

TEXAS FOLK MUSIC FOUNDATION

Board Meeting Minutes

February 5, 2011

Albert, Texas

Board Members Present: Michael D'Eath, Stan Berkefeld, Bill Stacy, Theresa Tod, Larry West, Thomas Chapmond, Adams Kirkpatrick

Board Members Absent: John Charles, Lloyd Maines

Guests Present: Dalis Allen, Syd Franz, Charlie Land, Vern Crawford, Rick Wright

Michael called the meeting to order at 1:15 p.m.

Approval of Minutes – Theresa Tod

Thomas moved to adopt the minutes of the October 17 minutes, as previously circulated; Larry seconded. The minutes were approved unanimously.

Treasurer's Report - Larry West

Larry said the financial report documents circulated prior to the meeting should be considered preliminary; he and Syd found a few small things they need to discuss before finalizing, which they plan to do in the next few days and re-send. We will act to approve the statements at that time, via email.

Statement of Revenues & Expenses: The books are set up on a quasi-accrual basis, however we recognize insurance and rent expenses in the year they occur, starting in 2011; thus since we've already paid some of these expenses they are shown as an asset, as pre-paid expenses. As of Dec. 31st, we were \$58,396 ahead of budget in Total Income, mainly due to ticket sales, membership dues, and campground sales. We are over budget on Direct Expense, around \$17,000. Net, on a cash basis, we're about \$24,000 ahead as of that point in time.

Comparisons between 2009 and 2010 are difficult because the information is presented in a different format. In 2009 there was a loss overall; in 2010 there was a gain. The drop reflected in insurance and rent is due to treating these as pre-paid.

\$62,000 was spent on capital items in 2010; these are high cost items with a long life. The biggest items are ticket system and related costs, and electric systems for the meadow. We're over budget on meadow electric, but we received \$4,000 in donations. Income for Kennedy theatre benches totals \$6,000. Melody is working on Facebook communications; at some point she will post a pitch on the benches. The benches need to be ordered in groups, because of delivery charges and other efficiencies; 9 benches have been purchased at present.

Balance Sheet: We have a balance of \$70,000 in cash; around \$33,000 of which is reserved, restricted. Some of the Accounts Receivables are old debt which should be considered uncollectable; Larry and Syd will review these and decide which need to be written off.

\$35,000 worth of inventory is in stock for the coming festival. The change in fixed assets is due to expenditures this year. Intangibles are the value of the KFF name, which depreciates.

Syd handed out copies of P&L (Profit and Loss) statements for Oct. to Feb., comparing the current year to last year; and Jan. – Feb. 4, 2011. Compared to last year same period, our status is up by \$24,873. The only bad news is that ticket sales and campground income for the past month is down by \$9,339 compared to last year, so that makes cash flow tight. The change is due to earlier ticket incentives. Syd is proposing to move up advance ticket sales, which usually go on market March 1st, to mid February instead, with a 25% discount, then lower the discount to 15% until the festival starts. (This is a one-time discount, just for the 40th anniversary; future discounts won't be as deep). By the 15th we won't have a full list of performers, but will be able to post what we have. People will likely buy memberships along with their tickets during that time. Season tickets will also be available then. Bill suggested we make it a standard policy to move up the date for posting our line-up on Feb. 1st. Dalis and Syd said they are at the mercy of performer agents who just won't respond until they're ready; we don't pay enough to get them to commit any earlier. Dalis will also be able to promote the festival and sell tickets at Folk Alliance. The Board indicated support of Syd's plan.

Syd will ask Tom if the database could produce data on the difference between the number of tickets sold and the number of attendees who come through the gate.

Bill suggested considering paying a higher fee to a main-draw performer. Dalis provided a competitive fee. Thomas said a sponsor approach might be feasible; camps might be willing to contribute as a sponsor, if we could find a performer for less than that. The challenge in doing this is the risk of alienating other performers who would continue to get the standard fee.

KFF Update - Charlie Land

- Ranch Management: Meadow electrical work has continued; around \$13,000 has been spent of the maintenance budget at present. Larry suggested that these expenses should be reflected under the capital budget instead. Announcements have been sent for several scheduled work weekends. Foundation work weekends will also be announced; for Mar 5-6 and Apr 9-10. A Board meeting is also scheduled for the 10th – probably 10-2; we'll bring sandwich fixings. Projects will include some ADA modifications and other work on the stage; work on toilets; and cleaning the staff kitchen. Michael said he and Brenda could provide some music; JaySea should schedule musicians, and TFMF can provide some funds if needed.
- Toilet improvements: ideas being considered include fans on stacks, charcoal filters, paint, vaporizing deodorizers, and lid closers; more ideas are still welcome. Charlie has priced water meters for measuring gray water; he estimates it will take around 10, at \$75 apiece. Adams will do some research on possible alternative sources. The FOC wants to minimize expense on toilets, completing essential work for safety and aesthetics without any major re-build. There is still some discussion (with the CTO) about whether or not to do anything more ambitious.
- Charlie is talking with someone about the possibility of leasing the theater to an outside party for a show, on the Sunday night before the concert.
- Stage reinforcement – The decision was made to go with an 18 inch I-beam, which wouldn't require additional bracing. An engineer will provide details on what is required. This work

will preferably take place on the 2nd TFMF work weekend. Bobby Tod will be asked to bring scaffolding.

- Rick said they are working on the tickets building and the campground shower building, and that the storage tank needs to be expanded. The recent freeze has resulted in around 8 plumbing breaks. He is still planning to hook up electricity to the crossroads toilet, hooking it into the lower meadow. Whiskey barrel now has an all new service line, well, well house, wiring, etc; it still needs a fence.

Mass Gatherings: (covered later)

Ticket Sales Analysis - Bill Stacy

Bill gave a brief review of his presentation on ticket sales at the FOC Retreat. Paid customer tickets represent less than 40% of total attendance, which is low compared to other festivals; we need to continue working on that ratio. Marketing-driven ticket sales represents a smaller percentage of income than it should be; this could be improved. The average revenue per transaction per marketing-driven sales has been dropping between 2007 and 2010. We need to consider discounting tickets less, even possibly price increases. Ticket sales as a percentage of all income has decreased. Records do show an excellent job of reining in expenses.

COMMITTEE REPORTS

Resource Development Committee

Texas Commission for the Arts: Michael said that the Commission (to which TFMF hopes to submit a grant proposal) is included in the House budget currently at a substantial level; we don't know the status of funding on the Senate side.

Syd has completed her first draft of the history portion of the proposal. She will include the finished financial reports, as required. A 200-word statement with bio's of administrative leadership is required. Michael will work with the Board to collect this information. Syd also needs to be able to discuss TFMF fundraising activities planned for 2011. Per Board discussion, she was authorized to say that we are considering a fall fundraiser event; other activities will include membership, raffle, benches, auction, youth camp, etc. She's collecting stories that illustrate various highlights related to our activities. Michael suggested using program summaries from the website. The proposal will emphasize the support of songwriters through our new folk programs. The Board expressed appreciation to Syd for her efforts on this grant, which could make a big difference to the Foundation.

Michael and Larry will meet with Jeff next week about editing videos of new folk performers, which is a required part of the proposal. Dalis said Sarah Hickman and her husband have done their own video and had indicated some interest in doing one for us; and she will check with another contact as well. The video needs to be submitted by March 1st.

Larry said donations are the responsibility of this board. Most of our efforts add up to around \$5000 each (raffle, auction, etc.) He would like a board member to assume responsibility as the lead on various activities. Theresa was asked to take the lead on the auction (Jon indicated subsequently that he still intends to work with the auction; he and Theresa will continue to share

the 'lead' role). Thomas is responsible for benches and raffle. Bill is responsible for Membership. Michael accepted responsibility for efforts to attract major donors, outside of grants. Estate planning is another area that someone needs to "own." Michael will provide information we can post in the booth again this year. He will contact Jody Hellman, an attorney who handles endowments, to pull together an endowment workshop we can host during the festival, for potential donors. Dalis said there is a window on the second weekend. The workshop would provide the information and give people the opportunity to sign on the bottom line. There should also be information in a newsletter and on the website. We also need to find out which supporters have already done this on their own, so we can make sure they're in the loop on what is happening with the festival. Michael suggested that we shouldn't market more pavers until we can install the existing ones. Installing this will be added to the work weekend list, for the 5th and 6th. Dalis says we've had about 12 pavers purchased. We will need sand and some boards; the pavers can be easily pulled up and moved if needed down the road.

Cheryl intends to continue selling tiles; she is selling them now for the stated purpose of installing in campground showers. The price is \$5 for staff currently, \$10 to everyone else. Syd suggested this price is low, considering they cost \$3; also that someone on the Board should have oversight. Michael said he would; he suggested the price should now be \$10 across the board. The Board's oversight gives Cheryl some protection, if she gets complaints about changes being made.

Maintenance & BAG Committee Update – Adams Kirkpatrick

Adams said he and Stan are working on understanding what the big projects are for the spring, and looking at the list of projects and determining which projects need a more detailed plan. He's also been involved in the toilets discussions. What they want to see on the toilets projects is inexpensive, but done in a smart way. For example, paint should be of the quality that it can be washed down. Rick said they had also discussed having some diagrams to put at the booth, schematics to engage people's interest; Cliff has offered to do some.

Thomas said that at the KFF retreat he had volunteered to serve as Interim Chief Toilet Officer (CTO) – a highlight of his "Kerr-Rear." The team has about 10 people involved. No decisions have yet been made, but they intend to make recommendations to the FOC. At the retreat there was discussion of removing the oldest 6-hole women's 'handi-crappier', and replace it with porta-cans. Syd said she has been told plenty are available over the Memorial Day weekend. Capacity is such that we'd have to pump these several times during the festival. There was also discussion of putting one flush toilet in place of the handi-crappier; but that plan doesn't have universal support. Virginia Platt has offered to loan the money for a 4-holer composting toilet, over a short term. She also offered to donate a pole-barn structure, under which we could put porta-cans or a composting toilet. Charlie asked the engineer for a plan and cost-estimate for recycling gray water from staff showers, to use for flush water in the staff showers and handicapped restroom while also keeping it out of the main stage septic system. The less expensive options mentioned earlier, to improve what we've got, are still on the list; also being explored are possible automatic lid closers. Thomas is continuing to collect ideas, and plans to coordinate a conference call either next week or after Folk Alliance. The decision at present is between three options – porta-cans, a flush toilet, or make-do with overhauling what we have. Adams wants to create a side-by-side comparison of each option, cost implications, pros and cons. Larry thinks

what's being proposed would fall within the maintenance budget. The cost of 16 porta-potties is estimated at \$6,300 for 18 days, including pumping. The pumping cost is the same as current; the additional cost is \$75 per potty. We'd need to add some sort of lighting. Attendees need to see that progress is being made on toilets; the presence of porta-potties will at least not be business as usual.

Rick spoke about needing new or improved signage, brick pavers, and benches (he thinks we'll be able to fill in the center section of benches); he said Chris wants a slab for sound, and suggested that we need a ramp on the far end of the board walk, at the Pavilion (wine end). Rick would like to see a step added all the way along the board walk, which will discourage erosion. He thinks concrete is the best solution, but doesn't yet know costs. The mechanics want a concrete slab to work on vehicles. A lot of work has been done on the kitchen, and it needs further work; including the front corner of the staff kitchen where the ice maker would go. Gates have been improved at both theater entrances. Posts for handicapped area parking and new signs are being built; the number of handicapped spots may be increased.

Lamb Creek property: The lease is through KFF, TFMF assumed that liability in the purchase agreement. It expires at the end of 2011. The interest is $8\frac{1}{4}\%$; no money is being made by the group of property owners. There is a balloon however, where we will owe a substantial amount in 5 years. We'll need funds to commit to renewing the lease, as well as to pay off the balloon in five years. We need to explore extending the note by another 5 years, giving us another 5 years to pay it off. Bill said there isn't a financial institution interested without personal guarantees or a substantial down-payment; such as \$50,000 in cash. Perhaps a small group would be willing to form a group to provide that cash, possibly for a small benefit. We currently owe around \$160,000 or \$170,000; we've mainly been paying the interest. Michael thinks perhaps the note-holder may consider re-financing the loan over a longer term in a manner that is beneficial to both parties - and remove the balloon.

We would need to walk in with a complete plan, so the mechanics need to be worked out in advance. We also need a back-up plan in which someone else (a supporter or small group of supporters perhaps) will be willing to finance it, if possible. Michael asked Bill to take the lead and work with Larry to put together some figures.

Producer's Report: Dalis said for a fundraiser event, we'd need to be able to get commitments from some key sponsors; selling it as a concert isn't enough in the Austin community - which is already so saturated with performances.

She is still working on the line-up for the festival; Robert Earl Keen is still an option. Lloyd has helped with some emails to people he knows, and they responded favorably but she doesn't have a way to follow up with them herself; she'll follow up with Lloyd. She may just need to have six performers on some nights, if some of these folks follow through; she can't wait too late to confirm with performers.

The TFMF membership meeting will be at Threadgill on Monday, Labor Day; specific time to be announced.

Election of Directors; Nominating Committee: Michael asked Theresa to head up a Nominating Committee, which will need to select a recommended slate of three nominees to fill the three positions with terms ending this spring. (Corrected list of Board members with expiring terms: Bill Stacy, Adams Kirkpatrick, and Stan Berkefelt). The slate of candidates will need to be presented to the membership by March 15th. Several potential nominees were mentioned. Michael will ask Bill to work with us to ensure that we follow the process correctly. Nominees will be posted by the deadline, and members will be notified. To vote, membership must be paid by May 1st.

Now Folk Committee Proposal - Thomas reported on a project he discussed with Jeff Gavin, who heads up Rice Fest, in which he and Thomas would co-chair a New Folk Committee to better promote the new folk winners around the state. The committee would handle the camping support at the festival as well. Co-chaired by Thomas and Jeff, the committee will promote the winners of the new folk competition, through a new folk tour involving venues at various locations throughout the state. Syd suggested this could be promoted to sponsors of new folk. The committee would not play any role in selecting the winners or any other functions currently taking place. Thomas moved that the TFMF create a New Folk Committee to promote the new folk winners, Theresa seconded the motion, and it was approved unanimously.

Board Meeting Schedule –through June 2011

March 8th was added; meeting will be by conference call, 5:00 p.m.

April 10th – meet at the Ranch, work weekend (possibly 10-2?)

May 8 – meeting by conference call, noon

June 5th - at Thomas and Theresa's camp, KFF, 3:30 p.m.

(May 30th – Annual Membership Meeting, Threadgill theater)

Foundation Work Weekend(s) in 2011: (Discussed earlier in the meeting; scheduled for March 5-6 and April 9-10)

New Business: Charlie has registered Kerrville Folk Festival.org, Kerrville Festivals.org, and Kerrville Music Festivals.org. He may also register the Kerrville Folk Festivals.com. The singular version is taken. The importance of this is that it prevents someone else from taking those names. We are currently hosted by Windstream; when the festival site gets re-done, we (TFMF and KFF) need to use the same host, and connect the two sites better, with a consistent theme.

Joe Herring has visited with the local judge about the Mass Gathering Act, and based on his input has suggested that KFF should apply for approval under the act, because he interprets the guidelines to mean cumulative counts. Although that interpretation may be open to question, it was agreed that we should probably proceed with the application.

Michael will communicate with Virginia about her proposal on toilet construction; while her support is appreciated, we don't yet have a specific proposal or plan on the table for composting toilets, and the Board expressed reluctance about going into debt at this time.

Executive Session: The Chair called the Board into Executive Session to discuss personnel matters; guests were asked to leave the call.

Upon emerging from Executive Session, Larry moved that the meeting adjourn; Theresa Tod seconded, motion passed unanimously.