

SPECIAL BOARD MEETING of July 10, 2003, with Mayor Buck Trott and Commissioners H. N. James, Hank Ross, Mike Cavender, Ron Sanders, and Amy Patterson present.

Also present were Richard Betz, Kim Lewicki, Katy Stillerman, Becky Johnson, Allan Schultz, Rick & Helene Siegel, Barbara Werder, Stan Cochran, Mary Leslie Adair, Wick Ashburn, Pat Barnes, Alan Marsh, Wistar Gary, Christy Kelly, Luke Osteen, Jim Lewicki, Bill Bassham, Paul Chmar, Nancy Plate, and others.

The Mayor called the Special Board Meeting to order at 7:00 p.m. and stated that the purpose of the meeting was to meet jointly in a work session, as agreed at the July 2 meeting, with the Chamber of Commerce Board to discuss the Room Occupancy Tax.

Comm. Patterson said that she felt the purpose of the meeting was to examine the stewardship by the Chamber of Commerce of the Occupancy Tax, which were public funds which she thought needed some oversight in order to avoid the potential for discrepancies. She felt that the meeting was not about telling the Chamber how to run its business, how to advertize the Town, or where it got its members from. Comm. James agreed; he said that Comm. Patterson had raised some financial questions at the previous meeting and he would like to hear them answered. Comm. Patterson then referred to a Profit/Loss Statement for the end of the fiscal year; she asked who made the decisions to allocate occupancy tax funds for the Visitors Center or the Chamber; was it a policy decision, or a bookkeeping mechanism?

Allan Schultz said he appreciated the opportunity of meeting with the Board. He said that it was not always easy to keep Chamber and Visitors Center funds separate because there was a lot of crossover, and some line items probably should have been pro-rated as well. In a wide-ranging discussion, he then proceeded to reply to several specific questions raised concerning funding of line items on the statement.

Barbara Werder said that the Chamber used guidelines from the N. C. Travel & Tourism Coalition to decide whether the Occupancy Tax was being properly used. Rick Siegel distributed copies of those guidelines. Ms. Werder said that the Chamber also relied on guidelines from the Chamber Institute and the N. C. Chamber Execs Meeting.

Mr. Schultz then replied in detail to a question concerning a \$48,000 "Occupancy Transfer." The funds had been partly used to repay severance pay for a former employee and partly used to push back billing into June and July rather than May, and had in effect been used as a capital reserve. \$32,000 of the amount, representing 15% of the Occupancy Tax--an amount the Chamber had agreed to as policy--was used for contract services for the Visitors Center, including financial services, visitor center members, events management, Highlands marketing, and use of the Chamber as a "mini-Visitors Center;" he distributed copies of a detailed list of these services. He also distributed copies of three brochures: a Service Guide, Calendar of Events, and Shopping & Visitors Guide. Pat Barnes then briefly explained her duties as Visitors Center Director. Barbara Werder said that the Chamber had employed Bill Basham initially as Member Services Director, and he had been specifically asked to concentrate more on developing services for members rather than events. She felt that the system was working well, with a "bottom to top" structure where members provided input to the Director, rather than someone at the top making the decisions. She said the Chamber had received many accolades for the good job it was doing for a Town this size. She also indicated that the Chamber intended to put the two offices, which had been separated for some time, back under one roof again.

Allan Schultz said that, as he had reported at the previous meeting, the Chamber intended to re-establish an Occupancy Tax Review Board that would help provide an accounting of the Tax. Comm. Cavender asked what kind of authority such a Board would have; he felt that if it was "advisory" and not "supervisory" it would not be worth

much. Mr. Schultz replied that the Board would be advisory to the Chamber Board. Barbara Werder added that the Chamber had tried to get a good cross-section of representation on the Chamber Board, and would do the same with the Review Board. The proposal was for it to consist of the Chamber Executive Committee, a Town Board member, a County Board of Commissioners member, and a representative from the accommodations group. Mr. Schultz offered to return with a written proposal; he thought such a Review Board would be good for both the Chamber and the Town.

Comm. James felt such a Board would be a good idea as proposed. He did not think it could be anything other than an advisory Board; the Chamber of Commerce had been charged by the County with handling the money, and he could not see how it could delegate that authority to a sub-committee.

Comm. Sanders said that he had made the motion to hold this joint meeting last week because he could see the issues turning into a free-for-all. He also said that he felt Alan Marsh and Wistar Gary should be provided with a letter of apology for what had happened to two fine men.

Wistar Gary said that he appreciated Comm. Sanders's comments, but he felt it was water under the bridge. He asked what percentage the Occupancy Tax represented of the entire budget. Wick Ashburn said that the total budget for all three functions--Chamber, Visitors Center, and Conference Center--was \$399,000, and the room tax was \$217,000, or a little over 50%.

Comm. James said that he felt the Board needed to put closure to this discussion. He suggested that anybody who had any further questions could attend a Chamber meeting. Barbara Werder said that the Chamber met on the Third Tuesday each month at the Conference Center. Comm. Patterson felt that many of her questions had been answered about how the funds were distributed.

Comm. Cavender asked if there was anything in the Chamber's by-laws excluding non-profits from being members. He was told that they could be non-voting members, but the Chamber would be discussing this policy at its upcoming meeting. He also asked if the Chamber thought it was good policy to hold a retreat in Clemson, rather than spending it in the local community. Ms. Werder said that out-of-Town retreats were generally more successful because participants were encouraged to stay for the entire day; past retreats had been held out of Town, and this year the Board had wanted to see the Madren Center in Clemson because it had been touted as a first-class conference center. Nancy Plate added that Kelsey-Hutchinson Lodge had hosted as many as ten out-of-State retreats for other Chambers in the past year.

Comm. Cavender said that as an elected official, he had to answer to a wider constituency, and the perception he had from talking to many people was that the Chamber was only interested in filling rooms and restaurants, and that the interests of the Community were not at heart. He also felt there had been a departure in policy from 14 years of supporting cultural activities and making direct grants to non-profits apart from marketing and advertizing. The Bluegrass Festival which he had helped organize for the Land Trust was a good example, he said. Marketing expenses were the least of his concerns--it was easy to get publicity locally--but what was expensive was paying for quality talent; many non-profits were in the same situation.

Mary Leslie Adair disagreed; she pointed out that the Chamber was currently incubating the Arts Alliance, and in the past it had also incubated the Land Stewards. Rick Siegel pointed out that, if the Bluegrass Festival had been more widely advertized by the Chamber, it might have drawn more people, who would have stayed, patronized shops and restaurants, and benefitted everybody. Barbara Werder said that that viewpoint was important to have represented on an Advisory Board, and the Chamber was very concerned about the issue; she did not think there was a closed attitude as Comm. Cavender had

felt. Allan Schultz pointed out that it was also important for local businesses to make a living; if businesses do well, they tend to support non-profits, and everybody wins. He offered to return to the Board with a written proposal for re-establishing an Advisory Board.

Comm. Ross said he felt an Advisory Board was a major step toward healing misunderstandings about the Chamber; he felt that there had been a lot of controversy for a long time and there was not very good communication between the two Boards. As a member who had served on both, he felt that they had much in common, and he hoped the Advisory Committee would take it a step further by keeping the public better informed.

The Mayor thanked the Chamber Board for attending this Special Meeting.

There being no further business to come before the Board, the meeting was declared adjourned by the Mayor at 8:30 p.m.

Richard Betz, Town Clerk