

Board of Directors Budget Meeting
January 28, 2019
7 pm, NW Youth Corps, Columbia Room
(subject to approval by the Board at the March 4, 2019, meeting)

Board Directors present: Aaron Kenton, Cynthia "Peaches" Peachey, Diane Albino, George Braddock (First Vice President), Jack Makarchek (President, alternate), Jon Silvermoon (alternate), Justin Honea, Lily Harmon-Gross, Lisa Parker, Paxton Hoag, and Spirit Leatherwood. **Board Officers present:** Hilary Anthony, Lynda Gingerich, and Kimberly "Kimmo" Howard. **Staff present:** Crystalyn Autuchovich, Mary Callaghan, Robin Bernardi, Shane Harvey, and Stephanie Talbott; and 12 members and guests. Sam Rutledge facilitated the meeting. **Board Directors absent:** Laurel Blaser (Second Vice President); alternate Jon S. to vote in her stead.

This Board of Directors meeting is being videotaped and will be available to the Fair family on the OCF YouTube channel for those wanting to watch the proceedings here tonight. To get links for this and all Board meetings, go to the Board section of oregoncountryfair.net and click on "Sign up to receive videos of monthly Board meetings." Please note, Board meetings held at the OCF site are not live-streamed due to intermittent access to the internet.

Agenda Review

Jack suggested the Board go through the different budget category totals in the order on the handouts and make motions, with further discussion as needed on each.

Hilary: We'll provide an orientation of the presented materials.

Jon S.: I am not prepared to pass the budget tonight, at all. Let's have some general discussion before we do the pieces and decide what the objective is tonight.

Lynda: The Budget Committee followed their standard process of reviewing all the operating budgets. The 50th added a level of complexity as there were some Board motions already approved and those were built into the budget. The proposed operating budget is large as our operation has become larger, and more expensive. The handouts include summaries of the 2018 and 2019 budget categories with comparisons, revenue, restricted funds, crew passes, and the approved 50th expenses.

I want to highlight some big numbers: 1) the virgin cocktail service used to be under Crew Services and is now under Hospitality; 2) toilets were in the Site Manager and General Manager budgets, and is now combined under the Site Manager budget; 3) White Bird is buying new equipment for Little Wing and they asked the Fair to share half the cost.

Crystalyn: The White Bird budget increase is for the expansion of Little Wing services, but in 2020 the cost will go down.

Lynda: The budget proposal tonight is definitive, but we may come to the Board with some small requests as we are still getting requests from crews for additional wristbands and food vouchers.

Crystalyn: There used to be a separate temporary employee line item and it was consolidated under payroll.

Lynda: This is a big year and there are a lot of expenses. Our budget process has become quite unwieldy. Next year, we won't be asking every crew what they think their

budget should be. We will take a proactive approach and initiate conversations with crews as needed based on needed changes or added responsibilities. The Budget Committee has determined we cannot keep increasing the budget every year and need to tighten the spending.

Hilary: Going into 2019, we knew the Board had already approved the 50th, hiring for a GM and another Staff position, and more consultant fees. We talked about some of these additional expenses at the Board Retreat, along with cash projections and cash reserves. Once we saw all the numbers, we did have some sticker shock. I want to share some research I've done to get it into perspective.

Last year we have revenue we did not anticipate due to the winery vehicle stickers. Pass sales and registration are understated in the revenue projection. We are really good at projecting admissions revenue based on the number of tickets we sell, but no so good at knowing how many tickets we will sell. We have tended to set a target number of 45,000 that we base our calculations on.

Last year we came in over for our pass and parking projections. If you look at the 2018 budgeted net income amount of negative \$273,000, we actually were positive \$138,000. So, the approved 2019 budget expenses are the maximum amount the Board authorized, but may not be what we necessarily expect to actually be spent. Typically, we underspend in food vouchers, coordinator expenses, capital projects and more recently payroll.

I emailed the Board the condensed budget-to-actual spending for 2015, 2016, 2017 and 2018. It is sometimes hard to see the capital project expenses because on December 31 of each year we reclassify the capital projects to fixed assets or supplies and services. There are historic trends we need to take into consideration. We tend to underspend certain categories of expenses and have huge impacts from increases in ticket sales.

We broke down the 2019 budget proposal to show the extraordinary expenses we will incur this year to determine if the rest of the budget was higher than last year. The base budget expenses (without the 50th anniversary spending and personnel costs) expected for 2019 are similar to 2018. If we spent everything in this budget, we would fund the difference with the cash we have on hand, and end 2019 with an unrestricted cash balance a little less than \$200,000. Then that would be in addition to the million dollars we have in designated and restricted funds.

So, it made me think what else do we need to consider, to know if this is realistic or not and I created six scenarios. The scenarios have different levels of ticket sales and modest estimates of expense reduction or underspending. Capital projects have not been presented yet so the scenarios include an amount of \$65,000 for possible projects such as stage rebuilds. The scenarios are not the most optimistic, but we could break even if we have a good ticket sale year. In 2015 we had 52,000 ticket sales due to the opening of Xavanadu and if we can get the excitement up about the 50th then we may be able to sell that many.

Crystalyn: We are looking at changing the way we advertise and working with TicketsWest to improve our online advertising and promotion. We typically promote via print, buses, and radio mostly in the Eugene area, but most of our ticket sales are outside of Lane County. We have significant untapped markets like Seattle, Portland and into California. We hope this brings ticket sales up for the 50th and ongoing.

Hilary: I think we will sell more than 45,000 tickets this year. We can review where we have underspent on the budget and I expect there are some things we can trim from it.

Jon S.: What was the effect on admissions the last time it rained? I remember one year the bulk of rain was on a Friday and I recollect it dampened admissions the whole

weekend. The disaster scenario of rain is possible, and I think we should have the parameters of what that would look like too.

Hilary: Right now, we have \$426,000 unrestricted cash in the bank.

Crystalyne: In 2009 we sold 12,592 tickets on Sunday. In 2010 we sold about 700 fewer tickets on Sunday. Do you remember what year it rained on Friday? The weather does affect ticket sales. In 2018 the weather was so hot it affected our sales more than the drizzle in 2016.

Hilary: About one-third of our tickets are presold three-day tickets. The percentage of presold tickets does vary from year to year, but is about 60 percent. The past few times it has rained, people bought tickets on the rain days, and we made our admission projections. I am not trying to argue that it won't rain. (Note: Follow-up research indicates that about 15 percent of our ticket sales are day of show.)

Justin: I want to emphasize the sale of three-day passes has helped us level out the revenue in terms of withstanding a bump due to rain and is good overall to have that money prepaid. Do we max out our allotment of three-day passes?

Crystalyne: Our sell-out number for three-day passes is 21,500, so we keep selling until we hit that number, and that is good for us. In 2018 we raised the prices of the Friday and Saturday tickets but left the Sunday and three-day pass prices the same. Because of the cost savings, we saw a sizeable increase in the number of three-day passes sold.

Justin: Because of risk, I think the ticket price structure is something we should leverage and is to our benefit.

Hilary: The deferred maintenance fund is just about spent down. In looking at the cash sheet handout, we have restricted funds and then other Board designations such as community center, roads, office, water systems and permitting. For example, we have \$81,000 remaining in the roads fund and over \$400,000 for a community center. We have committed to the projects for long-term planning. At the end of the year we will have about \$1,300,000 in the bank which is not a horrible position to be in but not typical for us. The ability to fund our infrastructure, long-term projects, catch up on deferred maintenance and have a bigger staff is dependent on us being in a healthy financial position. We are spending a lot of money this year but for two good causes: our 50th anniversary and an executive director.

Aaron: What is the percentage of local versus other ticket sales? If we are going to do more advertising to other areas, that will help us with ticket sale issues due to a rain out because they will be presold to people who have to travel to get here. It's sort of a safety net for us.

Hilary: When we did our revenue projections, we did look at advance and same-day ticket sales, and advance ticket sales are significant.

Crystalyne: A lot of the revenue we generate from local people are part of the internal Fair as volunteers. If we advertise outside of our local area, I think we will get more bang for our buck. We have an incredible person helping us with social media, in addition to TicketsWest, so we can capitalize on some social media advertising because that is the way people do things now. We don't want the Fair to become creepy online advertising, but we need to change the way we are doing things in order to sell more tickets.

Hilary: It will be helpful to have some discussions about certain line items. The Board has already approved the 50th anniversary budget, but as we go through the other budget groups in more detail, I expect some amendments to the proposed expenses and this is a good time to start those discussions.

Stephanie: Last year we sold 2,471 tickets in Eugene, 5,173 in Portland and 2,332 in Seattle.

Hilary: Many Board members submitted requests for additional information before the meeting and we were able to meet all those requests. To answer specific questions about ticket breakouts and ticket sales for 10 years ago, we need that same advance time in order to have that information.

Stephanie: Our society has changed, and now the ability to purchase tickets online necessitates doing it earlier than when you used to go to a ticket outlet to purchase.

Paxton: Given that many of our ticket sales are in Portland, I think we should increase our advertising in Portland. From one of our recent exit polls, 50 percent of our audience are newbies — people coming to the Fair for the first time, and with more advertising we can do better in Portland and Seattle.

Crystalyne: Some of the data we get from TicketsWest does show how many tickets someone is purchasing and if they are a repeat customer or not.

Jon S.: I have some general concerns about how we approach this whole thing. The Board could have a discussion at some point about what kind of budget it would like to see because I am looking a bottom line here. Had the Board given some direction to the Budget Committee such as bring us a range of budgets, at least one of which shows us in the black. I hesitate to go through this budget trying to find savings on operational issues I don't have enough knowledge about or what the effect might be. For instance, proposing to cut five percent on all supplies and services, I don't know what the effect of that might be.

I want to get some scenarios where we are not projecting a loss, not tapping into our savings and cash reserves. Last year we tapped into it heavily to purchase the winery property. At the time, I raised that issue and was told, well we can replenish that. Well, when? None of these scenarios show us having a positive income to start replenishing that cash reserve. Not only that, with our lack of long-term strategic planning with the winery property, I can't imagine that whatever we decide to do with it is not going to have costs associated with it. We ought to be putting to the side now to be able to deal with those costs.

Related to that is staffing. In my view, we don't have adequate staffing for maintaining the property. As well, Board members have discussed a volunteer resource position. If we want to do those kinds of things this year or year after, we need to be thinking about putting money aside to afford those kinds of things. I don't see scenarios that all have a negative amount enabling us to do that. What I am wondering is what is acceptable to this Board as a bottom line for the budget in terms of the negative amounts.

I personally can't vote for the budget as is because I think the projected negative under all of these scenarios are too much for me to feel comfortable with. I'm just not sure how other Board members are feeling about it from a bottom line, not arguing over which line items should be up or down, but overall. Is everybody comfortable with the fact that all these scenarios show a negative or not? To go on record, I am not comfortable they are all negative because I think if we do well this year, we should try and set aside money for those long-range needs and also to replenish the cash reserve.

Grumpy: To comment on what Jon said, the winery has an immense amount of space for parking that can help revenue. We could double the amount of parking. The Board also has control of Board donations and if you want to increase money you have to increase the prices and watch what you spend. What always comes up with proposals is increasing the value of the food vouchers, and if you increase the value of food vouchers, then you need to find some income.

If you look at the years we have been budgeting, we have always had a negative budget. The concern about a negative budget should be there, and can be alleviated by some of the things I've said and things that have not yet been thought of. But it's not that concerning, especially if you have a rainy-day fund to deal with those rainy days. I think historically we've heard rainy days don't really hurt us. Not only do we have three-day sales, we have advance sales so it's always a balancing act.

Jack: We are not deficit spending. We have the money. Our discussion is more of what I would call a celebration that is going to give us the return that we put into it. If I look back to the 25th or 35th, we had bumps and I don't think we can off-handedly discount that we are not going to have a bump since it's the 50th. With that in mind and looking at the best-case scenario with 5,000 more ticket sales we can feel confident with the logic we are putting toward the 50th anniversary. I think it's a legitimate discussion that this will be a banner year.

Hilary: I've been telling the Board since November, after we passed the 50th budget of \$140,000, and showing the spreadsheets what we have in the bank going down. There has been a tremendous amount of resistance to that change in the revenue. We could come back with a break-even budget that was a very realistic, but if you tie our hands by saying don't change prices, or the 50th anniversary, or the consultant costs ... that ties our hands as to what options are available. We are kind of in a bind and have committed to a lot of things. If we were to try and make a break-even budget by reducing expenses, I don't think we could get to a break-even without touching what's already been approved for the 50th, but it certainly is the Board's prerogative to do that. It is not only rain that can affect us, there are many things that can affect us.

I come to the budget meetings feeling like a chicken little for saying be careful, be careful, be careful. I don't go into this as the most optimistic vision because I want everyone to keep their eyes open to understand there are a number of unforeseen circumstances. There is a certain amount of risk but there is also the possibility that we will do really well. I have never said this is the year that we are going to rebuild our reserves but next year I think we can, absolutely.

Next year I think we can replenish our reserves by \$100,000 to \$200,000 even being totally staffed. I feel fairly confident we can do that, but I still think we can cut current projected expenses by \$30,000 to \$40,000. If you want the Budget Committee to come back with another proposal, we can do that. Board members can see if some of the big things we might not bother with this year.

Aaron: I understand Jon's concerns because I'm fiscally more conservative than not. I also understand there is no way we are building our reserves when we are planning on spending \$140,000 on a party on top of what we already spend. I don't think that was ever in the plan and we expect to be in this position. We also know more walking in tonight than we knew this morning so we have some say to what will be addressed shortly. The Board members know we are a little better off than what we are looking at here. During this year I'd like to see, if we work on things like deferred maintenance for facilities funds, the Board actually work on these things and addressing our property being taken care of. There are ways to get the work done and there are discussions that can happen later, but I think we do need to set up some funds for this next year to take care of our property.

As Hilary said earlier, we usually underspend by \$100,000 and we are only estimating \$50,000. And hopefully with the extra money spent on advertising we'll get the extra 5,000 in more tickets. I don't think this money is dangerous, but I do think we are

spending too much on the 50th overall. I think that decision was made before I had a decision, but I don't have a problem with it.

Spirit: The numbers are better than I was expecting, considering the 50th. I don't think we can cut back on the 50th, but there are some things we can go through and cut back on, even up to \$40,000. I don't think the 50th is the year to break even and rebuild. We have potential in the future to start rebuilding. If we can get closer to a bottom line of our best-case scenario then I feel comfortable trying to move forward tonight. I'm probably up for a motion so we can start discussing certain areas.

Jack: It is line item, by line item. That is the meat of the matter, so to speak.

Jon S.: I'm not saying we should replenish our cash reserves this year. I'm saying we should not deplete them anymore, if we can avoid that. I would at least like to see the best scenario be zero and not a negative number. I would like to point out that the consultant expense is for the ED search and should only be budgeted \$30,000 instead of \$50,000 based on the contract and my discussions with the consultant earlier today. So, there is \$20,000 we have found. At this point, I'd like to find another \$40,000 in savings and as we discuss things we can tally as we go. Personally, I think we can get scenario five to break even, but I am flexible. As we approach the different sections, we need to have a sense for the scale of the net savings.

Paxton: I feel some of Jon's questions are more suitable for the Financial Planning meeting in September where we set targets for the coming year. I'd love to see us do another exit poll where we survey the public about admission costs. An exit poll is a good way to see where we fit in the market.

George: I want to speak to how the \$50,000 amount came about for the ED Search. It was a conservative number due to the uniqueness of the organization and knowing the time the consultant will need. Given the caliber of this person and the scarcity of someone who can fulfill this job, we may have to search far and wide in which case we'd have to pay for someone to travel here. There were cushions built into the budget and after speaking to the consultant this past weekend, he came back with a better number for us. Now we can base the budget on hard information we did not have before.

Crystalyn: There are some small adjustments I can make to lower the GM budget. Regarding an exit survey, Pat Walsh our PR guy and our advertising team don't think this is the year to do a survey. We do want to survey our public to find out why they are coming so that can be an advertising focus.

Jack moved and Paxton seconded to approve the total Board of Directors budget of \$179,900.

Hilary: There are several changes in the proposed Board budget. The annual meeting went up and we are anticipating higher participation again. We took the change line item down to \$5,000 which is typically for special projects and we don't have anything in mind so that could even go down. The expense line item used for mileage went up as we have more out-of-town Board members. The Board can discuss if they want to set limits for mileage expenses. The research and education line item went up and that was initiated by George who wants more training for the Board. That's a general overview of the changes.

Diane: I want to speak to the change line item. People who know me know that I am a frugal person, but I hate to see us cut that back because that has served us well in times when we have unexpected things. We used that money for Standing Rock, Chautauqua and

hurricane Katina. I hate to cut it when it is one of the few places where we can make social justice contributions.

Peaches: While I am excited about Board research and education, has the Board spent the previously budgeted amount of \$1,500 for this? Maybe this is the year we make sure we use the lower amount previously budgeted and see if we really need more. I see where George is coming from and appreciate his wanting us to have more training.

Crystalyn: This ended up under the legal line item, but for example the new Board member orientation and confidentiality training did cost \$5,000. Things like this with lawyers are significant expenses.

Stephanie: Speaking to Diane, I, too, think it's wonderful that we use all our resources to do great things in the world. But I also think that after the 50th expenses have been calculated, we can then look at what extra funds we have later in October. I hope we have a wonderful turnout at the 50th.

Spirit: I see the Spring Fling here for \$1,600 and also in the GM budget, so is that a place we can cut back? I also see an extra \$1,000 for refreshments, so that would be \$2,600 we could adjust.

Jack: Let's encapsulate all the adjustments we can make, and then make a friendly numerical amendment.

Jon: If it is acceptable to the motion maker and second, then it is done.

Crystalyn: The increase in refreshments has to do with the line item for dinner for closed sessions.

Spirit: I would still question if we need that much for refreshments, but I don't have the historical knowledge.

Lily: I'd like to speak in favor of having the increased Board budget for research and education and maintaining the budget for orientation. The new Board members have a learning curve, with a lot to learn. There is a lot of opportunity for continued workshops and it is important.

George: I was a strong advocate for Board training. Most recently we learned with the ED search a need for a strategic plan, and the Board has not done that for a long time. Rather than reacting, we need to put together a strategic plan and form the step which can take some time. It's an investment and I'd like to see dollars kept there for that purpose.

Diane: In regard to the proposed cut in the change line item, we have also used those funds for our diversity learning opportunities, which won't be a surprise expense. We have upcoming learning opportunities planned, and OCF is way behind in that area. I like being nimble and knowing we have committed the money, but it may have to come out of the research and education line item if we don't have it in the change line. I think we should keep the change line as contingency for social justice, social change and the issues that are going to come up.

Jon S.: If we had had a column with the 2018 actuals, it would help address some of the questions I have already heard. The 2018 actuals for refreshments was \$5,029, so what is being budgeted for 2019 is closer to what the actuals were in 2018 rather than the budgeted amount in 2018.

In regard to actuals, the actual Board donations were \$35,708 and we have proposed a budget of \$25,000. I have done some analysis of our giving patterns and at a later time I will give the Board the details. We either need to raise that amount or be willing to run out of the money six months into the year and not give any more the last half of the year. Or, we need to stick to the guidelines at the established and stop giving everybody \$1,500 to \$2,000

when our guidelines say the average donation should be \$500 with the exception being \$1,000. I think I like that they are giving money away, but we kept spending that line item all year without any attention to the fact it is going over, despite it being mentioned.

So, if we are going to leave Board donations at \$25,000, before we give any money away, we need to have a discussion about how we are going to keep it to that budgeted amount. Granted if we have a great year and come September we've gotten to where we have all this extra money, we can consider giving more donations as part of that. Although, I think there's other things the money might be used for. As a Board, we need to be willing to address our donation process before we are giving away more money.

It's not much, but the actuals for the Board membership line item was \$3,625. How about if we budget the same amount as the actuals last year. Also, can we consider changing the name of Board personnel line item to Board consultant line because the Board does not have personnel and I don't like the title. We don't have to do that tonight but wanted to provide the feedback.

Sam: Jon, are you moving to change the Board membership line item amount to \$3,625?

Jon S.: If we only budget \$3,000 this year, for instance, we would not be able to give \$2,000 to The WOW Hall and would have to go back to \$1,000. There was a previous discussion to give them more than \$2,000. So, I don't want to cut the budget, but I want to make sure my fellow Board members are aware of what these numbers mean and that we stick to what we are adopting when the time comes, we have people coming to us asking for money.

Aaron: Did the Board annual meeting cost us more than \$7,000, because why are we changing it to \$10,000?

Lynda: It was \$10,359.

Aaron: Do we know why it went up?

Hilary: Yes, because lots of people registered to vote.

Aaron: Ok, so do we really need \$5,000 more for Board vehicle expenses?

Lynda: Last year it was \$6,577. We guessed based on how where people lived and whether they were submitting the expense reports.

Aaron: And these are only figures for mileage?

Hilary: It can be for other expenses but mileage is the most common.

Aaron verified the Board membership line item includes the NAO and WOW Hall annual membership fees.

Aaron: Let's make a note the ED consultant amount will be \$30,000 and not \$50,000.

Hilary: That was not in the original motion that Jack made.

Jack: It is what we are trying to do now, track the savings.

Jon S.: For the consultant work that was done last weekend, we should probably add it to that amount too.

Aaron: Were we taking that from someplace else?

Jon S.: We were talking about taking it from the GM and then replenishing that.

Jack: The Board voted that is what we would do.

Aaron: What I am understanding about where we are, we are adjusting the Board personnel line item from \$50,000 down to \$30,000. We are moving the Board Spring Fling somewhere else so it will be zero. We are still discussing the Board change line item and anywhere we are going to spend that, from my point of view.

Jack: I know it is simplistic, but if we strip out the ED hiring, the Board budget has usually been pretty accurate to the actual for the previous year. The Board change line item has gone down significantly in the past 20 years. Maybe 15 years ago, we had a change line item starting at \$25,000 and we carry that down. I think this year, if we are just concerned with looking at numbers and trying to make them look better, we can always put it back in if we have a good year. Ultimately, other than the actual Board expenses and the non-recurring expenses, the Board budget has not really changed significantly from year to year. What was our total Board actual amount last year?

Stephanie: The 2018 Board actual was \$143,832.

Hilary: It was only underspent by about \$3,000.

Jack: So, overall it is legitimate and it has been historically accurate except for the donation line, but that gets made up by what is underspent.

Peaches: For the Board orientation line item, last year the actual was \$1,157 and is it increasing to \$6,700 because of the lawyers?

Hilary: The increased cost includes the accommodations and food costs for the Board retreat.

Crystalyn: The amount could go down significantly if we do not include people's partners or spouses.

Peaches: With the Board change line item, last year the actual was \$3,312 and was significantly underspent to the budgeted amount. Maybe we can compromise and keep some money in there, such as \$2,000.

Paxton: I prefer to keep the Board change line at the \$5,000 budgeted amount because we have used it in the past. It varies highly on what we spend it for. Also, I feel I need to declare a minor conflict and I do get a majority of the mileage funds because I travel the longest distance. In September and October, I ended up making four trips for official business. Mileage is the only expense that I declare, but I did want to mention it.

Spirit: To clarify, are we taking \$2,500 from the consultant line item and replenishing the GM again?

Hilary: I have that we can take out \$17,500 from the Board personnel line item leaving \$14,500.

Spirit: Is it redundant to have the orientation line item and the research and education line item?

Peaches: The orientation line item is the Board retreat.

Spirit: I am also opposed to taking down the change line item from \$5,000 to \$3,000. I think it's too low and that we can be conservative at the next Board retreat and in other ways. Maybe a happy medium of \$4,000.

Sam: I think I heard Jack say to pull all the adjustments together as a friendly amendment, or not. It seems there may be some things we can discuss individually once we are through reviewing the package overall.

Diane: It seems shocking that we are willing to spend \$140,000 for the 50th when who knows what long-term things will be left from that in the budget and yet, change is coming. We are going to need money for workshops and learning opportunities, for not knowing what is in store and will be a surprise for us. I wish a friendly amendment would be considered to keep the change line item as it is. It's been that way for a while and a contingency for who knows what we really need to focus on with our heart. I'd like to pull it out and talk about it separately if we can't get a friendly amendment.

Hilary: I am not positive on what everybody wants to agree on. We've talked about taking out of the Spring Fling, personnel, and change line items.

Aaron: There was a discussion to lower the education amount. We talked about lowering the personnel amount, and we have funds left over from last year.

Jack: We are not depleting the contingency for this year.

Lisa: I propose to increase the membership amount to match the actual of \$3,625.

Peaches: For the sake of discussion I want to hear the proponents of education and change line items, but am not making a friendly amendment.

Sam: Starting with the Board Spring Fling, is there any objection to changing that line item?

Jack: We should change that.

Paxton: Fine by me.

Sam: For the Board personnel line item, is there any objection to changing it to \$30,000?

Jack and Paxton both said no.

Sam: Diane, do you have a proposal for the Board change line item?

Diane: I think we should keep it what it was, which would increase it on this budget.

Jack: It's per the budget. I'm not accepting anything on a friendly amendment right now on the table.

Sam addressed the proposal to increase the Board membership line item and Lisa confirmed so it can match the actual amount from 2018. Jack and Paxton agreed.

Spirit: Because we went above and beyond this year for what we normally do, such as the WOW Hall membership, that would be my only opposition to raising it.

Sam: The current motion is for the Board to pass the Board budget by removing Spring Fling amount of \$1,600, reducing the personnel line item to \$30,000, increase the membership line item to match the actual of \$3,625. Diane proposed an increase to the change line item, but there was no agreement so do you want to propose a friendly amendment?

Diane moved and Jon S. seconded to adjust the Board change line item to \$15,700.

Aaron asked Diane to describe how the change funds have historically been used, specifically the past five years.

Diane: It was created when the drug and alcohol-free event was official.

Jack: It was first created to put a second event on.

Diane: It was my understanding it was for mostly for the laws. Some of our money went toward the marijuana initiatives, Hurricane Katrina, Standing Rock, Egan Warming Center and two Diversity Taskforce learning opportunities.

Aaron: Is that fund where we can take money from somewhere else if we need it?

Diane: Why not have our own fund to do those things? Why go looking for it somewhere else when we have had it in the past? It's a contingency fund for whatever comes up that serves our commitment to our mission.

Jen Lin: We have also used it in support of various ballot measures and political causes within our donation guidelines. They have always been used in ways that Fair family would believe in changing.

Paxton: To me, this has been our political activism line item where we want to be active for measures. Personally, I think we should use it this coming year and am inclined to go back to the amount budgeted last year.

Jon: I seconded the motion mostly to get more discussion. I know the Diversity Committee is trying to do a couple of learning opportunities between now and the time of the Fair. Those are costing us around \$2,000-\$2,500 and would eat up the \$5,000. The other piece I hope we have something for is the ballot initiatives. Folks will be starting this spring to get things on the ballot next year and that is historically a place we have supported. We gave money to the California marijuana legalization initiative. A few years ago, we gave money to a ballot dealing with restricting drivers licenses for non-citizens.

I know there will be ballot proposals for stopping state support to services to folks who are not American residents, and a lot of the right-wing stuff that is happening across the country. I would like to have some money in the change line item so that is some of these initiatives begin before the Fair event we can give some support. If someone will make a friendly amendment, I'm willing to do less than last year's amount but I think we should have more than \$5,000 so we have wiggle room there. With advocating for a lesser budget, I'm willing to go less than \$15,700.

Hilary: Sometimes we have to make choices. A long time ago, the Board decided to spend \$140,000 on the 50th anniversary. It's a big, unusual thing and we put in a lot of resources. We can't do everything every single year if we are going to do something exceptional. I think you should wait until after the Fair. I don't argue this line item has done a lot of good and the Diversity Task work has done a lot of great work. I'm proud of the political work the Fair has done. If we have a lousy year, maybe we can find some place else to trade off from. We are trying to make this budget reasonable, acceptable and responsible.

Lisa: Would you accept decreasing the amount to \$10,000?

Diane and Jon agreed.

Aaron asked for a friendly amendment to decrease the amount to \$7,500.

Diane did not agree. Jon S. said he would accept it.

**Diane moved and Jon S. seconded to adjust the Board change line item to \$10,000.
Motion failed: 6-4; George, Lily, Spirit and Aaron opposed.**

**Jon moved and Aaron seconded to adjust the Board change line item to \$7,500.
Motion passed: 9-1; George opposed.**

Hilary: When we sent you the copy of the Board budget in draft form, that was a really good opportunity to say let's change this rather than waiting until this moment.

Jack moved and Paxton seconded to approve the total Board of Directors budget as amended to \$161,425.

Motion passed: 10-0.

Jack moved and Lily seconded to approve the total Crew budget of \$1,025,847.

Jon S.: This is where the sheet we had with the passes becomes relevant.

Hilary: You are voting on the money.

Crystalyne: Historically, the Board does not vote on passes.

Jon S.: I understand that, but if you are increasing a crew size that's reflected in the food vouchers in the crew budget, correct? I understand you said some things are being shifted from Crew Services to Hospitality. I notice that Crew Service passes dropped by 15,

however, Kitchen Hospitality passes go up by 42. Is that increase reflected in food vouchers, and what is the reason for the difference in the amounts?

Crystalyn: Prior to the 2018 event, we had meetings with Hospitality about increasing their hours. It clearly has to be phased in, but they will be opening a couple hours earlier this year and serving more breakfast-meal type food. Eventually, we'd like to get where they serve more substantial food so we can supplement food vouchers more with hospitality.

Jon S.: So, this is an increase in their budget. How much savings would it be if we kept the same level of service of hospitality as last year?

Peaches clarified the Entertainment Spoken Word food voucher and supplies line items increased for the Karamazov Brothers, and asked what the Team Survey Crew was.

Hilary: They conduct opinion surveys and other tasks, such working the in and out for Xavanadu in its first year.

Crystalyn: This year we are surveying people who camp inside the eight, and identifying neighborhood hosts. It will be a two-year process.

Hilary: In the total Crew Budget are crews with coordinators who have been recognized and appointed by the Board. Then there are the Teams who are considered more substantial than a trade pass and a little less than an institutionalized crew. Teams don't have appointed coordinators, so don't get that allowance. Teams have probably emerged from the GM Trade Pass list.

Peaches: The Crew Budget miscellaneous food voucher amounts for Officers, Fish Ladders and TicketsWest all show zero.

Hilary: Those are now represented in the GM food voucher budget. Our spreadsheets are getting better and better each year, so sometimes we can move those miscellaneous items.

Lynda: To address Jon's question, the total difference for the Hospitality budget increase that is not due to what they are taking over from Crew Services is \$6,691.

Jon S. moved and George seconded to reduce the Hospitality budget by \$6,691.

Member Jon P. asked if the switch from Crew Services to Hospitality includes the capacity to serve breakfast.

Crystalyn: The switch from Crew Services to Hospitality only involves the drinks that get made and are served to crews in the parking lots. Expanding the hours of Hospitality has to be phased in, such as being able to provide breakfast to Recycling at 4 am. This year Hospitality will open at 10 am instead of noon. Recycling has a breakfast provision in their supplies and services budget.

Hilary: I support an enhanced morning hospitality, as it will make everybody's food vouchers go farther.

Justin: There was a lot of thought put into this after last year's budget concerns surrounding food vouchers and where to best spend our money. As we move through ways to save money, let's do it as a family and figure out ways to expand Hospitality hours and diversify how to do more than just fruit and coffee and have substantial meals. I thought this was a really positive thing the Board talked about this past year when we talked about cost of food vouchers. I fully support this and hopefully we can get to a point where it's not just food vouchers but actually taking care of us.

Aaron: Personally, I think it's a good program and this would be the first year for an extended breakfast. My concern is that we may be increasing our food voucher amounts next year, and we would possibly have to reverse an increase this year.

Aaron asked if Jon S. would accept a friendly amendment to reduce the Hospitality budget by half.

Jon S.: I have no idea if that is feasible operationally, so I can't accept a friendly amendment until I know that.

Crystalyn: We get way more bang for our buck giving money to Hospitality versus increasing food vouchers. Making Hospitality a 24-hour operation is not going to happen overnight. What they are asking for, given the amount of people that go through there, is very reasonable. If we cut it operationally in half, they won't be able to provide the breakfast items like we are asking them to. We want them to serve more substantial foods around mealtimes versus having to continually raise the cost of food vouchers.

Spirit: I would like to speak against lowering the Hospitality budget, especially when there is a gap between when we have crews start Thursday morning and when Hospitality serves lunch. They are not getting fed in the morning so some are just literally donating four hours of their time for a labor of love. I support this and know Crew Services and Hospitality are pretty impeccable with their money so I support the full amount.

Hilary: I really support helping volunteers get fed better and this is a cost-effective way in getting them breakfast and coffee before they go on shift. They can use their food vouchers for a more substantial meal. I think in the future we need a more comprehensive solution, but to give people breakfast choices that you can bring your family to and the entertainers can come to is a cost-effective way to help.

George: We don't really shut out any members, do we, or would we technically?

Crystalyn: Technically speaking you would have to have a crew or teen wristband. Technically speaking, booth wristbands are not permitted into Main Camp during the event, but that does not mean it doesn't happen.

Lynda: I have to shout out to Hospitality for all that they do. This is cheap money for what we are going to get out of it.

Paxton questioned if moving the drinks from Crew Services to Hospitality was the entire drink operation and Crystalyn said Crew Services would still be delivering them. Paxton was opposed to the amendment.

George: I think the solution to the whole food voucher thing and how volunteers are supported and served out there is a large question and demands a more comprehensive kind of review up to and including the capacity for that kitchen to serve meals over a long period of time. There are barriers to be addressed, and reviewing how we think about food vouchers in general. I think food vouchers are the grease of the whole thing. People love to eat at the Fair and they love to eat the things that are available at the Fair. To continue to support that is also important. I see where this is going but what I fear is often stop-gap measures become permanent things. I'm going to vote for this measure (as moved by Jack) but I feel it requires a larger and more strategic plan to think about this as holistic. This is the place to start but I don't want to stop the process of moving the budget tonight.

Jon: I want to make it clear that my making this motion is not a reflection of whether I think expanding Hospitality is a good or bad thing. Again, I'm looking at this as an additive thing. I'm looking at trying to find savings in the budget. This is not taking away something that is already being done. Basically, it's in effect postponing this so we can save the money in this year's budget. I want to make it clear, this is not a reflection of opposition

to the idea of expanding Hospitality. It is simply that I'm looking to save money this year and try to get the budget so it's not as much in the red as it currently is.

Amended motion failed: 1-9; Paxton, Diane, Justin, George, Lily, Spirit, Aaron, Peaches, and Lisa opposed.

Jon moved and Peaches seconded to remove food vouchers from the Fish Ladder Team budget.

Spirit: How are we expecting them to eat? They are an operating team.

Crystalyn: As I said last year, I think this would be a much better conversation to have outside of the Budget meeting in a very public room. We have volunteers who work really hard and if there are people who don't think that is what we should be doing, then it's a much larger conversation than we have time for tonight.

Bryan: I've worked with the Fish Ladder before and while I appreciate what they do, I personally don't see the bang for the buck on the Fish Ladder. We have path rovers and a Sweep doing the same things. I see no real point in the Fish Ladder, so maybe downsize them because how many people are they catching?

Crystalyn said the Fish Ladder catches 70 to 80 people a year.

Jon P.: I talked to a lot of people, just this last year, who were caught by the Fish Ladder and I think they are actually doing a good service. Just the knowledge that they are there in the community helps reduce the inclination to get by. If they are working, they should get food vouchers.

Hilary agreed if they are working, they should get food vouchers. If you want to make a major operational change like this to Security, this is not the way to do it. You have to be talking to Charlie Z. who was running them, the BUMS and Operations. It's micro-managing Operations in an underhanded way.

Amended motion failed: 1-9; Paxton, Diane, Justin, George, Lily, Spirit, Aaron, Peaches, and Lisa opposed.

Restated: Jack moved and Lily seconded to approve the total Crew budget of \$1,025,847.

Motion passed: 10-0.

Jack moved and Diane seconded to approve the total Culture Jam budget of \$57,000.

Crystalyn: We can remove the shower and toilet line item of \$2,000 because that got included in the Site Manager budget.

Jon S.: Is the kitchen line item for the mobile kitchen? I've raised this in the past, and if we are going to be spending \$13,000 each year for a mobile kitchen for Culture Jam, we really ought to think at some point about investing in one. I know the talk was, well we are going to have our community center built and have a permanent kitchen. Well, that is clearly not on the horizon. I can easily see spending this \$13,000 a year over the next three, four, five, six years. I don't have a motion to make but I really think we need to be looking at a permanent solution, even if it is a mobile kitchen that we own and are not renting every year. This is a requirement for Culture Jam based on the SUP that permits us to have that event. It's an awful lot of money to be shelling out each year to rent.

Robin: The reason it says \$57,000 here, and then the other number you saw before is the income, fees and donations. We brought in \$30,000 this year.

Shane: I want to second what Jon S. said. It's hard to get a mobile kitchen, especially when fire season kicks off early. Maybe not this year, but in our long-term planning we should consider buying mobile kitchen.

Motion passed: 10-0.

Jack moved and Justin seconded to approve the total Administrative Assistant budget of \$29,550.

Peaches asked why the utilities line item went down.

Stephanie: We come in under year after year.

Motion passed: 10-0.

Jack moved and Paxton seconded to approve the total Site Manager budget of \$264,950.

Jon S.: Do you have an idea of what portion of the Site Manager budget reflects the cost you have incurred since the purchase of the winery?

Shane: I don't have all the complete numbers with me. We did build this budget with the winery in mind. Some of the increases are for garbage and utilities going up, and are about \$1,800 a month. The phone and internet for the winery are also built into this budget. Part of the long-term planning needs to include what we will do with the house and probably will have to spend money on a roof and other repairs.

The rental line item increased due to needing a rental equipment to clean the roof of the winery building. We don't have 40-foot ladders and would be too dangerous to send somebody up one. If the gutters aren't clean, the water gets into the building and that has been a problem. As soon as this budget is passed, that will go into the rental of that equipment for this purpose.

There was a lot of consideration to include the winery in some of this. You can look back and see the historical changes and it didn't go up all that much. The biggest expense is our Honey Bucket contract that will be renewed for another five years.

Jon S.: Will the maintenance cost for the winery building come from this or a capital expense?

Shane: I'll be pulling the maintenance costs from the structural repair line item which is \$9,000. Last year I used all of that and do foresee that line item increasing after the 50th and once we decide what we are going to do with the winery.

Aaron: Regarding the outhouse line item, it looks like \$113,000 transferred from the GM budget to the SM budget, and that is \$13,000 less than the expense, so are they really that much more?

Shane: The increase in the outhouse line item is for the picnic, Culture Jam and year-round maintenance of the Honey Buckets currently out there. Plus, Honey Buckets increased by three and a half percent for this year's contract.

Aaron: The total increase is \$126,000 but only \$113,000 came from the GM budget, so where did the rest come from?

Crystalyne: Outhouse costs were in several different line items previously.

Peaches: I am wondering if you have to bring out consultants, contractors, or engineers where those costs would come from.

Shane: As example, often times the Dance Pavilion consultant costs came from their capital project fund. What needs to be done now with Dance Pavilion is likely going to come out of the SM budget and contingency.

The stuff we are working on with the county, whether we need an architect or engineer to stamp off on all the documents, will come out of the designated funds. We are getting ready to turn in a package that took more time than we anticipated because hiring volunteers takes longer than hiring contractors to do it. But generally, I take it out of contingency or miscellaneous expenses when I am faced with those things.

Spirit: For the outhouse line item, does any of that include more of the alter-abled type?

Shane: Yes, in looking at the 2019 event and anticipating a certain amount of increase over normal years.

Spirit: Is the dust control line item for water?

Shane: It is for lignin oil.

As a correction, the temp employee line item of \$15,000 has been moved to GM payroll.

Spirit: I was wondering if that was for the temp we are hoping to acquire at some point, or the folks like Durwin who helped.

Crystalyne: I budgeted in payroll for a temp employee through an agency, but we can change that.

Jack moved and Paxton seconded to approve the total Site Manager budget as corrected to \$249,950.

Motion passed: 10-0.

Jack moved and Paxton seconded to approve the total General Manager budget of \$1,155,750.

Lisa declared a potential conflict of interest as she is employed by White Bird, which is the medical contractor for the Fair.

Spirit declared a potential conflict of interest as she is employed by Fair for t-shirt printing.

Crystalyne: We can reduce the 50th / Spring Fling at McDonald line item from \$8,000 to \$6,235 because \$1,765 was already approved by the Board.

Jon S.: I know that we have approved other sections of the budget, but as we are getting ready to vote on the GM budget, I realize the 50th anniversary is scattered all through the budget. I was hoping to have some discussion about the 50th anniversary budget in total. I'm not sure what to do about that because we already approved the Crew budget. So, all the 50th anniversary stuff in the Crew budget we have already approved. At this point I'm thinking of voting against the entire budget because I feel like I still want to talk about the 50th anniversary budget. I did not realize that it was divided up in all the separate budgets. So, I will be voting against the GM budget and will be voting against the whole budget unless we have an opportunity to talk about the anniversary budget as a total.

George: I have a question about the GM medical contract. Is some of that money for the shared equipment we are going to help purchase?

Crystalyne: Yes, and some of that is also for EpiPens, which are incredibly expensive. The Fair uses those in vehicles and onsite year-round. Some of it is our ongoing contract with White Bird, and \$2,500 of it is splitting the cost of equipment for the expansion of Little Wing.

Spirit: I apologize if this is redundant, but I am curious about the contingency and miscellaneous 50th line items and wondering if those are still accurate?

Crystalyn: The contingency line item is for things like generators and emergencies. This year we have budgeted for generator rentals separate from the contingency line item, which is for an unexpected crisis. The miscellaneous 50th line item is for all sorts of things.

Lily: Recently we used contingency funds for some training, and that was a good use of that money.

Aaron: I notice last year we spent \$18,000 for advertising and had budgeted \$25,000. This year the advertising budget \$30,000. Is there a reason for that?

Crystalyn: We are spending more on advertising this year, especially for online advertising. Historically we have spent a little bit on TicketsWest for help with online advertising, and our return on the dollar is very good. We anticipate more advertising given the anniversary and in the hope to sell more tickets.

Aaron: To address the miscellaneous 50th line item, we had the 50th budgeted into every single crew and every possible place so do we really need \$7,500 for miscellaneous?

Stephanie: Already we have crews or projects saying they have gone over budget, so there are all sorts of things. We do our best when budgeting but things happen.

Peaches: The miscellaneous anniversary line item amount was already passed in the 50th total budget that passed in September.

Hilary: Around this topic, if the miscellaneous 50th line item is used for different parts of this budget that we are going over, then I can understand it. There aren't a ton of things in the Crew budgets, it is mostly in Entertainment. Five thousand dollars is for a permanent display of our posters. I have problems with some of the crews and projects coming back to us to ask for more money. One of my major concerns with the anniversary budget is that people administering it haven't had any budgetary responsibility. I really want them to work with the budget that was given and not think there is an endless amount of money available.

George: I have a question about the GM total line item negative amount of \$38,719 and what that is for?

Crystalyn: That is the total amount of variance in the GM budget from 2018 to 2019. The additional column next to that with a note of it being part of the 50th budget is incorrect.

Spirit: Going back to the 50th, I'm feeling conflicted in that we don't want people coming back to ask for more, so should we look at reducing some things or would that put you in a hot spot?

Jack: Historically, as we get closer to the Fair event, we have budget adjustments and it will be up to us to hold the line. Anything built in here now is built into this budget. So, if management get questions and they are referred to the Board, then that will be ours to decide.

Crystalyn: I hope we don't spend the whole miscellaneous line item amount, but similar to having a contingency line item, we will be judicious. All the anniversary expenses will go through the Fair office and we will be really cautious.

Aaron: To what Jack said, the buck stops with the Board if Crystalyn goes over budget and doesn't have any money. So, the other question I have is, as people are spending their funds, is someone tracking it and seeing if they are on track so they don't get too far into it and overspend?

Crystalyn: Staff works closely with all coordinators regarding budgets. The GM does have authority to authorize crews to go over budget. We are careful about situations like that. It's also written in the GM job description that the GM has authority to go over a certain amount in a non-emergency and certain amount in an emergency. I utilized that

authority when we needed generators, and didn't have time to go to the entire Board but pulled Hilary, Jack, a QM, Shane, and Stephanie and we talked about it since it was going to be a significant amount of money. We talked about various options.

Hilary: We wrote the 50th Committee and gave them instructions on how to purchase, to direct it through the office to do the acquisition. We aren't giving credit cards or charge accounts.

Stephanie: Your financial report you get every month in your Board packet will show on each of these lines how much people have spent to date.

Firecat Tom: We are spending money on the 50th and we are going to increase our ticket sales. But there has been a lot of discussion over the years about how big does the Fair want to get and how big do we want to grow? The expansion of the Xavanadu loop was to relieve the pressure on the rest of the Eight. It was not to make the Fair bigger, but to make more space in the Fair for all of us. If we wanted to save some money, we should reduce our advertising because we don't really need to sell more tickets if we are not really wanting to grow. I understand we want to grow in order to make more money, so that's a balance for you all to figure out.

Crystalyn: To respond to that, we still to this day do not sell as many tickets as we did in the mid-1990s, not even close. When we budgeted for Xavanadu, I remember Hilary saying if we are going to be doing this, we need to be having our yearly ticket sale average be more at 50,000 versus 45,000. We keep growing internally and unless we want to drastically increase the costs of things like SO passes and parking stickers or we want to look at our internal growth, we have to sell more tickets in order to sustain it.

Jack moved and Paxton seconded to approve a total General Manager budget of \$1,038,985 after correcting the Spring Fling line item, and removal of the medical and t-shirt line items.

Motion passed: 9-0-1; Jon abstained.

Paxton moved and Diane seconded to approve the GM medical contract line item total of \$81,000.

Motion passed: 10-0; Lisa recused herself, so Jack voted.

Lily moved and Peaches seconded to approve the GM t-shirt line item total of \$34,000.

Motion passed: 9-0; Spirit recused herself and Lisa was not present to vote.

Peaches: I want to bring up that we are using half of the winery for parking. If we can park more cars, we can bring in thousands of dollars.

Jon S.: We have not approved the income side of the budget yet.

Hilary: Yes, you did back in November.

Crystalyn: We are increasing the number of vehicle stickers we print and allocated more to the winery and to crews. We can fill it up. The more we encourage people to bring their car, the more will. But what do we do several years from now? We are slowly increasing it, plus it's an added workload for Traffic and Lot Crews.

Jon S.: I want it to go on record we found \$37,000 in savings in this budget. I don't like the way we do our budget because we do it in pieces. We never have a discussion with the Board about a thing in its entirety. I think that's a serious deficiency. It makes it difficult

for me to feel like I am carrying out my fiduciary responsibility under the law to this organization.

Next year I don't see us approving a budget like this because this is an operational budget. I don't see us going through this budget line item by line item, because those are operation decisions. The budget that we approve as a governing Board needs to be different than this. I hope we can form a Board Financial Oversight committee that consists of Board members and can address how we want to approach the budget as a governance Board. I hope we can answer that in time, before next year's budget cycle.

Peaches: I understand we have just approved the budget, but I'd like to let Lynda speak regarding what we are going to do in the future with some of our revenue projections.

Lynda: A way to change the bottom line is not just to decrease the budget but to also increase revenue. We allocated more this year but even with that increase we might park half of the winery. We bought a really expensive parking lot, why are we not parking it? When Valhalla had that property, we didn't tell them to limit how many cars they could park there. Last year we under-allocated to some groups and this year we have increased the number of parking passes being printed, but the amount is still spread out across the crews.

Volunteers are going to get fewer parking passes this year. It's a really hard message to tell someone who is parking cars in the winery and sees this acreage of land that you can't get a parking sticker, even though you are volunteering. I understand we want to think about the future and we want our property for other things besides parking cars, but I don't understand why we can't nudge the line in the sand a little bit more for relieving some of that parking pressure for our Fair family. I know we are supposed to carpool and we don't want to send a message to encourage people to drive, but to be realistic when we grow, why would we not take money for more parking instead of them parking across the street and paying someone else to park their car.

Spirit: I agree with you, especially with the volunteers. Everyone does talk about parking and about how easy it is. I do have some crews where there are many from out of town, and I'm glad to see we are increasing that as needed because we are getting pretty full. Going back to reducing our expenses, looking at projections for the 50th and commemorative sales, I was hoping that number might go up.

Hilary: We hope it will too and there is other revenue that is not yet reflected in this such as Oregon Community Foundation, grant giving and donations, other than what goes to Culture Jam.

Paxton: I want to advocate for a second Financial Planning meeting. We talked about this for years, where we can really talk about some things, and I'd really like us to do that.

Jack thanked the Board for going through the budget. Kimmo thanked Sam for facilitating the meeting and Robin thanked the Treasurer, Co-treasurer, and the Budget Committee.

Spirit said she still wants to talk about how the Board is informed of operational spending in the future as the Board moves forward.