



## **Board Meeting Minutes**

November 23, 2021

**Attending:** Greg Wessling, Susan Wolff, Jean Bock, Woody Washam, Denis Bilodeau, Ginger Griffin, Kate Gaither, Steve Brumm, Troy Stafford, Bill Ward, Perry Mixter, Anita Overcash, Megan King, Iris Wyatt

**Not in attendance:** Cynthia Bush, Justin Dionne, Caroling Mullan, Donna Johnson, Joshua Dobi, Bill Morgan, Paul Newton

Greg Welcomed all board members to the meeting. The meeting was held via Zoom and a quorum was present.

**Minutes from September Board Meeting** – motion to approve by Troy, and second from Woody. October Board Meeting Minutes approved unanimously.

### **Construction Update – Steve Brumm**

Steve shared with the members what has been spent to date and the monthly progress photos and videos of the site. The block is to the top and some steel is in place. The steel is scheduled to be finished at the end of January. Substantial completion is October 21, 2022. We should be ready for show December 22, 2022. Steve invited the board members to tour the site on December 7<sup>th</sup> around noon. We will also have lunch. Greg asked Steve if he was satisfied that everything is on track. Steve replied that he is satisfied. Woody suggested a tour of the site for the new commissioners. After the swearing in of the commissioners, Greg will arrange through Woody a date for them to tour the site. Greg congratulated Woody and Denis on their re-election.

### **Financial Report – Bill Ward**

Bill reminded the board members that these are October's financials, but they have been adjusted/corrected to match the end of the year audit numbers. Bill went over the numbers that have changed, starting with the balance sheet. Under Accounts Receivable – Capital Campaign Grants Receivable, the auditors say we have earned the right to put the \$1.5M land donation from the town on our balance sheet. Bill also noted that for the first time, our assets exceeded \$20M. Kate Gaither had a question about why the \$41.4K PPP Loan Payment hadn't been waived. Bill reported that it had been waived. He further explained that we have earned the right to use it. On the Capital Report, Bill asked Perry if he wanted to talk about the \$125K Restricted Operating Endowment. Perry said it is the result of our efforts to secure obligations for an operating endowment. It's the result of Kathryn Keele's event and Greg's efforts with the Board commitments and other donors. We have received \$125K in cash since last month. Bill asked about the restrictions on that amount. Perry said it's for the Operating Endowment. Greg informed members that they have seen 4 documents that represented FY20/21 audit. The audit was very clean and very good this year.

### *Audit Report*

Garrett Summers gave a brief history of their relationship with Cain Arts Center. He congratulated the Center

for having an endowment so early in their existence. He then proceeded to share the Audit Report with the board members. The audit is clean and without problems. Pat asked if this statement would look similar for 2022. Garret said the pledge number will be lower, and fixed assets will be higher. Pat asked about how the financial statements will change when the building is put into operation. Can you tell us how the financial statements will change? Garret said the \$17M will be released from restricted donation account and put into an unrestricted account. Net assets will still stay in the \$17M ballpark amount without donor restrictions. Pat asked about the asset side – from a P&L will we start to see a depreciation number come through? Garret said you can not depreciation until the building is placed into service. Beth added that the net change will be long term assets, the cash and cash equivalent and the capital campaign pledge receivable will be reclassified into property and equipment line, net assets will be without donor restrictions. You'll have a significant increase in operating expenses such as utilities, salaries, etc. Garret also mentioned the program expenses would increase significantly. Pat asked about the annual depreciation on the building. He wanted to know if it will be a 40-year life. Beth explained that it will be broken down depending on the type of asset, such as furniture and fixtures which will have a different life. The \$20M will be broken down into different schedules depending on the type of asset. Greg informed the members that the depreciation number will be a pretty good size number. Beth explained that we will have more non-cash items. Pat acknowledged that the financials would look very different as the depreciation hits the expense report. The 990s will look very different once we go into operation. Greg asked Beth and Garrett if it was their recommendation that they approve this audit. Pat moved that we approve the audit. Second from Bill. The audit was unanimously approved.

#### **Executive Director Report – Greg and Pat**

Greg explained to the board members that the Executive Committee received a thorough report from Justin last week. The IT package with Deloitte is coming along fine. Greg reminded the members that the board already approved the Deloitte project. The Ticket Office Group has met. The Ticket Office RFI is very involved, and the Ticket Office consultant is very thorough and is doing a great job. Justin has concerns about the parking plan. He is working with the town to ensure a safe plan that makes sense. Pat wanted to highlight the parking concern. He thinks we can declare it solved, but not operational. Pat complimented Justin on coming back to this topic because it wasn't clear on how it would work. Woody commends Justin for raising his hand, it is the right time to do it. We had a great meeting, but we have some work to do. The problem isn't necessarily what the Cain Center might create, but what is created around Cain, such as 2<sup>nd</sup> Friday, Catawba Walk, Bella Love, etc. All those activities occur downtown. We don't want Cain to be a detriment to all the good things that are going on downtown. Once these events start to happen, we have a problem. We want these activities working together and not in separate directions. Denis also talked about the local businesses. We don't want folks to stay away from downtown when there is a production at the Center.

#### *HVAC Update*

Greg reported that three of the HVAC units have problems in our rented space at the Mill location. It is our responsibility to repair. The cost is about \$8300 to fix. The Executive Committee has given their approval for the repair. Kate asked about the vendor who gave the quote and if we have gotten a second quote. Greg mentioned that we are getting a second quote from Little Heating and Cooling. Megan informed the members that Little Heating and Cooling had already come out to inspect the units. Kate asked if there was any possibility that the Knox Property Management company would share some of the expense. Greg informed the members that Justin had already spoken with Steve Knox about this. Steve will not assume any of the cost.

### **Program Update – Megan King**

Megan reported that 98% of classes are sold out. We have only three spots left in our Painting for Teens class. Winter session registration starts Nov 29 for Cornelius residents. For non-residents, registration starts Dec 1. We have several new instructors, and I will be speaking to two potential ceramics instructors. We have added a second day (Saturday) for Cocoa with Santa. Paul Newton will be Santa for Saturday's Cocoa with Santa. Only two tickets left for the Seth Walker concert. Justin and I will be attending our last conference in January. We hope to have our opening act solidified by the end of January. Greg asked if she was satisfied with what you have seen and who you may be able to attract. Megan answered that it has far exceeded her expectations. Megan also reminded the members about the new exhibit that recently opened. She encouraged members to come to the gallery and view the beautiful works. Kate asked if the items were available for sale. Megan said that most of them were for sale. Kate also suggested that more of the gallery items be posted on the website. Megan agreed to take some close-up photos and upload to the website.

### **Development Report – Perry Mixer**

Perry shared the campaign report with the board members. As of October 31, we have reached 93.4% of our \$25M goal with only \$1.649,196M remaining balance. We have more than 1,000 campaign donations from 529 households, and a new \$100K pledge from Joy Evans. Perry asked Greg to talk about a possible naming opportunity. Greg informed members that they had been working hard with Jim and Colleen Ludington. Initially there was no interest, but recently they have expressed an interest in the naming opportunity. Troy provided information about Jim and Colleen. Colleen is the Executive Director of a nonprofit called First Book and he is a retired Time Warner cable executive. His parents were both TV executives. They have made an offer of \$150K to name the Green Room after his mother. Greg asked Bill how he feels about this as a member of the Executive Committee. Bill thinks it's great news. Greg asked if the board agreed with this offer. Pat feels good about the \$150K offer. The Green Room is in the back and offers very little visibility. Pat says there was no real data on how they came up with the amounts, so he is going back to the to review the amounts of the remaining naming opportunities. Woody made a motion to accept the offer. Second from Ginger. It past unanimously.

Perry informed the members that they are working on the December 14<sup>th</sup> event. They are scheduling a meeting with the Campaign Cabinet folks next Monday to finalize the strategy for the event. Greg thinks this will be a big night and he hopes that all the members will attend. Perry is excited with the progress of the pledges and brick sales. He also shared with the board members the appropriation sheet from the state in terms of the allocations. The Cain Center for the Arts received the second highest capital investment grant in the amount of \$2.5M. Greg informed the members that this couldn't have happened without the help of John Bradford, Jason Saine and Tim Moore, who are state representatives. Greg asked the board members to send them a note of thanks. He will provide contact information. Pat asked how we are celebrating our town commissioners, Woody, Denis, and the others who helped to make this happen. Greg explained that they will be recognized at the event on the 14<sup>th</sup> of December. Pat reminded the members how important the town and state contributions have been.

Perry shared with the board members the list of households and businesses that have supported the campaign so far. The two-page listing will be featured in the Lake Norman Today publication. We recently completed a couple of direct mail campaigns. As a result of these campaigns, we have received online and phone donations and brick sales. Perry also shared the list of Operating Endowment Donor commitments as of Nov. 21, 2021. \$500k in commitments have been secured, and two are already funded. The funds will be temporarily placed in an account at United Community Bank. Brick sales are going very well, we have raised over \$318K towards a budget of \$500K. We netted over \$5K in brick sales at the Bailey's Glen Fundraiser. We

have over-achieved our Sponsorship \$50K budget, and we are working on our Operating Fund. We have secured a \$5K sponsorship for FY23.

**Wrap Up – Greg Wessling**

Greg reminded the board members that next month we will have completed the 4-month trial period of the current/revised Board and Executive Committee meeting schedule. Greg asked if any of the members have any objections to keeping the schedule going forward. Greg asked for motion to approve the revised schedule. Motion to approve by Steve; Kate seconded. The revised Executive Committee and Board Meeting schedule was unanimously approved.

With no further topics to discuss, the meeting was adjourned.