

Mendocino Art Center

Board of Directors Meeting

Meeting Minutes for October 27, 2010			
Call to Order	4:05pm by Richard Miller, Interim President		
Adjourned	5:39pm		
Board Members			
Jean Cunnington	Present	Nick Schwartz	Present, via Skype
Dr. Richard Miller	Present	Sarah Logan	Present
Mike Dell'ara	Present	Rick Keller, Secretary	Present
		Jan Bell	Treasurer
Ex Officio Members and Guests			
Tom Becker, Executive Director	Present		

Motion ID	Motion	1 st , 2 nd	Disposition
M102710-01	Approve minutes from 092210 General Session	Mike/Rick	Carries, unanimous
M102710-02	Motion that Jan Bell appointed as member of board and that she be appointed as treasurer replacing board member Rick Keller.	Tom/Mike	Carries, unanimous
M102710-03	Motion that Jan's term be a three-year term to expire at the annual meeting in 2013.	Tom/Rick	Carries, unanimous
M102710-04	Motion to extend both Jean's and Mike's term for three months to expire at annual board meeting in April.	Tom/Richard	Carries, unanimous
M102710-05	Moved to move the annual meeting from Dec to April.	Tom/Patrick	Carries, unanimous

Action ID	Action	Owner	Status
A102710-01	Defer approval of minutes of 102010 meeting to next board meeting		

1. Call to order 4:05
2. Roll Call: Quorum of five established.
3. Richard Miller introduced the board members to the public audience, which was larger than is usually because the meeting was widely promoted. He welcomed Jan Bell to her first board meeting. Jan has a strong financial background, one of the elements of her credentials being as a Branch Manager of MendoLake Credit Union.
4. Meeting minutes from the 9/22 General Session were approved. Minutes from a special closed session of the board held on 10/20 were not yet available. Approval was deferred to the next meeting of the board.
5. Four motions regarding electing Jan Bell to the board, terms of service, and the annual meeting which had been tabled in an earlier meeting where made and carried.
6. Executive Director's Report

Tom recognized the audience, noting that members of the community had been encouraged to attend this meeting because the financial status of the Art Center is the main topic of today's board meeting and discussion.

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Mike asked for additional detail on the aging of the accounts payable.

Tom responded that approximately \$4,000 of the \$16,000 accounts payable may actually be due in December, 2010 and January, 2011.

The response from the community to a recent request for help in the form of memberships has had a strong response.

Tom reported that the Art Center is making necessary policy, procedure, and accounting reforms in preparation for undergoing an audit.

Bob Hubik re-prepared financial reports for 2007, 2008, and 2009. Jerry Murphy, CPA, reviewed the financials for 2009 and, as part of the review process, identified 14 issues management must address before MAC is ready for an audit. Management has a plan to be in compliance with these standard accounting and operating procedures by the end of 2010. After MAC has operated for a minimum of six months practicing the policies and procedures recommended in the management review, Murphy will conduct an audit. We could have audited financials by the first quarter of 2012, for the first time in its 51 year history,

Tom pointed out that the board needs to determine next steps. Who should receive the management review and develop the strategies to reach compliance? What is the process to accept the completed financials?

Richard asked Tom and Jan to develop a strategy with a timeline for addressing the issues delineated in the management review.

Jean suggested using existing templates in implementing policies and procedures. Jan suggested prioritizing issues to be addressed.

Committee Reports

Facility

Michael St. John has joined the committee. He has a long history with the Mendocino Planning Department and can bring insight to the committee's work.

Currently, MAC has three notifications to take remedial action on the site. The Planning Department requires MAC to enclose waste containers in the back; the Fire Department wants trimmings in the back ally moved to a burn pile: MAC has received formal notification from Mendocino Planning Department to repair the broken sidewalk along Little Lake Rd. Recently, Suburban Propane caused damage to the sidewalk by driving its truck on the fragile structure, After receiving a report of the incident, the Planning Department notified MAC that it had 15 days in which to file a permit to repair the entire front sidewalk. The notice served to make clear that MAC was liable if the broken sidewalk was the cause of any injury. The permit costs \$500. Suburban Propane will pay for the repair to the section it damaged. MAC is responsible for the rest of it.

The Facility Committee plans to redesign signage around the property.

It is meeting with theatre company about work they would like to commence on the front of the theatre.

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Mike expressed concern about the potential for liability the broken sidewalk. He commented that looks like no rebar in the sidewalk. An economic solution would be to just tear it up and put base rock down, rather than replacing the concrete. That process probably wouldn't require a permit, since the Planning Department's goal is to eliminate concrete from the town. We will check with the Planning Department to confirm this. If we do the base right we could do cement later.

Jean announced that the board has developed a draft strategic plan, which it hopes will provide a framework for public input. She expressed the board's appreciation to Larry Wagner for his volunteer work to help the board reach this point in the planning process. She also recognized Kelly Gibbs for assisting with financial analysis work.

It will be available online by the next board meeting, which will be held on Monday, November 22.

Presidents Report:

The Art Center is experiencing a conflict between its heart and head—and has been struggling with that conundrum since its inception. As a community, we often share more with our hearts than we do in our heads. We like each other. We support each other. We don't always agree with each other. We are dealing with a challenging situation. In the past two and a half years, MAC has had four different executive directors, and four different board presidents.

We are at a critical crossroad now. How do we restructure MAC—integrating the head and the heart? The board is evaluating each of the MAC revenue centers: gallery, workshops, magazine, and rentals. It is clear that revenue generated is insufficient to sustain the Art Center and needs to be augmented from other sources, including: memberships, donations, loans, grants, and volunteers. Across the country, an art center will typically receive 50% of its operating from these categories. MAC receives 80% of its operating costs from income producing activities and 20% from contributions.

It's been suggested that we secure a loan to allow us the time to restructure the Art Center. We have an erratic history with loans, but it is an option. We do not have a mortgage on the property. Richard reassured audience that under the restrictions of MAC's 501(c)(3) status, it can't sell property.

Richard spoke of the need for more volunteers to help do the work of the Center, augmenting a skeleton staff. He suggests the need for a volunteer committee, but cautioned that it needed to have structure and report to executive director.

Chuck Bell—Can we borrow against the Stevenson legacy?

Richard Miller. We can't borrow against it (donor restriction.)

Vicki Fraser—reminded the board and audience that events are important.

Richard Miller said that in the restructuring, we could create events that would raise significant money, as WineSong does. Jean reminded the audience that MAC needs more people. This little board can't put on a big event.

Maybe need a "friends of the art center." Need more board members.

Richard Miller said that in the restructuring, we need to look at staffing as well.

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Tom Becker—we have cut back staff 26%.

Alisse—Is there a possibility of getting interns?

There was a discussion between board members and audience regarding borrowing money against the property. Some concern about borrowing too small an amount to solve the problem by making significant improvements.

Eleanor Adams spoke about problems with community alienation. “We need to work on good will. The issues with MAC are exhausting this small community.”

Jean Cunnington commented that she has been trying to reach out. “Even if people are angry, they need to be willing to talk. It’s a two way street. If people are disaffected, we still encourage them to meet with us.”

Rick Keller—spoke about common misunderstandings, such as staff receiving high salaries. “How do we get a better message out.”

Dale Moyer—Encouraged everybody to contribute and sign up.

Vicki Fraser—speak to membership. No real reason to be a member other than I can help the Art Center by being a member. Can I pay \$5.00 out of bank account?

Tom Becker said that while we did not have the technology available today, we are working on it.

Richard Miller suggested that we create a work-around by installing a membership box in the gallery, where members could make monthly payments on their own.

Pauline Rusert asked about the cost and profit of the magazine.

Roughly, the magazine is a wash, generating \$100,000 in income and \$100,000 in expenses. We are analyzing the magazine with an objective of restructuring it.

Marion Bell—“Can’t we charge for this beautiful magazine?”

Geraldine Pember—“Would that be like Audubon. Members would get the magazine. Other’s might pay.”

Bruce Levene suggests that could turn into a County magazine.

Ellen Actis suggests considering a deeper content.

Nancy Denison—suggests that we get back to a regular column in the Beacon.

Marge Stewart—expressed some concern about the affect a hiatus will have on the advertisers.

Nick Schwartz—“How does it support the Art Center’s mission? It does great things for the county and perhaps the county could chip in.”

Geraldine Pember is calling her friends from out of town that visit and asking them for donations.

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Rick Keller—suggested that we should have members in the Bay Area.

There was some conversation between board members and audience about increasing MAC's use of social media to promote its activities.

Diane Veach offered to help MAC in this arena.

Joe Deakin—asked whether if we took a loan, we could use the property as collateral.

Richard Miller – Yes. The property is a fine collateral, but the lender is also going to want to see how MAC plans to pay it back.

Mike Dell'Ara. A lender would be cautious for several additional reasons. If MAC were in default, it would be difficult to foreclose on the property and the community. The property/buildings have a lot of deferred maintenance. It would be tough to convert to something other than an Art Center with restrictions from the Coastal Commission and the Planning Department.

Charlie Tomka—suggested ask that MAC approach the Beacon and ask them to publish something that might repair some of the misunderstanding between the community and MAC's management/board.

Richard Miller will meet with Kate Lee (Ft. Bragg Advocate and Mendocino Beacon) and do something to connect with the public.

Richard adjourned the meeting at 5:51.