

## FINANCE COMMITTEE

- Call to Order** The regular meeting of the **Finance Committee** was called to order on Thursday, **April 28, 2011** at 4:09 PM. Voting members present: Malcolm Fearing, Chair; Rolf Blizzard, RIC Chair; Joe Bryan; Walter Daniels; Warren Judge; Ellen Newbold (late arrival); and Sterling Webster. Commission members present: Saint Basnight; Jeff Crow, NCDCCR Deputy Secretary (on behalf of Linda Carlisle, NCDCCR Secretary); Libba Evans; and Elmer Midgett. Also present: Dwight Gregory, Friends of *Elizabeth II*, Inc. Board Treasurer. Staff members present: Kim Sawyer, Executive Director; Andrea Hanganu, Administrative Assistant; and Amy Hinnant, Operations Manager. Absent: Norma Houston.
- Welcome** Chairman Malcolm Fearing welcomed all in attendance.
- Adoption of Agenda** The agenda was adopted by consensus, with the change requested by Chairman Fearing that RIC Chairman Rolf Blizzard provide an update on the budget process and enabling legislation.
- Approval of Minutes** Approval of the committee minutes of February 4, 2011 was not addressed.
- Old Business**  
Budget  
Update/Proposed  
Special Provision  
*Rolf Blizzard*
- RIC Chairman Blizzard provided a budget update regarding details of events leading up to receipt of the proposed Special Provision from the NC House General Government Subcommittee containing RIC appropriation cuts of 50% on July 1, 2011 and 100% on July 1, 2012.
- \* Ellen Newbold joined the meeting at 4:18 PM. \*
- RIC Chairman Blizzard stated that he presumed items seen in the proposed provision are in reaction to what he had laid out for consideration in meetings he was called to attend with legislators and their staff. He apologized and accepted responsibility. He noted that what has been proposed is still in flux and not yet passed, since recent reports have noted some entities having some funding restored. Members were encouraged to talk to any contacts they had in the General Assembly. RIC Chairman Blizzard stated that he went to plead the case for the RIC, and noted that he had done the best job he could do. If members were unhappy with his work, he requested them to let him know and he would get out of the way.
- 2011/2012 Budget  
Cut Discussion
- Discussion was held regarding RIC Chairman Blizzard's budget update regarding events leading up to receipt of the proposed Special Provision, with the following being noted:
- Verification that none of the provisions were personally requested (Blizzard).
  - Current political structure and budget approval process.
  - Question of how Corridor management would work under the proposed provision (Daniels).
  - Concerns regarding location of existing funds; encouragement to make use of FOEII (Evans).
  - Potential options and scenarios regarding existing funds.
  - Maintenance needs list approved February 2011 moved ahead with; items greater than \$10K approved in error by Executive Committee must be considered at tomorrow's (04/29/11) RIC meeting (Blizzard).
  - RIC Chairman Blizzard agreed to review the House Availability Statement overnight.
  - Advice from DCR staff regarding protection of funds (Crow).
  - Need for game plan regarding potential restoration of any RIC funding (Sawyer).
  - Question of timeline for budget approval (Webster).
  - Question of any prior involvement by Chairman Fearing related to proposed provision (Daniels).
    - Verification no Commissioners were called and no proposed provisions were requested (Fearing).
  - Question of how communication came about regarding Island Farm Fund (Daniels).
    - Looking for money (Fearing).
    - Verification no legislator was asked to put it in provision and no budget person was talked to (Fearing).
    - Verification that to his knowledge he does not know how item got in the provision (Fearing).
  - Question of number of emails circulated among members; contrary to Angel Khoury's email, the County has not actively worked to tear apart anything; the County only told then-DCR Secretary Libba Evans that it did not want anyone evicted from Buzzy Lane when the state bought the land

- during a difficult time for people to find housing (Judge).
- Question of mission and obligation of the Friends (Bryan).
- Importance of the 501(c)(3) and benefit of separation (Evans).
- Question of where the new statute language came from regarding use of FOEII funds (Daniels).
- Question of what legislator told RIC Chairman Blizzard regarding potential makeup of RIC (Fearing).
- Review of personal conversations and scheduled meetings with Friends Board Chairman Tod Clissold; boards not called together because what to request is still unknown; pleased to meet with FOEII (Blizzard).
- Apology if ever missed getting items to full RIC; RIC has access to all personal files (Blizzard).
- Apology to Joe Bryan for changing January 2011 RIC committee meeting date (Blizzard).
- Question of who sponsored proposed bill (Bryan).
- Walter Daniels agreed to assist RIC Chairman Blizzard in Raleigh in any way possible.
- Request for a game plan of which members are doing what (Sawyer).
- Agreement for RIC members to have names, numbers, and email addresses of all legislators at RIC meeting the next day.
- Link to legislators exists in Sandy Semans' email commentary forwarded to RIC members (Blizzard).
- RIFP Executive Director Kim Sawyer agreed to forward to the RIC the Chamber of Commerce email with link to legislators.
- Suggestion to provide talking points to RIC (Sawyer).
- Acknowledgement of work of RIC Chairman Blizzard and staff; other suggestions welcome (Fearing).

(Draft Resolution)

RIC Chairman Blizzard reviewed a draft *Resolution of the Roanoke Island Commission, April 29, 2011* (distributed and filed as an attachment in the official Report Book), noting the following:

- Opposes recommended provision; requests reinstatement of current appropriated funds; should General Assembly deem reductions are necessary, requests RIC be treated equally to other sites.
- Propose the resolution come before the RIC tomorrow (04/29/11) as first step in addressing issue, and RIC develop a lobbying plan.

Discussion followed regarding the draft Resolution presented by RIC Chairman Blizzard, with the following being noted:

- Question of cuts other sites are receiving (Daniels).
- Suggested changes to include:
  - Number of visitors instead of group number (Evans).
  - Number of NC school children (Daniels).
  - Interpreting beginnings of NC history (Evans).
  - Dare County as economic engine in NC (Daniels).
  - Statistic on number of visitors from Tourism Bureau (Evans).
  - Dept. of Commerce estimates \$90.00 generated in economic activity for each visitor to historic site (Crow).
  - OBX History Center numbers; donor county (Fearing).
  - Keep broad as possible; need for accuracy of numbers; care with multiplier numbers (Blizzard).
  - Pays for itself in tourism (Daniels).
  - Make argument that RIFP is largest employer in Town of Manteo; Town has less than 20 staff (Judge).

*Motion*

Joe Bryan made a motion that the Finance Committee recommend that the *Resolution of the Roanoke Island Commission* be adopted as a Commission at the April 29, 2011 RIC meeting. Libba Evans seconded the motion with the changes noted. Discussion followed regarding Ms. Evans' status as a committee member. It was noted that committee members are appointed by the RIC Chairman. In lieu of the question of Ms. Evans' committee membership status, Sterling Webster seconded the motion. The motion carried by unanimous vote. Kim Sawyer agreed to make the requested changes and forward the Resolution to RIC Chairman Blizzard by the next morning.

*Vote*

Kim Sawyer initiated discussion regarding other steps that Commission members potentially plan to take, with the following being noted:

- More effective for legislators to see people in their districts rather than Raleigh; make phone calls (Blizzard).
- Resolutions from government entities (Fearing).
  - Completed by Town of Manteo (Blizzard) and Chamber of Commerce (Sawyer).
  - Tourist Bureau can potentially produce one (Webster).
- Suggestion for Chamber to request a massive call out (Webster).

- Suggestion to include service organizations (Basnight).
- Request to consider transferring funds to Friends; need to expedite work (Evans).

Chairman Fearing initiated discussion regarding the process desired for the RIC to make a potential request of funds from the Friends. The following was noted:

- Standard procedure: RIC and Friends agree together on a budget; they determine amount from the state and amount from Friends; then determine admission charge, amount to fundraise, etc.; Friends groups typically operate as an endowment where money is invested and they give a percentage (e.g., 5%) a year; Friends know of needs and work in partnership (Evans).
- Question of existing revenue in Friends Endowment Fund (Fearing).
- Potential of emergency Commission meeting (Webster).
- Need for RIC to develop its budget then solicit from the Friends (Evans).

Chairman Fearing questioned how members wanted to handle operating and spending money without an approved budget, with the following noted in discussion:

- Question whether going forward the RIC would no longer be restricted by chart of accounts (Daniels).
- Proponent for doing a budget to make ends meet; if unable, cut back on the budget (Daniels).
- Question of amount of leftover RIC funds (Newbold).
- Question of potential need for a resolution regarding transfer of funds (Daniels).
  - Reasons for caution in presently moving funds (Blizzard) versus reasons to currently move funds (Evans).
  - Recommend first reviewing House Availability Statement; make moves if a bill is passed (Blizzard).
  - Agreement to follow RIC Chairman's recommendation to call the question when imperative and not before (Webster, Bryan, and Fearing).
- If consensus is for trust to prevail, request for Chairman Fearing to let it happen, instead of questions and sermons each time (Webster).
  - No promise provided (Fearing).

Warren Judge initiated discussion by asking a series of questions regarding Friends funding. The following was noted:

- Question of Friends fund balance (Judge).
- Question whether difference between the \$7.2M and \$10M is liquid (Judge).
- Question of whether RIC funds potentially swept over to Friends would go into investment and be unavailable cash except for interest (Judge).
  - Depends on how done (Evans).
  - Some funds are available in Friends account left over from building the site (Newbold).
  - Assurance that the RIC can transfer funds to a restricted account to use it for certain things (Gregory).
- RIC has a \$2.5M budget, is only getting \$1,250,000.00 from the state this year, and only takes in \$250K in receipts that can be used; was fine with it until Libba Evans said the RIC must beg (Judge).
  - Clarification of the need to fund raise (Evans).
  - Will address fundraising; currently discussing begging; need to commence that probably tonight because begging takes a long time (Judge).
  - Only have 60 days (Fearing).
- Question of amount needed from fundraising (Judge).
  - Would hate to depart current meeting as well as depart meeting tomorrow and leave it up to the whim of the General Assembly only to call and return to an emergency meeting; need to start doing some planning; RIC knows RIFP pretty good; he knows Dare County well; concerned about putting a lot to chance on this budget to operate RIFP on fundraising, unless the idea is to fundraise across all 100 counties, which will result in huge competition with everybody else; hurting as a community; were people who could be tapped for \$5K and \$10K on a moments notice every month, but now one would have to go to 100 people a year to get \$10K; not being critical, just saying if begging and fundraising are to be the biggest part of this budget, members need to get started (Judge).
  - Future potential for fundraising; cannot gear up now and get anything in the next 24 months (Webster).
- Need for hope that the state will make a turnaround economically, that in two years the state will actually be materially healthier (Webster).
- Commerce of Dare County—the old fashioned way of making money—was, is, and will be tourism; tourism is healthy; if going to gage the recovery in Dare County on 2004, it will never recover; if going to gage the recovery in Dare County on 1998, might see the recovery; will not be building 1,000 homes a year; no more 100% financing; banks no longer provide \$2M for a beach home; for six months the volume of real estate sales has been increasing, the dollars are down; gross dollars

are increasing, but values are still plummeting; 2013 re-evaluation will result in a tremendous tax increase for those who owe and live here, just on the revenue neutral rate; lost a lot of jobs; everybody is doing more with less, so those jobs are not coming back as fast as hoped.

- Question of where to pick up \$1,250,000.00 for FY 2012 (Judge).
  - RIC does not have to pick up that much because it has always saved out of that money about \$600K a year—just subtract it (Evans).
  - Ms. Evans' comments though were about sweeping and putting that money over to the Friends (Judge).
  - Every year the RIC has \$600K left at the end of the year from the \$2.1M budget; to operate neutrally the RIC only needs \$1.5M (Evans).
  - Correction that the \$600K has accrued over a series of years; usually end up with around \$200K-\$300K a year (Blizzard); verification provided (Hinnant).
  - Whatever the remaining amount is, it is not the whole number (Evans).
- Question of where to go from here (Judge).
  - RIC may not have the answer tonight; Mr. (committee) Chairman and Mr. (RIC) Chairman, a June 24<sup>th</sup> emergency meeting will be an all-nighter (Judge).
  - Opinion that the RIC should begin planning and work to have an emergency plan; easier to do all this work and have the emergency plan, then go back if necessary (Judge).
  - Potential to do 2-3 big fundraising events a year (Daniels).
  - Friends have funds that RIC transferred to them for years; RIC will need funds in 60 days (Fearing).
  - Need to address underlying problem not solely rely on Friends because funds are gone after one use (Daniels).
  - Federal government example of threatening to shut down last month (March 2011): were going to send home park employees and close parks to the very people that would pay more than would be saved in the salaries of the people they would send home; not being critical of Ms. Sawyer, but everybody is front line in these businesses; there is no office building full of cubicles or staff, so if two employees are cut it must be decided whether to clean bathrooms or cut grass; that immediately impacts the visitor experience, which impacts return; is a keep-them-coming-back business; one disgruntled guest will tell many more people; the problem is the RIC is shutting down the factory (Judge).
- When going to fundraise, people will tighten up their wallets when they discover how much this 501(c)(3) has because many 501(c)(3)s have much less money (Sawyer).
  - Understands discussion regarding need to fundraise, but it will be tough to knock on doors; question of who is going to fundraise, RIFP staff being cut? People do not have the money to give (Judge).
- Reiteration of the need to develop a game plan to address the proposed appropriation (Sawyer).
- Need for staff to develop a draft two-year budget based on the proposed 50% and 100% cuts (Sawyer); should motivate the room tomorrow (Judge).
- Question of where to get the money from if developing that budget with the existing gaps (Fearing).
  - Suggestion for Chairman Fearing to sit down with Friends Board Chairman Tod Clissold and beg for all he can get; have somebody else undertake fundraising (Judge); note that Mr. Clissold is currently in Mexico (Fearing).
  - Also have unencumbered money with the state, which needs to be spent first (Evans); agreement (Judge).
- Question of what can potentially be done with the Endowment at the state (Judge).
  - Can take 80% of the earnings of the Endowment (Newbold); need to first spend unencumbered funds (Evans).
- Question whether unencumbered money with state can be spent immediately (Judge).
  - No (Blizzard); yes, anything but the Endowment—what she has been stating; simply call and tell the Budget Office the RIC has bills it desires them to pay with funds they are holding for the RIC (Evans).
- Question whether entity must have bills to pay to receive funds or if funds can just be requested (Judge).
  - Verification that there must be bills to pay (Evans).
  - Open an account at Wachovia; knew most of the answers to his own questions; just wanted to get it out (Judge).

2010/2011 General  
Ledger/Fund  
Balances  
Amy Hinnant

Amy Hinnant reviewed the *State of North Carolina General Ledger System, Agency Management Budget Report for the Period Ending March 31, 2011* (distributed and filed as an attachment in the official Report Book), noting the following:

- Report of all accounts: RIC Endowment, RIC Operating, and Performing Arts Fund.
- \$3,150,070.01 ending balance as of March 31, 2011 of three accounts; includes \$2,457,639.55 Endowment; \$631,327.54 Operating (much of those funds encumbered).
- Receive \$175K per month through end of FY (\$95K monthly payroll; \$75K remains for electric, telephone, contracts, and other expenses).
- Currently available: 80% of Endowment interest; \$110K Operating currently unencumbered; \$38K Performing Arts not budgeted.

Discussion followed regarding the Budget Report, with the following being noted:

- Regular Operating budget for year currently projected to have \$110K left over, plus \$38K for

- Performing Arts, and excluding the Endowment (\$150K total) (Hinnant).
- Appropriation checks received before the end of the FY are budgeted (Hinnant).
- Need to cut those funds down as close as possible for the rest of the year (Evans); discuss that tomorrow with the maintenance list (Blizzard).
- Group is discussing taking money and moving it to the Friends, so the RIC will not save it; if the RIC hoards this large sum of cash then moves it to the Friends, it is then over there when the RIC has to fund payroll (Judge).
  - Reiteration that the RIC can get the funds back (Webster); Friends Treasurer Dwight Gregory previously said the RIC can get it back; he would put it in a special account for the RIC (Evans); note that original statement had not been heard (Judge).
  - Belief there is enough resources so the first year can be done either through the 80% of the Endowment, help from the Friends, or cutback in budgets; need to prepare for all that, but RIC energy should focus on influencing the current legislation to save the RIC from using up emergency funds; Ms. Sawyer can rightfully create the budget to show the RIC what that effect will be; RIC would be remiss to not examine how dire this operation is (Webster).
- Question whether Mr. Webster's statement suggests the possibility that the RIC will have to make a cash request from the Friends to cover its operating budget for 2011/2012 (Fearing).
  - Clarification that his belief is there are more options for the immediate in cash flow than the long term; and between the 80% of the Endowment interest, cutting the budget, and requesting assistance of the Friends, those are probably solvable (Webster); agreement (Blizzard).
- Question of what 80% of the Endowment interest is (Judge).
  - Approximately \$400K through end of 2010 (Hinnant).
- Friends funds doing better than RIC regarding interest earnings: 1.084% RIC high and .826% RIC low on \$2M with State Treasurer (Fearing).
- Question of why RIC Endowment funds are with the State Treasurer (Bryan).
  - Legislation says 25% of ticket sales go to State Treasurer as an Endowment so RIC would save money (Newbold).
  - Current fiduciary irresponsibility (Bryan).
  - Enabling legislation (read out loud) says RIC can manage the funds; prior discussion noted no members wanted to do so; Norma Houston had been asked if RIC can transfer and manage those funds (Fearing).
  - Recommend Endowment funds be transferred, if allowed (Bryan).
- Question of existence of a contingency for the 50% cut in appropriation (Judge).
  - The \$400K will get the RIC there (Evans).
  - RIC needs to determine what the contingency is; staff have crunched some numbers to see what half the appropriation looks like (Sawyer).
  - Need to be realistic (Judge and Daniels).
  - Need for a 2-year plan (Blizzard).
  - Money needs to be managed now to keep RIFP open (Evans).
  - Opinion to ask Friends for funds if running short before a fundraising development plan is developed; just avoid using them as a crutch (Daniels).
- Question whether Friends would allocate the RIC a certain amount per year (Bryan).
  - No; RIC typically informs the Friends the amount needed and Friends usually provide it (Gregory).
- Question whether a 501(c)(3) is required by law to give money (Bryan).
  - 501(c)(3) is not a foundation and has no requirement to give money away (Evans).
  - Suggestion to create a foundation (Bryan).
  - Friends decided in 2009 it would give a percentage of earnings away (Newbold); was an amount that would accumulate over time to build a pool; was exclusive of an emergency (Webster).

Chairman Fearing questioned how members wanted to proceed regarding potential budget cuts in 60 days. The following was noted in discussion:

- Recommend holding item over (Blizzard); agreement to wait until see what legislature is going to pass (Bryan).
- Potential procedure in the event of eminent cuts by General Assembly (Blizzard).
- Question of need for a present vote (Midgett).
  - Reasons why action should not be taken at present (Blizzard); agreement (Bryan); Norma Houston previously had noted similar concern (Daniels).

RIC Chairman Blizzard provided remarks in closing, noting the following:

- Members of the RIC Executive Committee were thanked for all their work and support.
- Explanation why Malcolm Fearing was appointed Finance Committee Chairman.
- Request that any Commissioner call him if they feel he has not provided them information.
- Members welcome to every file, document, and email he has.

Discussion followed regarding RIC Chairman Blizzard's remarks, with the following being noted:

- Communication issue; speculation would have been dispelled if RIC Chairman had spared time to email the RIC after the first meeting where all the questions were asked (Daniels).
- At that point unknown what he would have told the RIC because there was no provision (Blizzard).
- Helpful to understand the context (Daniels).
- Responsibility of all RIC members to be involved, informed, and ask questions; nobody trying to hide anything; financial information is for 100% disclosure so members know where funds are for decisions being made (Fearing).

**New Business**

No *New Business* was presented.

**Reports**

No reports were provided.

**Commission  
Recommendations**

One Commission recommendation was previously noted.

**Announcements**

The next meeting of the Finance Committee will be Friday, July 22, 2011 at 3:45 PM.

**Adjournment**

There being no further business, the meeting was adjourned at 6:26 PM.

Minutes submitted by: Andrea Hanganu, Administrative Assistant

Upon a vote by the Finance Committee, approved by: \_\_\_\_\_

Malcolm Fearing, Chair, Finance Committee