

Skagway Development Corporation

Board of Director's Meeting Minutes

September 23, 2019

- I. **Call to Order**
 - a) Call to order at 11:09AM
- II. **Roll Call**
 - a) Present: Julene, Michelle, Tim & Cori
 - b) Absent: Bruce, Andrew and Orion
- III. **Approval of Minutes**
 - a) Julene moved to approved the minutes of August 9. Second by Cori.
 - i. Discussion: Julene pointed out that there are a few 'dangling' motions in the minutes and suggested we clean-up those motions. Kaitlyn added that there were a few times throughout the meeting that a motion was made but no second occurred and discussion followed. Julene requested we go through the August 9th's minutes and at any motion without a second, add "no second was made on the motion." Kaitlyn added that because she was not present during the Executive Session time, she is not aware of when the session adjourned to add to the meeting minutes.
 1. Julene motioned to amend the August 9th, 2019 minutes to clean-up the dangling motions and to add the executive session ending an hour after it began. Cori Second. No additional discussion. All in favor, motion passes.
- IV. **Approval of Agenda**
 - a) The Executive Director informed the board that there is currently no new lease to approve and that this item will have to be postponed until the next meeting. Julene motioned to approve the agenda. Cori second.
 - i. Julene motioned to amend the agenda to add citizens present as item V (after Approval of Agenda). Cori Second. All in favor, motion passed.
 - b) Main motion, all in favor as amended. Motion passed.
- V. **Citizens Present (added agenda item)**
 - a) Borough Manager Brad Ryan: No comment
- VI. **Finance Report**
 - a) All bills are up-to-date. As of September 17, 2019, SDC has experienced a Net Income of 6,269.28.
- VII. **Director's Report**
 - a) See Executive Director's report.
 - i. Highlights: ED attended Southeast Conference's annual meeting, work is beginning to plan for Skagway Spring Training 2020, #ShopSmall is coming up on November 30th, the Housing Narrative will be 95% completed this week, we are waiting on MRV's sketches, the ED has meet with Greg Kollasch to discuss a grant opportunity for trail improvements, working with Orion to look at other grant opportunities the MOS could utilize for public works, ED is working to host more Lynda.com Learning groups until we need to renew our subscription, the ED will not be present for Yuletide this year so it will be up to the board to host an open-house, the SDC office has been being rented with 3 reservations made last quarter, 2 individuals came to get assistance during the last month and last Betsy Albecker called to thank us for replying to for letter, we were the only ones out of 40 different people/ entities she cc'd in that letter.

VIII. Communications to SDC

- a) No communication

IX. Unfinished Business

a) **Amendment of Fee Structure for Fiscally Sponsored Groups**

- i. The Executive Director provided an outline of the last two year's activity for all groups as well as two different ways SDC-CDS could approach amending a fee scale for groups to be more inline with the level of activity each group required. The two options include a set amount service charge based on how much gross income each group makes plus an additional fee is annual taxes have to be filed (it currently costs \$350 to file taxes) or simply a % of the gross income of the group. Michelle asked how much time is being spent on each transaction. The ED informed the board that most transactions are cutting checks and don't take-up too much time individually. The ED just wants to be considerate that we are not going to over burden the groups by implementing a fee since no group is making a large amount of money. Current fee is \$100/ group and we can waive. Tim added that we should structure our fees to always assume we will have to cover the \$350 for taxes. Michelle asked is the ED felt option B (a % of gross income) will limit people from wanting to utilize SDC-CDS's fiscal sponsorship. Kaitlyn felt that it maybe for groups such as NWWs were every amount of their income is currently needed to put on the event and a % of gross income that could be considerably more than the \$100/ year fee may be a shock and hard to absorb. Julene suggested that they pay a fee at the beginning of the year and then if we need to file taxes, they are charged an additional fee at the end of the year. Michelle felt that 5% feels too high and the service charge feels too low since we also have to be looking for ways to generate revenue for the entity. The executive director suggested that whatever is implemented, we do it in a fashion that eases the groups in to the additional charge, such as a lower charge the first few years and then SDC re-evaluates in the future to see if fees need to be increased. Julene suggested that when we bill in January, we will for the current years' service charge plus the previous year's tax bill. Tim added that what ever we do, we need to generate income. Julene asked to amend the service charge fees to be \$0 - \$1,000 = \$30, \$1,001-\$5,000 = \$50, \$5,001 - \$10,000 = \$65, \$10,001 - \$20,000 = \$95, \$20,001+ = \$125 plus a tax charge of the group's corresponding % of the \$350 if SDC-CDS has to file taxes. Brad questioned why not a simple % of the group's gross income? Michelle felt that a 2.5% made the amount too high for groups, Kaitlyn included that with a high fee, these groups for the most part, all receive grant funding assistance from the MOS and with resolution 19-14R, they will all have to evaluate and adjust what they spend and how to cover costs if they lose the funding bump from the MOS. Julene added that the amount of work and the income from each group do not have a consistent rate of increase and so the work doesn't correspond with the revenue generated. Michelle asked to clarify that % of gross income is based off of what value, Julene clarified of the SDC-CDS total. Michelle asked do we charge for taxes starting 2020 with 2019 taxes? Tim responded that groups should just go into it with the assumption groups need to pay taxes and so \$350 should just be put into whatever we do. With that, it makes more sense to go the % route and at a 5%, SDC-CDS would earn \$2,767.92, if the board thinks that is too much, we could do a smaller %. Julene felt option A does not generate enough to cover administration costs. Cori suggested a service charge plus an additional \$1 per transaction made. Brad included that \$992 bookkeeper fee for \$36,000 in revenue is not that much. Kaitlyn added that though it may not seem like that much, if NWWs has to figure out away to adjust to a lose of \$12,000 (if they lose MOS funding), that it could be a lot to recover from. Brad added that it is pretty industry standard to

charge between 5-10% since the entity is essentially acting as the bookkeeper as well as saving the group operation costs of being a non-profit. Julene asked what it costs to be a non-profit annually. Kaitlyn informed the board that it is more costs associated with being a legal operating business rather than specific to non-profit but costs include business license, payroll, and insurance (liability, board and workers comp). Compared to the market, 2.5% is low and will cover time and taxes. Because SDC has waived all groups fees for 2019, this charge would be implemented for 2020.

1. **Julene moved that SDC-CDS charges fiscally sponsored groups 2.5% of their gross income of the previous year's activity with a minimum of \$30. Michelle Second. All in favor, motion passed.**

X. New Business

a) Renewal of Office Lease

- i. To be pushed next agenda as no new lease has been provided yet.

b) #ShopSmall Saturday

- i. #ShopSmall Saturday is scheduled for November 30th. Since the Executive Director will be out of town, she would like to assign a board member to collect items from participating stores the following week after the event. Julene and Michelle volunteered to pick-up items.

XI. Discussion Items

a) Yuletide Open-house Date

- i. The ED wanted to pointed out that the board needs to decide when our Open-house will be. Cori will be gone. The School Bazaar and Santa Train are Saturday December 7th. Julene volunteered to get ahold of Blaine and see if she can coordinate a date with the Chamber. Julene, Tim and Michelle will be present, Cori will not and possibly Bruce. Tim will look at setting-up a ski video showing for Sunday December 7th.

b) Lease Renewal

- i. Status update from ED. Max asked if we would like to do a multi-year lease. The ED informed Max that because of our funding situation, the longest lease we could do would be 2 years. The other aspect of our lease renewal is a possible increase in rent. The ED is requesting input from the board to give the ED direction on the board's wishes for the lease. Cori and Michelle suggested that when it comes to pricing, ask for per square footage pricing.

XII. Board Comment

- a) No comments

XIII. Next Meeting Date/Time

a) Work Session with P&Z Tuesday September 24th at 5:30pm, possibly at the library

- i. Work Session cancelled until we hear back from MRV

b) October Meeting Date and Time

- i. Monday October 28.

~~XIV. Adjournment of Regular Board meeting~~

~~XV. Executive Session - Did not enter executive session~~

a) Executive Director Maternity Leave

- i. Schedule

1. Cori asked for clarification on which events the Executive Director will be attending for the remaining FY20. The Executive Director confirmed the 2020 Economic Forum, Innovation Summit and Southeast Housing Summit. She will not be attending the Southeast Conference's Mid-Session Summit.

b **Michelle moved to accept the Executive Director's maternity level schedule. Second by Cori. All in favor.**

ii. Part-time Coverage

1. Because the Executive Director will be working part-time, there will be funding in the budget that could be allotted to hiring someone part-time to come in and open the SBRC. Cori asked if there were any room rentals booked as of now. Kaitlyn confirmed that as of now, there are not other than the board hosting their open-house. Cori felt it wasn't necessary to hire someone to be in the office but that it would be more effective to have it available and a board member come open it up. No action made.

b) Executive Director's Pay Structure: Moving from checks twice a month to direct deposit once a month

i. Instead of being paid twice a month. The Executive Director is requesting she be paid just once a month at the end of the month and possibly through direct deposit. Though she is unsure if it could be done in away that passed an audit since there would no longer be board member's signing a pay check and the Executive Director processes payroll. Tim felt that as long as a payroll report is sent to the treasurer and signed off, it would satisfy audit requirements. Julene suggested policy and procedures be reviewed to ensure this process is within our governing documents or we amend to meet the need. Brad added that his experience with non-profit is that usually anything over \$5,000 needs two board member's signatures and that the person processing payroll does not sign their own paycheck. Kaitlyn suggested she check-in with Foraker group to see how they would advise.

1. **Cori moved that the executive director's pay moves to once a month rather than twice a month. Michelle Second. All in favor, motion passed.**

XVI. Adjournment

a) Julene moved to adjourn at 1:01pm, Cori second. All in favor. Meeting adjourned.