

Approved by the Board of Directors on February 24, 2018



Minutes of the Regular Meeting of the  
Colorado Chautauqua Association Board of Directors  
January 22, 2018  
Rocky Mountain Climber's Club in the Community House

**Directors Present:** Linda Arroyo-Holmstrom, Bill Briggs, Bob Morehouse, Tom Thorpe, Michelle Estrella, Nan Anderson, Cindy Schmidt, Julie Rogers, Anne Clemons, Margaret Ryder, Mike Franson, Dan Corson, Olivia Foulkrod (Left 8:00pm), Tom Galey (Arrived 6:02pm), Lisa Morzel (Arrived 6:03pm)

**Staff Present:** Shelly Benford, Jeff Medanich, Charlotte O'Donnell, Sue Perkins, Michael Matts, Wanona Tara, and Trish Gray

**Visitors Present:** George Cherry, Liz Schwarz

**I. Call to Order, Determination of Quorum, Guest Introduction, and Public Comment**

Colorado Chautauqua Association (CCA) Board President Cindy Schmidt called the regular meeting to order at 6:00 pm and established that a quorum was present for the conduct of business. She introduced CU Leeds Board Fellows Liz Schwarz, who will be working on an HR project with Trish Gray, and George Cherry, who will work on a membership project with Michael Matts.

**II. Approval of the Minutes of November 13, 2017 Regular Board of Directors Meetings:**

Mr. Thorpe moved (Ms. Anderson seconded) to approve the minutes of November 13, 2017 as presented. The motion passed (13-0-0).

**III. Motion to Adopt the Amendment to Chautauqua Lighting Design Guidelines**

Ms. Clemons asked what changes to lighting the resident community or guests could expect based on these guidelines. Ms. Anderson clarified that work would begin in areas related to the 2A project, but other aspects were not yet a funded plan. Mr. Corson recommended that a presentation be made to the cottage community this summer regarding any potential changes. Mr. Thorpe moved (Mr. Corson seconded) that CCA's Board of Directors adopt the amendment to Section 1.6 of the Chautauqua Historic District Lighting Design Guidelines. The motion passed (15-0-0).

**IV. Motion to Permanently Retain the Current Archives Collection**

Mr. Galey moved (Mr. Morehouse seconded) that CCA permanently retain the existing archives collection and any items that are accessioned in the future following the approved collections policy in *Colorado Chautauqua Association Collection Management Policy*. Mr. Galey explained the Carnegie Library is not interested in obtaining CCA's collection and that CCA has digitized most photographs and other elements, has very few artifacts, and has not received many new additions in recent years. The motion passed (15-0-0)

**V. Motion to Approve Online Banking Resolution**

Ms. Estrella stated that finance committee discussed this motion and recommends its adoption. Ms. Estrella moved (Ms. Arroyo-Holmstrom seconded) that the Board adopt the resolutions as set forth in

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the BBVA Compass Certified Copy of Business Resolution for Online Banking and select Shelly Benford as Primary Administrator for those services. The motion passed (15-0-0).

#### **VI. President's Report**

President Schmidt stated that the development retreat will start at 9am on February 24<sup>th</sup>. She thanked Ms. Rogers for introducing Front Range Source who will be leading the workshop. President Schmidt elaborated on the reasons for the retreat, stating that CCA is currently dependent on lodging income, and increasing contributions will diversify revenue sources. The retreat will focus on identifying opportunities for CCA, setting realistic objectives, and explaining board member roles. The subsequent board meeting will focus on hospitality and efforts to increase off-season occupancy as well as potential loyalty program options.

Ms. Morzel commented that she found Bill Hopping's presentation to the Boulder Hotel Motel Association (BHMA) about the tourist and lodging market helpful and would re-send it to anyone who is interested. Ms. Tara plans reach out to Mr. Hopping about how Chautauqua's uniqueness fits with his analysis of the market. At a recent BHMA event, she learned that the Colorado tourism office expects one million international visitors this summer due to a special conference.

#### **VII. Executive Director's Report**

Ms. Benford highlighted events from 2017, including the approval by the Landmarks Board of plans for the Galey Cottage, including ADA access, slight modifications to the screen porch windows and reduction in size of the second-floor deck. The application and supporting paperwork for land use review has been submitted to the city, and staff expects a response within three or four weeks. City staff could make an internal administrative decision, send the decision to the planning board, or announce a public hearing. After the land use determination is made, CCA will host an open house to show plans and answer questions. This will include a summer session to inform the cottage community.

Camp Chautauqua registration will open on February 15<sup>th</sup>. If any board members would be interested and willing to host a counselor during July, they should contact Ms. Benford.

A joint planning group will be forming to advance the Chautauqua Sustainability Strategy, formerly known as the Resilient Energy System and Infrastructure Plan. This group will include city staff and community members. Ms. Benford will serve as head liaison for CCA.

Ms. Benford explained that CCA is looking to renegotiate contracts with key concert partners, Colorado Music Festival (CMF) and Z2 Entertainment. Under the current contracts, both expiring next year, CCA is not currently recouping enough of the costs, CCA staff is unduly burdened, and CCA has little control over Z2's artist selection. Ms. Benford began conversations with both organizations to explain these and other issues such as the risk posed by sound complaints. For summer 2018, CMF will make several changes, including addition of their own trained house manager.

Ms. Benford explained that the new property management system will be installed in fall 2018. It will allow for loyalty to be tracked, and options for loyalty rewards will be discussed in the meantime.

Ms. Morzel stated that City Council would hold a study session on CAMP in February or March. Council will hear about potential or requested changes to the program at that time.

#### **VIII. Finance Committee Report**

Ms. Estrella reported that 2017 revenue was slightly higher than 2016, and about \$110K more than budgeted. Nightly rental revenue was down by \$102K, but additional events, contributions and investments supplied greater income than budgeted. Expenses were \$175K higher than budgeted.

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Net income presented to the board was \$91K, but Ms. Estrella noted that the final number may continue to shift as accounting finishes closing the books for 2017; a more recent calculation showed net income for 2017 at approximately \$96K. This net income is slightly below budget for 2017, and well below prior years in which net income was budgeted at around half a million dollars. The biggest reason for the decrease in net income was increased compensation for employees. Ms. Rogers added that this low net income was part of the reason that building a development program is so crucial.

Current reserves are \$1.9M. The board knows that several future initiatives would require greater funds. One problem CCA faces is that the reserves are not currently being replenished annually. CCA spent \$1.9M in capital expenditures in 2017, most going to the purchase of the Galey Cottage as well as the remodel of cottage 200. Spending on other capital projects was slightly below budget.

#### **IX. Other Committee Comments**

Mr. Morehouse stated that he and President Schmidt met with Frank Bruno of Via Mobility Services. Via worked with the city on their own sustainability process recently and CCA may ask Mr. Bruno to serve as an advisor moving forward with CCA's sustainability strategy.

The current Dining Hall contract continues for nine more years. Ms. Tara shared that CCA has been working with them to improve their customer service, including the recent release of a corporate menu for event planners. Ms. Benford added that discussions with their leadership are in progress regarding the vision of Chautauqua and improving dining experiences for guests.

#### **X. 10-year Financial Planning Model**

Ms. Perkins introduced the 10-year Financial Planning Model which shows the financial feasibility of potential infrastructure projects at CCA. Revenue projections were crafted by working with each department. For Hospitality, revenue used in the model aligns with the hospitality sales plan, which focuses on increased occupancy. For Development, revenue is projected to grow quickly in the first few years, before leveling out in later years. Operating expenses were calculated to be 83-84% of revenue based on past years. Routine capital expenses were tabulated by Jeff Medanich and an additional \$200K of expense was added to later years to cover unforeseen costs.

The first model shows only these revenue, operating costs, and capital expenses as laid out above. For emergency funds, 3 months operating expenses were held aside each year through 2023, until the CHF \$1M loan for Galey Cottage is repaid. Starting in 2023, 6-months of operating expenses were reserved. Cash in the bank after 10 years would be \$7.4M.

The second model includes construction of a new maintenance building and rehabilitation of Primrose as a lodging rental. The additional revenue from Primrose would then add about \$306K of revenue over the course of the model. After 10-years there would be \$5.1M in the bank.

Ms. Schmidt inquired whether the preservation professionals on the board believed that the rehabilitation of Primrose would be a favorable opportunity for grants and other support. Mr. Corson raised the concern that such extensive remodeling would not be viewed as restoration since it would not return the building to the original dormitory use. Mr. Medanich clarified that Primrose was originally a women's dormitory, but had been converted to a triplex in the 1940's. Mr. Matts stated that State historic staff recently came to tour Chautauqua and Primrose and thought the project would be a good candidate for a \$10-15K historic assessment, a \$30K grant, or even a competitive rehabilitation grant of up to \$200K. Mr. Thorpe added that the project may be a good candidate given that it falls within a Historic District and is managed by a non-profit.

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Ms. Perkins displayed a third model which included infrastructure updates, except for solar energy, water, or sanitary sewer upgrades. In this scenario, CCA would incur debt starting in 2020. Ms. Perkins noted that the cost of infrastructure projects is based on the 2014 model created by JVA and costs are increased 3% every year, but this growth rate may be too low and should be revisited. This model does not consider lost revenue due to cottages that would be taken out of inventory while streets or other construction occurs. Though revenue is budgeted conservatively, risk factors to revenue streams are also not considered. A model could be run to provide target amounts for a capital campaign or grants. In the current model, the deficit shows approximate amounts that would be needed. Mr. Morehouse added that, while the City may help fund some items, recent discussions have dispelled past notions that they may contribute a larger portion. Mr. Morehouse added that a contractor like the company Pos-En could assist with grants or market financing.

Explaining risks to revenue, Ms. Perkins showed that a 10% drop in lodging occupancy or rates during a given year would amount to approximately \$300K annually in lost revenue. Public event revenue, approximately \$1M in 2017, could decrease if different noise regulations went into place, or if the auditorium needed to be closed for a time. Support and contributions accounted for 17% of revenue in 2017, with 76%, or about \$700K, coming from SCFD. Risk factors from SCFD include a change in how qualifying attendance is calculated or a dramatic increase in another organization's attendance which could lower the percentage of funding CCA receives. Ms. Perkins finished by explaining that CCA does carry business income insurance which will supplement revenue if a disaster causes loss of business. However, it is important to note that surrounding disasters, such as a fire that shuts down neighboring areas and consequently lowers tourism, would not be covered by this policy.

#### XI. Colorado Historic Fund (CHF) Loan

Mr. Matts explained that the lack of a bona fide legal description for the plot of land is a current obstacle in trying to secure the Galey Cottage Loan from CHF. The Texado Park subdivision plat was never recorded and cannot be found at the City. Additionally, Cottage 1 is part of the overall ground lease that CCA holds with the City, not a separate division. This means that CCA would have to take a lien against the entire property, except for the subleases. CCA could also choose to ask CHF to approve an unsecured loan, though their board may refuse to do so, or might change the loan terms. CCA could also pull out of the loan. Ms. Benford commented that both the City Attorney and CHF are most interested in the first option. The board generally agreed that staff should pursue a lien against the full leased property (less the subleased plots). Ms. Foulkrod left the meeting.

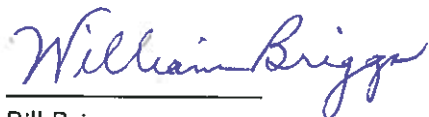
The board decided to postpone discussion of the budget priorities matrix due to time constraints.

#### XII. Executive Session

At 8:03, Tom Galey (Bob Morehouse seconded) that the Board go into executive session. The motion passed 14-0-0. All staff members except Shelly Benford and Sue Perkins left the room. Sue Perkins left the room at 8:22. At 8:39, Lisa Morzel moved (Michelle Estrella seconded) that the Board leave executive session. The motion passed 14-0-0.

#### XIII. Adjournment

At 8:40, Lisa Morzel moved (Nan Anderson seconded) that the meeting be adjourned. The motion passed 14-0-0.



Bill Briggs

Secretary, CCA Board of Directors