



**Regional Arts Commission  
Finance Committee Minutes  
Monday, September 9, 2024 via ZOOM  
8 a.m.**

**Call to Order & Roll Call – Russell & Sutherlin**

Russell called the September 9 meeting to order at 8:00 a.m.

**Committee Members in Attendance**

John Russell, Chair, Mont Levy, Tino Ochoa, Cheryl Walker

**Committee Members Absent**

Sam Fiorello

Roz Johnson, ex-officio

**Staff Attendees**

Vanessa Cooksey, Savannah Babington, Nichole Belford, Rita Dillard, Ann Haubrich, Angie Peters, Jason Schipkowski, Chloe Smith, Leigh Winter, Lea Sutherlin

**Others in Attendance**

KEB - Rick Gratza, Trish Donovan

**Approval of June 10, 2024 Minutes**

Russell called for a motion to approve the minutes from the June 10, 2024, Finance Committee meeting.

**Motion made by Levy, seconded by Walker, and unanimously carried to approve the June 10, 2024 Finance Committee minutes. Votes were as follows:**

**Yea – Russell, Levy, Ochoa, Walker**

**Nay – none**

**Abstain - none**

Russell then called for the following reports:

**Review Resolution – 6128 Delmar Proceeds**

Cooksey noted that the Resolution for Investment of 6128 Delmar Building Sale Net Proceeds was included in the packet for this meeting. Cooksey added that review of this document is a follow-up to the June 20 full Board meeting and highlighted the following:

1. Confirm Use of Earned Interest: Cooksey reminded that at its March 14, 2024 meeting, the Board meeting approved to amend the resolution designating that proceeds from sale of building could be used for needs outside of real estate – also a follow-up to the June 20 full Board meeting.





Levy asked about the following: (1) use of the word 'perpetuity'; (2) how funds get reinvested; (3) original resolution for funds to be held for real estate; and (4) need for commission or staff vote(s).

Cooksey noted that the initial intention was for interest earned to remain in the account.

Levy emphasized the importance of ensuring that any reinvestments align with the policy, given that the resolution no longer mentions holding funds for real estate.

Cooksey noted that the resolution could be revised for other specific use.

Levy also expressed the need for clarity regarding the usage of these funds and the individuals authorized to utilize them.

Cooksey conveyed her belief that the original intent was for the interest earned to remain in the account rather than being diverted for other uses. She noted that she considers this a positive strategy but is open to additional guidance on the matter.

Russell agreed and pointed out that these are simple enhancements that can improve oversight.

A discussion took place regarding the necessary revisions to the language of the Resolution for Investment of 6128 Delmar Building Sale Net Proceeds.

Russell then called for a motion to the following agreed upon revision to paragraph 3 of the Resolution for Investment of 6128 Delmar Building Sale Net Proceeds (for presentation to the full Board at its September 19 meeting):

*RAC Board and Staff will hold these funds for purchase of real estate or other purposes as they determine. Further, these funds will be reinvested in perpetuity consistent with this investment policy, and approval for use of funds will follow RAC's current Finance and Accounting Division of Responsibility Policy.*

**Motion made by Levy, seconded by Ochoa, and unanimously carried to approve the revision to paragraph 3 of the Resolution for Investment of 6128 Delmar Building Sale Net Proceeds (for presentation to the full Board at its September 19 meeting). Votes were as follows:**

**Yea – Russell, Levy, Ochoa, Walker**

**Nay – none**

**Abstain – none**

## 2. Discuss Proposed Building Proceeds for Possible Endowment

Cooksey then highlighted the current Division of Responsibilities Policy, included in the packet for this meeting - also a follow-up to the June 20 full Board meeting. Cooksey reminded that the Division of Responsibilities Policy was also approved in March 2024 during the manual's update, the first since February 2020, and noted that it details the approval process for any financial transactions or issues. Cooksey then reviewed, in detail, approval of expenditures in accordance with the Division of Responsibilities and noted that the language will be revised to reflect either the



Business Operations Manager or KEB, or an outsourced finance and accounting resource, as the VP of Finance and Operations position is vacant and unlikely to be reinstated.

Russell and Levy agreed that the existing Division of Responsibilities Policy is acceptable.

### 3. Discuss Necessary Approvals for Use of Building Proceeds Designated for Operations

Cooksey noted that, as a final follow-up to the June 20 full Board meeting, approvals for utilizing building proceeds designated for operations are done using the same policy outlined in the Division of Responsibilities, which is the current process in place. Cooksey further noted that if this process addresses the concerns, she is comfortable proceeding with it, and that she is open to incorporating additional steps as needed. Cooksey reminded that this issue arose due to (a) during RAC's grant decision-making process, consideration to reallocate some operating proceeds separate from the \$2 million; and (b) challenges in receiving Hotel/Motel revenue funds from Explore St. Louis. Cooksey added that at its July meeting, the Executive Committee discussed the possibility of using the building proceeds as a revolving line of credit, and that fortunately, while this option was not needed at the time, it remains a consideration, especially since RAC is not yet fully resolved regarding Hotel/Motel revenue. Cooksey then noted that if it is decided to explore this option, it would necessitate further discussion, as utilizing it as a revolving line of credit would involve repaying the principal along with any lost interest, which requires careful consideration.

Levy noted that if this is being considered, only a percentage of revenue should be authorized to ensure repayment.

Russell agreed that criteria for a certain percentage is very important and requested a written program.

Cooksey stated that she and Gratza will draft a Line of Credit recommendation for presentation at the annual board meeting.

### **FY 2024 Q2 Management Report**

Gratza compared the FY 2024 Q2 Management Report to the prior year of FY 2023 as follows: (1) revenue; (2) miscellaneous income; (3) Hotel/Motel revenue; (4) operating expenses; (5) payroll expenses; (6) maintenance, supplies and services; (7) marketing and communications; (8) grant expenses; (9) cash balance; (10) within parameters for unrestricted net position; and (11) administrative expenses right in line with state statute of 15%.

### **August 2024 Cash Flow Update**

Gratza highlighted the August 2024 cash flow report as follows: (1) Hotel/Motel revenue; (2) variances; (3) miscellaneous income; (4) salaries and benefits; (5) buildings and facilities; (6) business administration and operations; (7) grants expenses; and (8) year projections for net income.

### **FY 2024 Hotel/Motel Revenue and ARPA Allocation Update**

Cooksey presented the following update on FY 2024 Hotel/Motel Revenue and ARPA Allocation as follows: (1) shared the monthly revenue comparison chart; (2) current status based on revised forecast; (3) reached out to Explore STL for the FY 2025 forecast - have not received; (4) recommendation will be to keep FY 2025 budget flat, as in 2024, to ensure statutory requirements are met, by providing a budget for approval at the annual board meeting; (5) RAC ARPA for the Arts Grants 2023-2024; (6) will have all ARPA funds distributed by September 30, 2024; (7) RAC moved \$9.5M in ARPA funds within 15 months; (8) ARPA funds helped individual artists and arts organizations; (9) RAC is compliant with



Municipal Board Bill and with the US Treasury guidelines; (10) zero audit findings; and (11) the RAC team is amazing – all contributed to this success.

Levy extended congratulations.

Russell thanked Cooksey for an exciting report.

#### **FY 2025 Budget Timeline**

Cooksey included FY 2025 budget as part of update on FY 2024 Hotel/Motel Revenue and ARPA Allocation.

#### **Confirm Resolution for Unrestricted Net Position**

Gratza shared brief context on unrestricted net position as a guide for RAC's budgeting process along with the following: (1) original parameters in the previous policy - minimum of 10% of annualized expenses and a maximum of 25%; and (2) proposed increase minimum from 10% to 25%, and maximum of 25% to 60% of annualized expenses.

Cooksey noted that Resolution for Unrestricted Net Position was included in the packet for this meeting and is currently written in the current Finance and Accounting Policy Manual that was approved by the full Board on March 14.

Discussion held as follows: (1) volatility of RAC's financial situation; (2) importance of revenue and keeping cash on hand to run the business of RAC until greater stability in Hotel/Motel revenue; (3) diversifying RAC's revenue sources; (4) importance of clarity/clear definition; (5) timing of unrestricted net position calculations; (6) definition of net operating expenses; (7) anticipated complications, if any; (8) context of including 'normalized' and reinsert as part of the language; (9) real estate proceeds as related to this topic; and (10) possibility of adding the word 'undesigned' to read unrestricted and undesigned net position.

Russell called for a motion to approve amendment of the Unrestricted Net Position Policy language as discussed in the Finance Committee meeting held on September 9, 2024.

**Motion made by Walker, seconded by Levy, and unanimously carried to approve the amendment of the Unrestricted Net Position Policy language as discussed in the Finance Committee meeting held on September 9, 2024. Votes were as follows:**

**Yea – Russell, Levy, Ochoa, Walker**

**Nay – none**

**Abstain - none**

Cooksey noted that the language would be circulated via email to this Committee, then presented to the full Commission at its September 19 meeting.

#### **Open Discussion**

Cooksey shared that former St. Louis mayor Vince Schoemehl recently requested a copy of RAC's FY 2024 operating budget and that she has scheduled a meeting to answer any questions he might have.

Levy suggested including Mr. Schoemehl for RAC's 40<sup>th</sup> Anniversary Celebration.





**REGIONAL ARTS  
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Cooksey agreed and noted that Mr. Schoemehl holds great historical context as he served as mayor of the City of St. Louis at RAC's inception.

Cooksey then gave a brief update on the recent media request from the St. Louis Business Journal regarding Explore St. Louis. Cooksey noted that Growth & Development and Marketing & Communications always works to ensure RAC has appropriate responses.

**Adjournment**

Russell called for a motion to adjourn. Motion made by Walker, seconded by Levy, and unanimously approved to adjourn the September 9, 2024 Finance Committee meeting at 9:04 a.m.

**Votes were as follows:**

**Yea – Russell, Levy, Ochoa, Walker**

**Nay – none**

**Abstain - none**

Submitted by  
L. Sutherland, Exec. Asst. & Commission Administrator

**Attachments**

- Finance Committee Meeting Minutes, June 10, 2024
- Resolution for Unrestricted Net Position
- Resolution for Investment of 6128 Delmar Building Sale Net Proceeds
- Fiscal Policy – Budget Approval
- FY 2024 Q2 Management Report
- August 2024 Cash Flow

