MINUTES - SPECIAL MEETING
BOONE TOWN COUNCIL/MUNICIPAL SERVICE DISTRICT
SPECIAL TASK FORCE
OCTOBER 6, 2010

A special meeting of the Boone Town Council/Municipal Service District Special Task Force was called to order at 5:34 p.m. in the Conference Room at the Watauga County Administration Building, 814 West King Street. Mayor Loretta Clawson presided. Council members present were Mayor Pro-Tem Lynne Mason, Rennie Brantz, Stephen Phillips, Jamie Leigh, and Andy Ball. Municipal Service District Special Task Force members in attendance were Ethel Simpson, Jill Reeves, Marsha Walpole, and Nancy Rivenbark. Staff members present were Town Manager Greg Young, Deputy Clerk Kimberly Brown, and Finance Director Amy Davis. Town Attorney Sam Furgiuele was also in attendance, as well as DBDA Interim Director Mary Baker. The meeting was facilitated by Janet Pepin.

FACTUAL UPDATES

Ms. Pepin pointed out that everyone should have received information from Finance Director Amy Davis regarding parking revenue and the estimated general property tax within the MSD district. She also asked Town Attorney Sam Furgiuele to update the group as to the status of the interim contract between the Town of Boone and the DBDA. Mr. Furgiuele stated that the Mayor and Council had met with the DBDA Board of Directors on September 29th to discuss changes to the interim contract. He indicated that several changes were made in the contract including changes in Article XIV. Default and Article XV. Return of Unspent Funds in regard to the designation of the DBDA fund balance and that the amended contract was accepted by both parties. Ms. Pepin indicated the contract would end in December and the Task Force was reminded of its original goals.

WORK SESSION - DISCUSSION OF CRITERIA

The task force discussed the results of the last meeting and the suggested criteria/expectations listed in the meeting minutes from the September 27th meeting. Ms. Pepin asked the group to determine if and how each statement could be used to measure or evaluate solutions.

1. We need to demonstrate respect for each other's opinions when communicating to each other. We also need to examine the expectations of all involved as they relate to the roles of all participating parties (e.g., liaison role) including the concepts of loyalty, willingness to examine the pros and cons of ideas, and factual representation of information. The task force agreed that this should be expected for any parties involved in this process.

2. There is a need to determine whether or not the MSD taxpayers wish to continue paying the tax. Discussion ensued as to whether the group thought it would be beneficial to solicit the opinion of the MSD taxpayers as to their desire to continue paying the tax. Many members of the group believed that the continued payment of the tax is an important revenue source for improvements to the MSD district while others agreed that this question should be presented to the MSD taxpayers. It was agreed that for now this question would not be asked but will be revisited as part of the evaluative process over the next few years.

3. We need to examine the premises of the original decision in today's terms and determine if there is a need for an MSD. We need to examine alternative options and open up process to competitive bidding. The first part of this statement was discussed in the previous question. Discussion ensued concerning the ability to equally and competitively compare various options for the management of the tax including an in-house program of the Town, a non-profit agency, or a private organization. The task force members agreed that comparisons of administration functions could be made to determine the best vehicle for carrying out the priorities set forth by the Council.

4. Yearly performance-based contracts that outline financial requirements, process requirements, reporting requirements, etc. that are required to fulfill established priorities are necessary. The task force agreed that this is a valid expectation.

5. We need to establish a project-based budget vs. a budget based on tax income. We need

to establish priorities annually for the funds, and we need to save funds for larger projects if necessary. The task force agreed that this is a valid expectation.

6. Financial and outcome data reports need to be standardized and meet audit standards. We need to be clear on who controls the spending of MSD funds. We need accounting practices that allow for different fund and expenditure classifications. We need skilled and competent management of funds and outcomes. We need a timeline for what happens when. Council Member Leigh suggested the replacement of "audit standards" with the term "fund accounting". It was agreed that this is a valid expectation.

7. We need to establish specific goals and reconcile various missions of entities involved. We need to establish the fiscal and legal accountabilities based on the various entities' structures (municipality, non-profit, etc.) Town Attorney Furgiuele suggested that if an entity proposes a mission for something other than the MSD district, then the entity should prove that other funding is available for that mission. Mayor Clawson suggested that there are other programs for the improvement and support of a town's downtown area in addition to a Main Street program and perhaps these need to be also considered.

8. MSD benefits need to be the same for all taxpayers within the MSD. Benefits need to be clearly defined, and marketing of benefits of all programs involved (MSD, Main Street, etc.) need to be clear and often. It was agreed that this is a valid expectation.

9. We need better reporting and reports that match in figures and facts. We all need to use a consistent definition of terms and establish uniform standards of evaluation and process for evaluation. Ms. Pepin suggested that a "glossary of terms" be established using terms defined in state statute and terms set forth by the Council. It was agreed that this action is needed but is not an expectation for the entity selected to manage MSD tax dollars.

10. We need to spell out measurable outcomes and timelines for all necessary decision-making among the parties. We need a clear vision of our expectations for downtown. We need clear and accurate communication between the contracting agency and the Town of Boone. It was suggested that measurable outcomes and timelines could be part of the negotiations between the Town of Boone and the contracting party. There was a majority consensus that a vision for the downtown should be set by the Council and not the selected administering agency. It was indicated, however, that stakeholder input into creating this vision is critical to the success of the vision.

11. We need a solution that has clear boundaries and all parties are knowledgeable of the restrictions for MSD funds. We need to eliminate distinctions between MSD and B1 districts. It was the consensus of the group that the restrictions for the use of MSD funds be clear to all involved and that the distinctions between the MSD district and B1 districts should be clearly established. It was also agreed that this action is not an expectation of a contracting agency but a responsibility of Town Council to eliminate any confusing distinctions and to set priorities for MSD funds.

Break: 7:38 - 7:49 p.m.

Discussion ensued concerning the variety of different options that could be examined for management of MSD funds. Ms. Pepin was tasked with obtaining information from other towns with characteristics similar to Boone (i.e., population, college, tourism industry) regarding the process of administering MSD tax funds including in-house programs and contracting with non-profits, private companies, or committees. Ms. Pepin agreed to gather this information and distribute it to the task force prior to the next meeting which will be on **Wednesday, October 13, 2010, at 5:30 p.m.**

ADJOURNMENT

The meeting adjourned at 8:32 p.m.

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Deputy Clerk Mayor