

## ROANOKE ISLAND COMMISSION MEETING

### Call to Order

The **Roanoke Island Commission** met in a special called meeting in the Art Gallery/Meeting Room on Friday, **July 27, 2012** at 12:24 PM. Officers present: Sterling Webster, Chair; Perry White, Vice-Chair (via telephone); Angel Khoury, Secretary; and Ellen Newbold, Treasurer. Members present: Saint Basnight; Eddy Browning; Linda Carlisle, NCDCR Secretary (via telephone); Jeff Crow, NCDCR Deputy Secretary (via telephone); Malcolm Fearing; Jerry Jennings, NCDOT designee (early departure); Warren Judge, Dare County representative; Grayson Kelley, Attorney General designee; Robert Long; Elmer Midgett; Fountain Odom; Bob Quinn; John Robbins; Joanne Williams; and Earl Willis. Also present: Glenna Shelton Browning, Plymouth, NC resident; Zene Fearing, unseated RIC appointee; Debbie Gibbs, Friends of *Elizabeth II*, Inc. Operations Director; Dwight Gregory, Friends of *Elizabeth II*, Inc. Board Treasurer; Heidi Leo, unseated RIC appointee; Lars Nance, NCDOJ (via telephone); Billy Parker, unseated Town of Manteo designee; Bob Partridge, unseated RIC appointee; and Agnes Powell, unseated RIC appointee. Staff present: Kim Sawyer, Executive Director; Andrea Hanganu, Administrative Assistant; and Amy Hinnant, Operations Manager. Absent: Betsy Brown; Joe Bryan; Libba Evans; Dale Petty; and John Wilson, RIC Historian (non-voting).

### Welcome

Chairman Sterling Webster welcomed all in attendance.

### Ethics Statement Conflict of Interest

Ethics Liaison Ellen Newbold read the ethics statement and inquired of Commission members as to whether they had any known conflict of interest or appearance of conflict with respect to any matters coming before the Commission today. Angel Khoury noted that she serves on the board of the Friends of *Elizabeth II* and the board of the Outer Banks Conservationists. Malcolm Fearing noted that he owns property within a mile of the Corridor and is Chairman of the Dare Senior Center. Joanne Williams noted she owns a business on the Corridor. Ms. Newbold requested that all new unseated RIC appointees get their Statement of Economic Interest (SEI) forms in to the Board of Ethics as soon as possible. She will soon provide information on ethics training, which must be completed within six months.

### Adoption of Agenda

The agenda was adopted by consensus.

### Old Business

Warren Judge requested an update regarding progress of the proposed infrastructure improvement from leftover construction funds for a potential gate entryway to help maximize Park revenues. RIFP Executive Director Kim Sawyer provided the following update:

- Advisory Committee met awhile back (Saint Basnight, Chair; Malcolm Fearing, Robert Long, and John Wilson).
- Designers' first stage was sent to State Construction based on Advisory Committee feedback.
- In a second phase of developing the Adventure Museum; second week in August the Exhibit Designer comes with a second schematics that will go to State Construction.
- Hope to know the end of August 2012 when construction phase (gate, interpretive signage, etc.) begins.

Malcolm Fearing initiated discussion regarding R&R project funds, with the following being noted:

- Verification those funds are not reflected in this budget (Newbold); not part of an operating budget (Webster).
- Available amount was reported as always in the last Finance Committee at the bottom of the report (Sawyer).
- May 31, 2012 balance was \$810,517.79 for the purpose of Adventure Museum renovations, wayfinding, and Visitor Center improvements (Hinnant).
- From an appropriation of about \$2M; funds built Indian Town; balance is now being used (M. Fearing).
- In 2006 funds were appropriated through DCR Capital Projects (Hinnant).
- It is restricted money; if unused, funds go back to Office of State Budget to be re-appropriated (Newbold).

### New Business 2012/2013 Budget Review and Approval

Chairman Webster reported that the 2012/2013 budget review and approval will be followed with an explanation of a challenge that came this morning. Ellen Newbold reviewed the *Summary of Income and Expenses 2012/13* (previously distributed and filed as an attachment in the official Report Book):

- Budget was approved by the Finance Committee in a special called meeting on June 26, 2012.
- Original \$1.2M appropriation had an additional \$300K cut, leaving \$903,491.00 for 2012/13 (64% cut not 50% as legislated).
- Park Admission Receipts: \$354,511.00 – beginning July 1, 2012 all Park admissions stay in RIC coffers instead of 25% to a state Endowment; figure is based on: keeping all the fund, March 2012 increase in ticket prices, and the amount of money collected last year.

- Performing Arts: \$29,250.00 – Performing Arts events ticket charge began this FY; figure may be low.
- Donations/Gifts: \$15,000.00 – new endeavor; recommend raising at least \$15K through some special project.
- Educational Programs: \$4,730.00 income estimate – overnights/camps; onsite programming.
- Facility Rental: \$43,000.00 goal – rented the facility before but now have an advertising campaign to do so.
- OBHC Pro-Rata: \$15,086.00 – beginning this current year RIC is reimbursed by DCR for expenses in the Outer Banks History Center; helps cover electricity and water; based on an amount per square footage.
- Friends of Elizabeth II, Inc.: \$296,759.00 request by RIC of Friends – RIC did not use money Friends offered in 2009 or 2010; Friends held it and said RIC could use it when needed, which is now; RIC will ask for 80% of the earnings for 2011; leaves around \$413K RIC must come up with.
- Roanoke Island Festival Park Contribution: \$206,959.00 – from the RIC state fund balance, as the Finance Committee recommended on 06/26/12; beginning July 1, 2012 all RIC money is in one fund, including the Endowment; RIC has no investments anymore.
- State Appropriation: \$903,491.00 – leaves a \$206,958.00 deficit; RIC is challenging Executive Director Kim Sawyer to find ways to cover that through moving money, etc.
- Personnel: \$1,532,299.00 – combined for Operating and Performing Arts; same as 2011/12 budget.
- Operating: \$543,445.00 – combined for Operating and Performing Arts; same as 2011/12 budget.
- Net Balance: (\$206,958.00) shortfall.
- NC General Assembly (NCGA) passed the additional \$300K cut and directed how RIC would get it.

Chairman Webster addressed the additional \$300K cut made by the NCGA as follows:

- Kim Sawyer is challenged to balance her budget covering the \$206K shortfall by the October 2012 RIC meeting.
- Understood the legislation required RIC to ask Friends for \$300K, new report in this morning says \$600K.
- Friends have a guideline that they will provide up to 80% of any investment income; Friends interpreted the legislation to be for the previous year; Friends allowed it to accumulate the last couple of years so there is \$296K (the \$300K number); it is up to the Friends to respond to the RIC request.
- Finance Committee agreed to a no-hiring policy on 06/26/12, which RIC has been in for a long time; hope the new legislature will not continue such cuts; behooves all RIC members to go to Raleigh for RIC support.

Discussion was held as follows regarding the additional \$300K cut made by the NCGA:

- State's computations to get the extra \$300K do not add up; 80% from 2011 is already in the RIC request (Newbold).
- New information this morning was from Chloe Gossage, Fiscal Research staff for General Government (Sawyer).
- Verification the \$903,491.00 is the correct current figure for the state appropriation (Newbold).
- Question whether the Friends of Elizabeth II proposed figure should be \$596,759.00 (Judge).
  - 300K in the budget is a plugged figure; RIC is directed to request from the Friends funds equivalent to 80% of the total investment income earned at the end of the calendar year, etc., which was conservatively estimated at 300K; they anticipated the amount might be greater (Carlisle).
  - In June 2012 the state appropriation was \$1,203,191.00; \$300K was taken off then (Newbold).
- Question whether the funds RIC is to ask the Friends for are from calendar year 2012 or 2013 (White).
  - Friends of Elizabeth II budget line item is \$296,759.00: includes \$49K from 2009 (Friends gave RIC other money in 2009), 80% of 2010 earnings of \$105K, and 80% of 2011 earnings of \$142K; equals \$296K (Newbold).
- Verification this budget is based on Warren Judge's Finance Committee motion (Newbold).
- Question of Angel Khoury whether the Friends Board held a vote to transfer this \$296,759.00; and if so, where from (M. Fearing).
  - Verification the Friends Board voted to transfer the money (Khoury); a long time ago (Webster).
- 2011 legislation required a separation of funds; prior meetings had a list of Friends funds with and without restrictions; 06/30/11 Budget Workshop indicated the balance of state funds transferred to Friends was around \$7,461,000.00; question of which Friends fund the \$296K is coming back to RIC from (M. Fearing).
  - Coming from all funds Friends have available; he was not asked to bring that information so he does not know that amount; probably \$7M in investment assets; numbers are on the 990 Form—this year's is forthcoming (Gregory).
- Question whether Friends are holding in excess of \$7M in state funds (M. Fearing).
  - He said Friends not state funds; does not have the DCR-produced report with him to validate the amount (Gregory).
- Request that Malcolm Fearing explain what he is talking about (Long).
  - 01/11/12 memo initiated by DCR Secretary Linda Carlisle to the Friends with 4-5 recommendations regarding those funds; request to enter the document into the minutes (received and filed as an attachment in the official Report Book); Friends were requested to provide an accounting of state funds they have, along with fund monitoring requirements; House Bill 661 requires an audit process of all funds received and transferred (M. Fearing).
- Question whether Malcolm Fearing suspects anything is off track or if it is on the normal process (Long).
  - \$250K+ was transferred from the state Endowment to the Friends (M. Fearing).
    - That is back into RIC Operating money (Newbold).
  - There should also be 6% interest returned on those funds (M. Fearing).
    - 6% is in a statute that refers to where there has been some form of illegal transfer; his office is basically suing to get

the money back, which is not what is going on here; he does not view that 6% here as applying at all (Nance).

- Brief history provided of Friends of *Elizabeth II* finances (Webster).
- A question about some transfers around 2002-2003 indicated that verbiage of the law was more restrictive than previously understood, saying only excess appropriated funds could be transferred; RIC had transferred \$252K of Endowment income to Friends; Friends returned that money to avoid further dispute (Webster).
- Members were requested to not hesitate to ask questions about the Friends and their monies (Webster).

Chairman Webster requested conversation proceed with the budget, with the following being noted:

- His motion to pass a budget on to this Commission that was out of balance with a shortfall was a committee compromise around that table (Judge).
- Based on what the NCGA did last year, next year RIC loses another 25% , close to \$400K of income; 80% interest earnings will not make up that difference; question of flexibility of the Friends contributions growing to meet at least what is projected to be more income shortfall (Judge).
  - 2010 legislation says they will cut RIC 25% (Newbold).
  - There is no hint the NCGA will ask for another \$300K in addition to this cut here; that is the 25%; NCGA expects to cut 25% next year; it is a misnomer to ask for 80% of earnings when there may be no earnings; if these cuts and additional 25% cut remain, RIC must go to Friends and look at its own account of \$2M (Webster).
  - RIC has three sources for its 2013/14 budget while trying to grow its income and get a more favorable view in Raleigh: further cuts, its \$2M, and Friends assistance (Webster).
  - Legislators indicated to him the 2013 session is not bound by the 2nd or 3rd cuts in the 2011 legislation, and cuts would possibly be smaller than 25%, if there are any; RIC can work to get a new look at its budget and appropriations before the 2013 NCGA session (White).
  - Best thing to happen would be improvement of the NC economy (Webster).
- In the 2011 legislation RIC now has one budget code (2584) that includes all funds called an Enterprise Fund; bottom of the budget sheet shows money available (Newbold).
  - Verification that figure is not a true figure since final reports have not come in (Hinnant).
  - RIC has not received the final report from moving the money; \$3,580,000.00 is an estimate of what RIC has in the Historical Roanoke Island Fund (Newbold).
- Question whether that would be true now with \$7M the Friends have of RIC money, pushing the total to around \$10.5M available (M. Fearing).
  - She cannot go there due to having a philosophical difference with Mr. Fearing on that; Friends are there to support RIC; if RIC uses all that money the first two years, then RIC will not have anything (Newbold).
  - RIC has resources if it gets in a bind due to being prudent in the past (Webster).
- RIC raises less money than even smaller Commissions; RIC could potentially raise money through galas, croquet tournaments, sponsors, etc.; RIC needs to tap that revenue source; RIC could get \$15K-\$30K during a year; RIC has the facility to use; RIC obviously still needs money (Midgett).
  - \$15K is in this budget to be raised by RIC from contributions (Newbold); RIC can do a lot more (Midgett).
  - Request that the Executive Director look for ways for this to be more of a priority going forward (Webster).
  - Figure was greater on the working budget; Finance Committee reduced it because of it being uncharted waters and not wanting to bring the RIC a figure just to make it balance; RIC has no actual work to base the number on (Judge).
- Visual, Performing Arts and Film Committee meeting just prior reported that facilities rentals for this past year are only about \$27K; that line item says 50% increase of 2011/2012 projection; \$43K represents around a 90% increase over this past year (Robbins).
- Suggestion for RIC to look at soliciting some maintenance/grounds services out to private entities like done by the Town of Manteo and The Elizabethan Gardens (Robbins).
  - That used to be contracted out; review of that area found that money would be saved if staff purchased the equipment and did the work themselves, which was carried out (Sawyer).
- Question whether other labor sources like prison labor have been examined (Robbins).
  - Recalls prison labor has been used in the past; some visitors got nervous or concerned seeing inmates (Sawyer).
- Question whether DOT used to mow and maintain RIFP (M. Fearing).
  - About 8-10 years ago there was an agreement between DOT and RIC; DOT contracted the mowing and some associated work through a reimbursement process with RIC (Jennings).
- Staff are and must continually look at their budget to save money every way possible (Webster).
- Request for a copy of the Friends balance sheet and financial for this operating year (M. Fearing).
  - Agreement was RIC members must ask through the Finance Committee; Friends will consider it (Gregory).

*Motion*

With no further discussion, Finance Committee Chair Ellen Newbold made a motion that even though there are still some questions about the difference in the \$300K, the Finance Committee requests that the Commission approves the budget as it is presented, looking toward maybe amendments in October 2012. Chairman Webster agreed to entertain other new business on another issue from Warren Judge after the budget vote. With no further discussion, the motion carried with two opposed, Malcolm Fearing and John Robbins.

*Vote*

DCR Secretary Linda Carlisle stated that it is unclear why the RIC is not reflecting the \$300K that the Commission is directed to request from the Friends, where it has been clarified that the \$300K is in addition to the \$297K. The Commission is being directed to request 80% of the total investment income earned from the Friends. Discussion was held, with the following being noted:

- Document from Chloe Gossage is counting the year 2011 twice (Newbold).
- RIC has a responsibility to make the request not to determine whether or not it is correct; Friends can take their point back to the legislature if the calculation has been done incorrectly (Carlisle).
- Question repeated whether the Friends of *Elizabeth II* line item of \$296,759K should indeed be \$596K; impression from the earlier answer was the \$296K represented the \$300K being requested (Judge).

*Motion*

Chairman Webster made a motion that the RIC amend the budget that it just passed; to ask the Friends for an additional \$300K, if that is within 80% of their earnings. Discussion continued as follows:

- Verification her perception is it would be the burden of the Friends to go to the legislature; suggests the motion not be an amount but consistent with the budget document which says that RIC asks for 80% of total investment income, not a specific dollar amount (Carlisle).

*Motion Revised*

Chairman Webster read the actual verbiage from the budget document and revised his motion that the Commission amend the budget that it just passed, to request from the Friends funds the equivalent to 80% of the total investment income earned at the end of the calendar year on the state funds provided to the Friends in prior years and invested on behalf of the Roanoke Island

Commission's mission. Discussion continued as follows:

- That is all years Friends have had state money (Judge).
- That makes it look like Friends never gave RIC anything (Newbold).
- It does not mean Friends have to do it; that is what RIC must request (Webster).

Warren Judge seconded the motion. Discussion continued as follows:

- Verification that Chairman Webster was reading from the money report (Sawyer).
- Verification this seeks compliance with the legislation put before the RIC (Webster).

*Vote*

The motion carried with one abstention by Angel Khoury.

Warren Judge addressed another item regarding three homes on Buzzy Lane in Dare County potentially in need of County water, noting the following:

- Brief history provided of state acquisition of Buzzy Lane and County involvement.
- Meters could be at the road; with the affordable pricing structure, burden to hook up could be the homeowners.
- Critical situation: wells are in bad shape; tenants have been waiting for water.
- County will consent to pull the meters when those tenants vacate.
- Request that the RIC Chairman work with Secretary Carlisle then with the County Manager to eliminate any concerns in bringing utility on a state-owned property; once RIC has a comfort level, the County Manager will be so directed to make it work; three homeowners will pay their water bill to the County.

Discussion was held regarding Warren Judge's request to allow County water to three existing homes on Buzzy Lane, with the following being noted:

- Buzzy Lane does not fall under RIC jurisdiction; RIC only receives income coming off it (Webster).
- Property does not fall under the rule of the RIC; DCR has significant concerns that the original funds of \$800K+ used to purchase that property came from the National Heritage Trust; people living on that property is in conflict of that trust; DCR Deputy Secretary Jeff Crow worked during the handling of that project; unsure how best to handle the request due to multiple interests at play; DCR fears a significant grant to be in jeopardy (Carlisle).
- Nothing in the grant prevents tenants' access to potable water; nothing would jeopardize the grant (M. Fearing).
- Legally this is a special called meeting of the RIC for approval of the budget only, as provided in the public meeting notice of agenda items; DCR magnanimously grants RIC the income from this, so it is only for peripheral interest that RIC has any interest in it at all; this is between the tenants and the landlord, which is not RIC (Nance).
  - One tenant with a failing well has been told he cannot get new water; wrong to not discuss it at this time for bureaucracy purposes (Robbins).
  - RIC must comply with public meeting notice laws; RIC did not put this on the agenda (Nance).
  - It is an emergency option—the man does not have water and is in poor health; RIC Chairman said previously he would entertain new business, which this is (Robbins).
  - RIC Chairman probably should not have done that because RIC held a meeting to vote on the budget (Nance).

- Request that Secretary Linda Carlisle and Dr. Jeff Crow review the item; look for any way to assist these people; and let Kim Sawyer or Warren Judge know where DCR is with it and what RIC can do to assist; RIC recognizes it is outside the purview of this Commission, but it is obviously a human interest issue that RIC must do what it can (Webster).
  - Suggests conversation takes place with the City and DCR; DCR has no details other than what has just been shared (Carlisle).
  - Disagreement; he has letters from DCR saying otherwise (M. Fearing).
  - Verification that it is the County and not the City (Newbold); Dare County (Judge).
  - Agreement to send Secretary Carlisle an email and to have the County Attorney and County Manager contact her to engage in a conversation (Judge).
  - DCR will be pleased to look at that (Carlisle).

Upon request for an update by John Robbins, Kim Sawyer noted that she will present a letter from DCR regarding dredging around RIFP in the Finance Committee meeting to follow. Mr. Robbins and Secretary Linda Carlisle verified they will attend that meeting.

\* Jerry Jennings left the meeting at 1:41 PM. \*

Malcolm Fearing submitted several documents for inclusion in the minutes of the meeting, including a letter from Secretary Linda Carlisle’s office regarding water—as referenced earlier—and two other documents (received and filed as attachments in the official Report Book).

**Notices and Announcements**

Chairman Webster made the following notices and announcements.

- Recognition of the work of Elmer Midget and Angel Khoury on the Corridor Committee.
- John Robbins will be Chair of the Corridor Committee going forward.
- Earl Willis will be Chair of the Education Committee.
- Recognition of the work of Joanne Williams and Robert Long on the Visual, Performing Arts and Film Committee.
- Eddy Browning will be Chair of the Visual, Performing Arts and Film Committee going forward.
- Bob Quinn will join as a member of the Visual, Performing Arts and Film Committee.
- Recognition of the work of Saint Basnight on the Facilities and Land Committee.
- Waiting on an acceptance before announcement of the new Chair of the Facilities and Land Committee.

Kim Sawyer expressed thanks to those who served as committee Chairs, Chairman Webster for his service the past eleven years, those agreeing to now serve as Chairs, and Ellen Newbold for accepting the RIC Chairmanship.

The next meeting of the Roanoke Island Commission will be Friday, October 26, 2012.

**Adjournment**

With no further business, the meeting was adjourned on motion by Warren Judge and second by Bob Quinn at 1:46 PM.

Minutes submitted by: Andrea Hanganu, Administrative Assistant

Upon a vote by the Roanoke Island Commission, approved by: \_\_\_\_\_  
 Angel Khoury, Secretary, Roanoke Island Commission