutes – Theresa Tod: Theresa presented the minutes of the three previous meetings (May 30 and June 6, at Quiet Valley Ranch, and June 24 conference call meeting) for board approval. The minutes were sent previously by email, and comments incorporated. Jon moved to accept the minutes from all three meetings, Chuck seconded the motion; the motion passed unanimously.

Officers: Michael stated that the Treasurer position was not elected at the annual meeting. Steve Carruthers confirmed that he was still willing to serve in the Treasurer role. Bill Stacy moved to elect Steve Carruthers to continue serving as Treasurer, Jon Charles seconded, and the motion was approved unanimously.

Treasurer's Report – Steve Carruthers: Steve presented a June 30th financial statement for the consolidated funds (KFF and TFMF). The statement reflects \$31,300 total donations, which does not include the contribution by Tom Neff, received in July for \$45,000. \$22,100 in donations received during the festival were included in the report; additional donations totaling \$9270 were received directly by TFMF. Syd has tracked donations by specific activity (not shown in summary report). The total raised (\$51,300) is short of our \$61,400 goal by about \$10,000. Jon said he had collected some additional funds for the youth camp that were not yet deposited. Michael noted we still need to raise around \$10,000.

While there were no big surprises, the festival experienced a loss this year. Dalis said the Canadian government provided funds (around \$5000) which essentially covered the costs of their performers; Steve will check with Syd to see if those funds had been booked in time to be included with this report. Steve was asked to send out a more final report, as soon as one is ready.

Festival financial report – Charlie/Syd

A report document was circulated (in advance by email) showing revenues and expenses to date (Jan 1 – July 2), compared to budget for the same period; comparison data for the same period last year; the budget for the full year (Jan-Dec 09); and a proposed revised budget for the same period.

For the period to date (Jan 1 – July 2), KFF expenses exceeded revenues by \$14,098; Charlie does not expect additional revenues for the remainder of the year to offset this negative balance. Operationally, both revenues and expenses are down. Charlie believes the reduced revenues are largely due to the depressed economy, which reduced attendance as well as expenditures while at the festival. (Dalis said this spring every festival she talked to in the country was down substantially; due to the swine flu, economy, etc.) Electric rates are down, and they were able to reduce a few other expenses.

By comparison, the difference between revenues and expenditures last year for the same period, was a negative \$26,428.

Charlie proposed a revised plan for 2009, because of some additional needs not reflected in the original budget. The KFF Board had approved \$12,000 for well expenditures in the 2008 budget, but it wasn't carried over into the approved FY09 budget, because it was assumed at the time that it would have been done before the end of the year. The report presented shows a projected \$96,381 deficit; compared to a \$65,194 deficit in the approved budget. The deficit will be offset to some degree by funds generated by TFMF. The Board is working with KFF FoC to determine cash requirements for remainder of the year, and the size of additional deposits required from TFMF to KFF operating accounts.

TFMF currently has \$56,000 in the bank; however, some of that is restricted for Threadgill renovations.

An additional anticipated big expense is the ticketing system. KFF must replace the current system (as previously reported in Minutes); KFF staff have been proceeding based on preliminary plans to contract with Tom Watson. The estimated price is \$30,000; probably half of that in the current year, the remainder in the 2010 budget. This approximately \$15,000 expense (for the first year) are not reflected in the proposed budget document, and would thus further increase the deficit.

There was discussion about possible approval of a contract with Tom Watson for the on-line ticketing system. Charlie and others maintained that with Tom's system, information would go directly into the database; there are no canned alternatives that will do this. General consensus was that this feature would be an important consideration, for greatest efficiency; the current effort required for manual entries, along with other data system issues, greatly limit both accuracy and utility of existing data.

Charlie will work with Syd to prepare and present to the board a cash flow analysis month-to-month. Bill suggested that it was important to look past the end of the year, through preparations for the spring festival, when advance cash outlays are additional required. Stuart said there are often cash shortages in October. Dalis suggested that season ticket packages are a big factor and need to be looked at as well.

There was extensive discussion to better understand the current deficits. Michael summarized: Without the ticketing system costs, current losses total around \$81,000, minus \$54,000 revenues from TFMF, leaving \$27,000. Ultimately we need to raise an \$37,000 for the year. We have to absorb the \$12,000 well expense, and the \$15,000 operating cost. The ticketing system adds another \$15,000 for FY09. Michael voiced reluctance to commit to a contract with Tom Watson, without a plan for how to pay for it. The Board agreed not to approve a revised budget at this time, but that we should move forward in efforts to raise the funds as quickly as possible.

Charlie and other staff present reminded the Board that we have to have some mechanism to communicate with constituents and sell tickets; delays at this point could become a major barrier to accomplishing a timely ticket sales process. Charlie says it is likely that all work by Tom will stop if he isn't certain of a contract. Michael suggested that we inform Tom that we are actively seeking the funding via donations. He suggested that the Board not approve a revised budget at this time, but that we proceed with diligence in fundraising efforts.

Peter Casey said he could ask for a \$30,000 grant from the Callow Foundation; they may be interested in this sort of project. They require a brief preliminary proposal, and would respond within a week or so. If Callow doesn't do it, the Peterson Foundation is another alternative. These foundations would appreciate

that by spending these funds, we would be able to reduce annual expenditures by around \$9,000. Peter noted that he does pro-bono grantwriting for different charities.

Chuck moved to authorized Peter to send inquiries to the two foundations (Callow and Peterson) to request funds. The motion was seconded by Bill, and approved by unanimous vote. Depending on the news from this effort, we will have to quickly decide next strategies.

Charlie will work with Syd to revise the monthly budget, and to review and present a cash flow analysis to the board as soon as possible.

Committee Reports

Resource Development Report – Jon Charles, Chair

1. Fundraising strategy

Stuart has been trying to convene a fundraising meeting, but ran into scheduling conflicts; Jon as Resource Development Committee Chair will continue efforts to convene a meeting. Jon stated that we need to have an audit done; a lot of major foundations won't consider a proposal without one. He also indicated there are businesses out there we can approach; and we need to build long-term relationships with Foundations. Theresa noted that funding is very competitive now; all nonprofits are struggling financially and going after limited dollars.

Adams noted that Tara Kirkland (Greenlights) would be a helpful addition to the committee. Chuck suggested that the committee identify specific steps, assign people responsible, and set a schedule. Chuck said he'd work with it; Thomas and Michael have committed to participating. Jon committed to having a meeting within the next 30 days, or before the end of August. Larry West and Karen Robinson were also suggested as additions.

Charlie suggested that we should attempt to ensure that our accounting practices are solid before we undertake an audit, to increase our confidence that we would not end up with audit findings. We should look for names of potential resource people who could examine our financial accounting systems and policies, and advise us on any changes we should make.

2. Summer Youth Camp

Camp begins today; a dinner and a staff concert are scheduled for tonight; those present are invited to attend.

3. History Project Update & Plans – Tim Mason

A written summary report was presented. All development commitments were met, and some funds were raised; the Kerrlander (calendar) netted \$1500 after expenses; some inventory still remains. They are considering additional options to expand revenues.

It was suggested that we incorporate the memorial pavers into the history area. Several have been sold, and Anita is reluctant to sell more until there is a place to install them. The initial plan was to put them at the entrance, according to Dalis; the dozen or so people who purchased pavers did so with that understanding. We will need to ask these individuals if they mind the plan change. Anita is willing to help; she is experienced at laying them. Stuart is willing to help make calls. Adams will coordinate the effort, under his committee.

Michael noted that specific features – such as the Kurriosities Museum – should be listed among TFMF Programs; they are potentially fundable.

Publicity Report – Therese Spina, Chair (Michael reported, in Therese’s absence)

1. Web Site Maintenance: Michael noted that the services for website hosting will be donated from here forwarded by Electrato Graphics (Roger Humes).
2. Wine & Music, SWRFA, Rice Fest publicity: We can have a guitar raffle if we can procure a guitar. Dalis will follow up with Thomas to see if he can get one for the festival. The Foundation will have access to the full booth at Little Folk. Therese is planning to do a poster for SWRFA.

Program Committee – Chuck Lesniak, Chair

1. New Folk Report: Nothing new to report.
2. Rice Fest and SWFRA Plans: Chuck said Emily was willing to help put the booth together, like last year. Dalis said we will have suites on three floors if desired. Therese’s poster will publicise the performer line up. Rice Fest sponsorship is in place; we get four tickets in return. Chuck suggested that they can be presented to key donors. Dalis said we could use one as a single-auction item at Little Fest. Chuck suggested selling them as a pair. Holding a small live auction was suggested as a possibility. We also have some live original CD’s (we’d have to pay performers their share), that could be auctioned. A possible time/place is after wine tasting.
3. Other Program Reports: Nothing new to report.

Membership Committee – Thomas Chapmond, Chair (Michael reported in Thomas’ absence)

Michael noted that the proposal on membership was circulated via email. Discussion ensued:

Chuck objected to the provision allowing the membership to bypass the nominating committee process to elect someone; he believes all candidates should be vetted against criteria and needs that the membership might not be aware of (and they would only have this information presented for the candidates submitted by the nominating committee). The candidate could lack the necessary qualifications to be an effective board member. He recommended that ALL nominees should have to be submitted to the nominating committee, to be vetted. Theresa commented that the timeline may need to be reexamined to ensure that the nominating committee is able to vet all candidates.

The nominating committee, after vetting all candidates, would create a ballot that includes the names of all candidates that meet the qualifications; the ballot would indicate the names of those recommended as a slate. The recommended slate would include the same number of candidates as vacancies.

Chuck also suggested that all nominees must be a member in good standing.

The possibility of having some board members elected by the Board was brought up. Some boards have the capacity to only fill vacancies between elections.

Bill and Michael see benefits in the proposed design in terms of the fundraising opportunities; also the increased buy-in by those who become members.

Jon suggests that the roles and responsibilities of a board member should be readily available; any candidate should have to formally commit to being prepared to assume those responsibilities, prior to the election. Michael said he and Theresa will work on defining roles and responsibilities. They will create a list of what kinds of criteria are needed, and minimum qualifications.

Member-submitted candidates should be supported by a specified number of signatures from other members who support that candidate; 5 – 10 was suggested (some felt 10 would create an undue burden for members who might not have ready access to contact information of other members). A nomination should also include confirmation by the candidate, of their willingness to serve.

Jon suggested that people who are motivated to make substantial donations don't necessarily do so to get a membership; we still need other vehicles appropriate for larger contributions. Memberships can thus focus on a smaller range of prices or packages. Bill agreed, noting that membership creates a funding base, which we must build on with other fundraising efforts.

It was generally agreed that the dues levels don't need to be in the by-laws; the structure can be set by the Board.

The committee was asked to take back the suggestions and fine tune their proposal document, either adopting or providing a response to the issues raised. They should also consider any changes needed to the bylaws. At Little Folk we should publicize the fact that the membership option is in progress; and we can ask people to sign up to indicate their interest, so they can get the earliest possible notice about membership. Bill said he'd keep up with the list, if someone can collect it. Michael asked for any further comments to be emailed to him, which he will collect and submit to the committee, for review.

It was agreed to set a goal of October 1, for deciding on any combination member/ticket prices, in order to be included in publicity about ticketing for next year. Michael will ask the Membership Committee to focus on the operational aspects of membership as well.

QVR Lease – Michael: We can now celebrate having a signed lease with QVR Ranch. It is a 30-year lease with 10-year check points. There is a hurdle between now and next year, in QVR completing the work detailed in a letter to Michael from QVR Chairman Walter Lee spelling out how the Ranch will protect the funds they accumulate, to be used for emergencies only. Michael has confirmed to the Ranch, that we will maintain the current pattern of paying in advance (although the lease says we will pay in arrears); he will submit a letter to that effect, for the record.

Lamb Creek Lease – Michael: He recommended that we just maintain the current lease. We have a balloon in the next 7 years. Interest is 8 1/4 percent; we'd prefer to get it reduced, but Charlie said he was not able to find any other alternative financing options at this time. Steve suggested getting a grant to purchase the land; which would be saving us money in the long run, and could possibly be sold on that basis.

Update on Formation and Charter of Facilities Committee – Adams

The "Facilities and Campgrounds Committee" has come up with a Mission and Scope (see handout). The intent is to serve the Operating Committee's needs but free them up to focus on festival activities. Efforts thus far have been on planning; it could also assume a role in carrying out the work needed. The focus is facilities and grounds, not on running the festival (during the festival the committee might act to deal with something that breaks down). Proposals would come to the Committee, who would identify someone to lead a team (a Project Manager), a budget, a schedule, and how it's going to get done. The Project Manager has the task of putting together the necessary resources, managing the approved expenses, coordinating the efforts of those working to carry out the project. The Operating Committee would review to make sure it is a priority at the current time, and has the funds to proceed. One of the first steps would be developing a Master Facilities Plan.

Groups they identified that need to be represented on the Committee include: TFMF, FOC, QVR Ranch, Maintenance Krews, and General Construction Volunteers. Rick suggested adding representation from

the broader Kerr Staff as well. Adams would like suggestions of names of potential representatives from the groups not already represented.

One of the first tasks on the Committee's list is developing a Master Plan. Chuck suggested not initiating any new projects until the Master Plan is completed, which defines priorities for specific projects and activities. Beautification of the land, and organization of storage areas to make them more useful to the festival, are on the list. When people come forward with suggestions or recommendations, they can be referred to the Committee. The Committee doesn't make decisions; decisions come back to the Operating Committee, and consistent with TFMF plans/budget. The Committee doesn't deal with routine maintenance.

Charlie suggested that there needs to be room for spontaneity; if someone comes up and is able/ready to take on a project, they should be able to do it even if it isn't at the top of the priority list or on the plan (as long as it is acceptable and doesn't conflict with the plan). The Committee should be able to determine if a proposed activity needs to be further vetted by the Ranch, Operating Committee, or Board.

Chuck suggested that he work with Adams to flesh out the people and a process first, before the Board approves it. They can present a more cohesive committee and plan by Little Folk.

A request was made for funding to build new benches. Chuck said that benches are listed among the items for which we would like to secure funding. Jon mentioned that we need to look at marketing approaches; individuals are likely to be interested in various aspects of what we do, but we need the right approach to make the ask.

Committee membership process: At the last meeting the question was raised about how committees are established and committee members named. Theresa said that the bylaws currently state that committees can be created as either Standing Committees (ongoing), or Special Committees (time or project limited). Members of the committee must be approved by the Executive Committee or by the full Board. Adams will need to present his recommended committee members to the Board for approval.

Michael cautioned that a responsibility that comes with any committee leadership role, is that when Adams (or another Committee Chair) speaks, people can easily assume that he is speaking as a Board member, and thus that anything he says represents an official decision. People asking approval on projects, for example, should be made aware that any recommendations he may make are subject to Board approval.

Director & Officer Insurance Update - Charlie :
TFMF has never had Directors and Officers (D&O) Insurance. The Board all agrees that it is important at this time. Charlie reported that the price-tag he was quoted was around \$1500. Charlie will send Michael the information he has about the quote; Michael will ask Andrew (attorney) if he has any information on features that we need to look for in D&O Insurance. Chuck and Adams will also check with people who are knowledgeable. Lenore asked Michael to share the information with her, so she can share it with the Ranch Board.

New Ticketing System, Festival Database Marketing – Charlie

The Board is committed to securing a new ticketing system; but we want to be certain that what we end up with will meet long-term needs.

Charlie stated that ticketing requires a system that can handle both website and point-of-sales transactions. There are currently a variety of separate systems; email broadcast functions (newsletters),

database system for mailings, etc. The foundation also has a website and will have membership data records to maintain. Today the systems don't communicate with each other, and there is a lot of manual effort; we're always behind, and tracking down problems is frustrating. Charlie would like to have one person in a leadership role who assumes management responsibility to manage and resolve issues the system. He doesn't have the skills or the time to handle that. This person would manage and bring decisions back for approval. He would like to have an IT meeting after the Board Meeting, to identify and appoint someone in this role.

Cheyenne has scheduled a meeting with Tom for next weekend. A suggestion was made to postpone the meeting, while we are finalizing our plan, and getting a full assessment of the complete costs, however, it was decided to proceed with the meeting.

Bill observed that this is the most fundamental piece of the puzzle, and one that is currently missing; everything else we do hinges on this being successful. We should have a system that is able to export and import data, and perform the variety of functions needed. We need to be confident that if Tom is not available in the future, that we can do what we need to with the system, including being able to fix the system if needed. A long committee process isn't possible; Dalis feels they already know what they need, there just isn't a system currently available on the market that can do it all. Michael invited those who want to have input to remain after the meeting to discuss further.

Board Meeting Dates:

- Tuesday, August 4, 6:30 (conference call to meet about ticketing system and membership)
- August, 11, 6:30 (back-up date for above meeting, if needed)
- Sunday, Sept. 6 – in person at Little Folk – 11:00 a.m. -1:00 p.m. at the Ranch Office
- Sunday, Sept. 20 – 6:30 p.m., tentative (conference call)
- Sunday, November 8 - 12:00 noon – 3:00 pm (3 hours)

Conference call bridge: 512-505-0090

Chuck moved to Adjourn, Adams seconded, the motion was unanimously approved.

(IT Meeting and Ranch Walking Tour took place after the meeting)

-Submitted by Theresa Tod, Secretary