

**Fayetteville Advertising and
Promotion Commission**

February 24, 2020

2:00 p.m.

Location: **Fayetteville Town Center 15 West Mountain, Fayetteville, AR**

Commissioners: Matthew Petty, Chairperson; Katherine Kinney; Todd Martin; Ching Mong; Robert Rhoads; Chrissy Sanderson; Sarah Bunch

Staff: Molly Rawn, Chief Executive Officer

Agenda

- I. Call to order at 2:00 p.m.
- II. Old Business
 - A. Approval of January 2019 minutes
- III. New Business
 - A. CFO By Design Presentation (video call): Julie Hart from CFO By Design will present her findings. CFO By Design spent time with Fayetteville A&P Commission staff in November, assessing our policies, procedures, practices, and overall financial health.
 - B. CEO's Report
 1. January HMR Collections and financial report
 2. Unit updates: FTC, CHM, Experience Fayetteville
 - C. Vote: Proposal from BKD CPA's and Advisors to perform 2019 and 2020 audit. *BKD performed the 2018 audit.*
 - D. Vote: Art Ventures lease for the Walker Stone House
 - E. Presentation: Brannon Pack, Cycling Coordinator, Experience Fayetteville. This is a follow up to the November presentation to the A&P Commission concerning the impact of cycling tourism and our organization's plans to better equip our hospitality partners with information on cycling.
- IV. Agenda Additions. Additions to the agenda may be added upon request from a majority of commissioners

**Fayetteville Advertising and
Promotion Commission**

January 27, 2020

2:00 p.m.

Location: Fayetteville Town Center

Commissioners: Matthew Petty, Chairperson; Katherine Kinney; Chrissy Sanderson; Sarah Bunch

Absent: Ching Mong, Todd Martin, Robert Rhoads

Staff: Molly Rawn, Chief Executive Officer, Hazel Hernandez, VP of Sales and Marketing, Sally Fisher, Finance Director, Amy Stockton, Director of Operations

Agenda

I. Call to order at 2:00 p.m.

II. Old Business

A. Approval of December 2019 minutes

1. Commissioner Sanderson made a motion to approve the minutes with Commissioner Kinney seconded the motion and the motion passed

B. Budget presentation and approval of 2020 budget.

1. Molly Rawn presented the budget and noted there were very few changes from what was presented in December. She showed a breakdown of both expenses and income by department (Experience Fayetteville, Clinton House, Fayetteville Town Center)

- Projecting 3% increase in revenue for HMR for 2020.
- Items that encompass the Other Revenue line item: Cyclocross and Cycling Coordinator grant from Walton Family Foundation and Cultural Arts Corridor contract with City of Fayetteville.

2. Commission Chair Petty asked for comments and questions and there were none. Commissioner Sanderson made a motion to approve 2020 budget and Commissioner Bunch seconded it, motion approved unanimously.

III. New Business

A. Election of Chairperson. Per A&P Commission by-laws, a chairperson is to be selected by the members and is to serve a one-year term. Any commissioner in good standing may serve as chair; there are no limits to how many times a commissioner can serve.

1. Commission Chair Petty offered that he is happy to continue being chair and also happy to discuss others serving as chair. Each

commissioner voted for Petty to continue with Commissioner Bunch recognizing Commission Chair Petty for a job well done.

B. CEO's Report

1. December HMR Collections and 2019 year-end financials
 - HMR Collections
 - 4.7% increase from December 2018. 4.2% increase from 2018 to 2019 YTD.
 - Lodging revenue up 12% from December 2018. This upward trend in lodging continues.
 - Restaurant revenue is also up.
 - December 2019 Financials
 - Kudos to Sally as she has already included the capital expenses
 - Net Income for 2019 is \$298,6665.32
2. We have not received a proposal from BKD for our 2019 audit and will move this agenda item to next month for a vote.
3. Unit updates:
 - Experience Fayetteville:
 - Visitors Center attendance continues to grow, with December 2019 attendance 32% higher than December 2018.
 - Sales Team is bringing a large college softball tournament to Gary Hampton. The Crowder Bash has historically been in Joplin and brings an estimated 570 room nights.
 - Experience Fayetteville hosting the Fayetteville Comic Show February 28-March 1st with an estimated 235 room nights.
 - Fayetteville Town Center
 - Leigh Woodruff joined our team as Director of Sales.
 - We are currently searching for a Facilities Manager.
 - Clinton House Museum
 - Angie Albright, Museum Director, will present at the March meeting.
4. Walker Stone House lease with Art Ventures
 - Art Ventures has been presented with a two- year lease with a monthly rent of \$4,000. They countered, offering \$2,000 monthly until ADA access was made available to the second floor.
 - Preliminary conversations with Revival architecture estimate that adding an elevator would cost between \$100,000-\$250,000. Follow up steps include Chair Petty and Rawn speaking again with Art Ventures.
5. Hospitality Hero Awards, honoring team members in our hotel

industry, are Tuesday, February 18th at 5:30pm at the Fayetteville Town Center. Montine McNulty, Executive Director of the Arkansas Hospitality Association will be speaking.

6. We will be releasing a 2019 State of Tourism: a Year in Review at the end of Q1.

7. Quarterly planning for 2020:

- February Meeting
 - Vote on audit
 - Update on cycling successes from Brannon Pack
 - Findings from CFO by Design, via video call
- March Meeting
 - Presentation from Clinton House Museum
 - Commissioner interviews

C. Tourism Funding requests. Experience Fayetteville staff have allocated \$120,000 in the proposed budget for tourism funding grants for events occurring in calendar year 2020. There was not a fall 2019 grant cycle; the deadline was pushed to January. As of the agenda printing, staff has received requests totaling \$312,341. **The approved list of funding requests is attached as an addendum to these minutes.**

1. Commissioner Petty opened this topic by saying that the staff spends considerable time reviewing each request, scoring them against a rubric.
2. Rawn presented the staff recommendations and reasoning behind them, i.e. we want more of marketing dollars spent out of area to expand our reach. She also stated that with some of the requests we are able to also add in kind support when we can when we are not giving dollars.
3. Commission Chair Petty thanked Molly and invited commissioners to ask any questions.
4. Rawn shared that the staff is considering what best changes we can make to this funding process to make it even more impactful. A strong possibility is to have a rolling deadline so we have enough time to work with organizations.
5. Commission Chair Petty shared that he has been working with Rawn to bring significant changes to the process that would perhaps take out the commission's direct involvement.
6. Commission Chair Petty asked for a motion. Commissioner Kinney made a motion and Commissioner Sanderson seconded, the motion was approved. The list of the approved grants are listed at the bottom of these minutes.
7. Rawn acknowledged that the grant requests just approved was a combined total of \$105,000 out of a budgeted \$120,000. She proposed the commission allocate the remaining \$15,000 to the Joe Martin Stage Race.
8. Rawn received word after the grant deadline that the race is in danger of having to fold. This was confirmed by the All Sports Productions staff as well as the race committee members.,
9. The event conservatively \$500,000 back to our community and we

also leverage this stage race as we talk about our cycling culture. The \$15,000 sponsorship would give us the sponsorship of Stage 4 area and naming of the "Experience Fayetteville Criterium." Stage 4 is the area right around the square.

10. Rawn pointed out that if we choose to fund this, we could likely get a request each year to continue this partnership.
11. Petty asked for a motion to invest \$15,000 in the Joe Martin Stage Race and Commissioner Bunch made the motion and Commissioner Kinney seconded, the motion passed.

- D. Vote: Extension of advertising agency of record contract. CEO Rawn proposes a one-year renewal to the 2018 contract with Sells Agency at the existing rates.
1. Rawn presented the agreement and pointed out that the vote is simply to continue working with Sells Agency, there are no changes in services or rates.
 2. Chair Petty asked for a motion to approve the contract addendum. Commissioner Sanderson made a motion which Commissioner Kinney approved with motion unanimously passing.

- E. Presentation: 2019 marketing year in review; Charlie Gocio with Sells Agency
1. Charlie began by pointing out some changes in budget spending for 2019. Molly and Hazel chose to spend more money on advertising and what we found with that is that the people who engaged with us "dove deeper" into our content.
 2. Site Traffic by Top State:
 - Arkansas 33%
 - Texas 22%
 - Oklahoma 12%
 - Missouri 7%
 - Tennessee 4%
 - Kansas 4%
 3. Site Traffic by Channels:
 - Organic Search 44% (+4%)
 - In Stream Video 16% (-8%)
 - Paid Search 16% (+3%)
 - Social 12% (+7%)
 - Direct 9% (-3%)
 - Referral 3%
 4. Connected TV
 - 897,469 Impressions
 - 1,109 Clicks
 - 97% Completion Rate
 5. In Stream Video
 - 5,316,004 Impressions
 - 2,979,414 Video Completions
 - 6,344 Clicks
 6. Display Banner
 - 33,225,993 Impressions
 - 42,380 Clicks
 - .13% CTR
 7. Facebook and Instagram
 - 10,559,048 Impressions

- 72,345 Clicks (84% Facebook)

IV. Additions to the agenda may be added upon request from a majority of commissioners.
No new agenda items were added.

V. Commission Chair Petty adjourned the meeting at 3:13 pm

Attachment to the minutes: 2020 Approved Funding requests

Minutes submitted by Amy Stockton, Director of Operations

Experience Fayetteville January 2020 Tourism Funding Requests							
Entity	Project	Timeline	Request Amount	Staff Recommendation			
3v3 Live Soccer	3v3 Live Soccer Tournament	June 13-14, 2020	\$2,500	\$1,750			
All Sports Productions, Inc	Iron Pig Festival	April 25, 2020	\$2,500	\$10,000			
All Sports Productions, Inc	Fayetteville Half Marathon	November 7, 2020	\$10,000				
All Sports Productions, Inc	Ozark Valley Triathlon	June 7, 2020	\$7,500				
All Sports Productions, Inc	Chinkapin Hollow Gravel Grinder	May 1-2, 2020	\$15,000				
All Sports Productions, Inc	Joe Martin Gran Fondo	May 30, 2020	\$10,000				
All Sports Productions, Inc	Lewis & Clark Ozark Adventure Dash & Urban Adventure Ride	May 16, 2020	\$5,000				
All Sports Productions, Inc	Raptor Gravel Grinder	September 21, 2020	\$7,500				
All Sports Productions, Inc	Raptor Trail Run - Devils Den	October 25, 2020	\$5,000				
Arkansas Game & Fish Commission	National Bobwhite Technical Committee Mtg.	July 26-31, 2020	\$15,000		\$2,000		
Arts Live Theatre	Arts Live Theatre Summer Musical Exp.	July 24-26, 2020	\$4,500		\$0		
BikeNWA	Open Streets	September 13, 2020	\$8,000	\$1,750			
Bikes, Blues and BBQ	Bikes, Blues and BBQ	Sept. 23-26, 2020	\$10,000	\$3,500			
Botanical Garden of the Ozarks	Targeted Advertising support: Earth Day and International Festival	April 25 and Sept.27, 2020	\$13,100	\$5,100			
Brandon Burlsworth Foundation	Burlsworth Trophy Luncheon	June 1 -Dec. 7, 2020	\$15,000				
Breakaway Cycling Team	Highway 71 Pastry Tour	May 24, 2020	\$10,000	\$10,000			
Community Creative Center	CCC Marketing and Promotion	Jan-Dec 2020	\$5,000	\$5,000			
Fayetteville Youth Baseball	Youth Baseball Tournaments	May 3 - June 26, 2020	\$15,000	\$15,000			
Fenix Gallery	Arte y Naturaleza	April 14 - May 31, 2020	\$2,900	\$1,000			
Hogeye Events	Razor Run	October 11, 2020	\$8,000	\$3,100			
INSPIRE Wedding Show	INSPIRE Wedding Show	February 8-9, 2020	\$5,000	\$0			
Mixology Matters	Pagnozzi Parker Charity Putt-Putt	July 11, 2020	\$8,000	\$500			
MOD Entertainment	Fayetteville Comic Show	Feb. 29-March 1, 2020	\$9,000	\$2,500			
NWA Equality	Northwest Arkansas Pride Weekend	June 19 - 21, 2020	\$11,000	\$11,000			
NWA Tennis Productions	USTA Pro Tennis, \$15,000	Sept 20 -27, 2020	\$5,000	\$5,000			
NWA Tennis Productions	USTA Pro Tennis, \$25,000	October 18-25, 2020	\$5,000	\$5,000			

OORC Funding Request	Enhanced Trail Community Marketing	Feb 1- Dec 31, 2020	\$15,000	\$0		
Open Mouth Reading	Open Mouth Poetry Retreat	June 5-8, 2020	\$3,060	\$1,000		
Ozark Regional Promotions	Washington County Fall Craft Festival	October 15-17, 2020	\$15,000	\$3,500		
Pack Rat Outdoor Center	Pint Night Series	March - October 2020	\$15,000	\$0		
The Spark Foundation	2020 Spark Races: Nutty Runner 5K & Hero Half Marathon	Nutty Runner 5K: March 14, 2020, Hero Half Marathon Oct. 25, 2020	\$11,000	\$5,300		
Trail Therapy, LLC	5 Point Film Festival	Sept. 11-12, 2020	\$7,000	\$2,000		
Walton Arts Center	Artosphere Festival	April 28-May 15, 2020	\$15,000	\$5,000		
Wizard Way of the Ozarks	Wizard Way of the Ozarks 2020 Festival	March 21-22, 2020	\$14,000	\$6,000		
Zero Hour Arkansas	Arkansas Climate Conference	April 24-25, 2020	\$2,781	\$0		
Total Funding Requests			\$312,341	\$105,000		

December Activity

\$25,686 + **\$245,191**
Lodging Restaurant

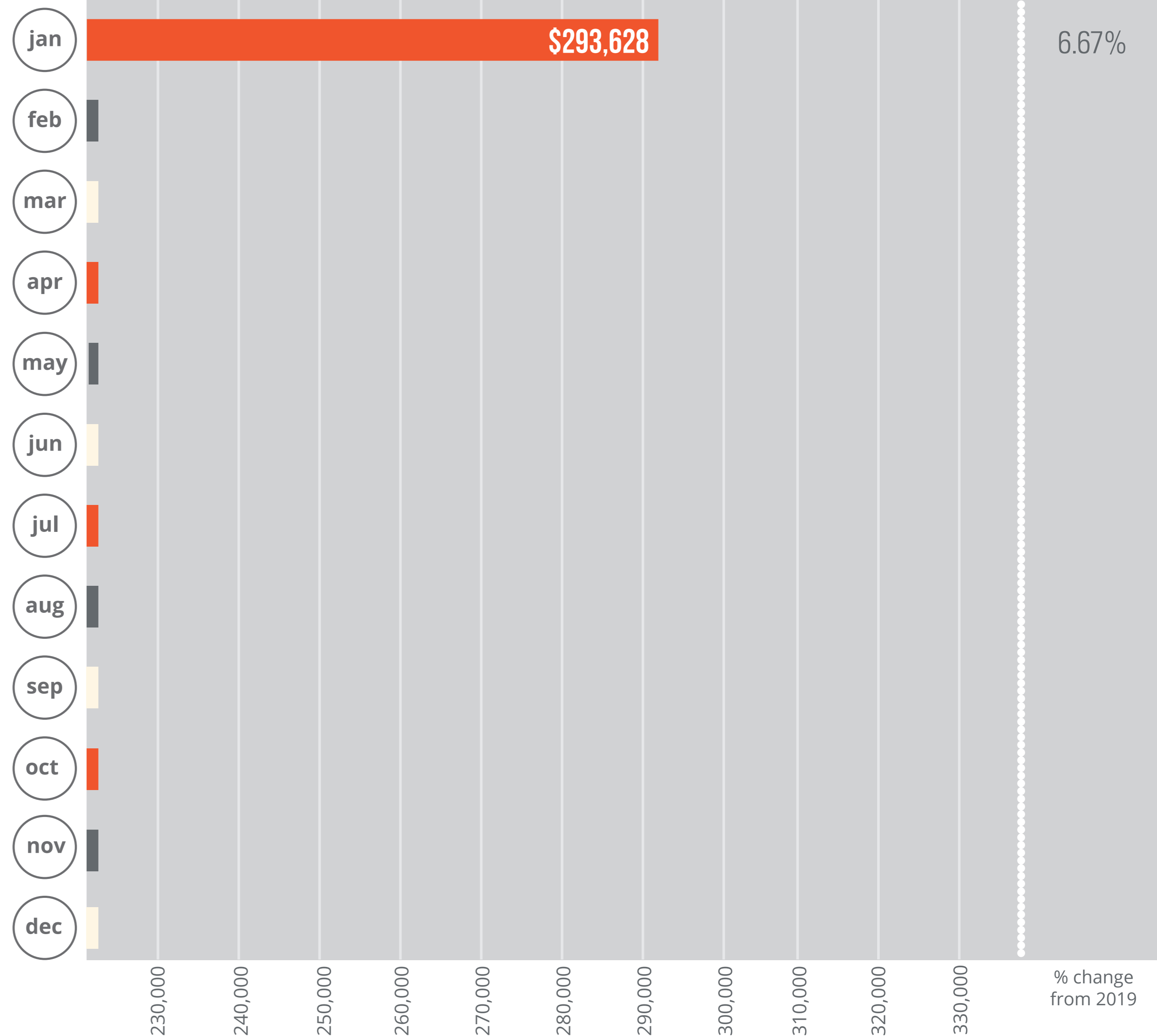
\$22,751
Prior Dues Collected

\$293,628
Total HMR Collected

Previous YTD (Jan) HMR A&P Tax Collection Totals

2016	2017	2018	2019	2020
\$265,115	\$267,481	\$284,871	\$275,272	\$293,628
11.93%	0.89%	6.50%	-3.37%	6.67%
% change over previous year				

Monthly A&P Tax Collections 2020**



** This represents one half of the total HMR collections. The other half supports the Parks and Recreation department.

Fayetteville A&P Commission

Balance Sheet

As of January 31, 2020

ASSETS

Current Assets

Cash	1,479,804.92
Investments	907,475.40
Accounts Receivable	373,874.23
Prepays and Deposits	49,123.97
Merchandise Inventory	<u>10,833.89</u>

Total Current Assets 2,821,112.41

Other Assets

Building, Land and Capital Improvements	2,597,276.10
Construction in Progress	<u>87,177.55</u>

TOTAL ASSETS 5,505,566.06

LIABILITIES AND EQUITY

Liabilities 242,471.01

Equity

Fund Balance	4,950,237.31
Temporarily Restricted Funds	282,654.50
Net Revenue	<u>30,203.24</u>

Total Equity 5,263,095.05

TOTAL LIABILITIES AND EQUITY 5,505,566.06

Fayetteville A and P Commission
Statement of Budget, Revenue and Expense
Year-to-Date @ January 31, 2020

	CONSOLIDATED			
	Year-to-Date			
	Actual	Budget	Over/(Under) Budget	Remaining % of Budget
Revenue				
Hotel, Motel, Restaurant Taxes Revenue				
CY HMR Taxes	270,907.43	3,782,224	(3,511,316.57)	92.84%
PY HMR Taxes	22,720.11	30,000	(7,279.89)	24.27%
Subtotal Hotel, Motel, Restaurant Taxes Revenue	293,627.54	3,812,224	(3,518,596.46)	92.30%
Rental Revenue				
Facility Rental	33,290.63	492,030	(458,739.37)	93.23%
Rental Items	4,335.00	54,347	(50,012.00)	92.02%
Alcohol Sales	15,506.37	150,000	(134,493.63)	89.66%
Rental Services	13,275.00	85,000	(71,725.00)	84.38%
Subtotal Rental Revenue	66,407.00	781,377	(714,970.00)	91.50%
Event Revenue				
First Thursday Income	0.00	18,000	(18,000.00)	100.00%
LOTO Income	0.00	7,500	(7,500.00)	100.00%
Other Event Income	1,623.40	4,000	(2,376.60)	59.42%
Subtotal Event Revenue	1,623.40	29,500	(27,876.60)	94.50%
Clinton House Museum Revenue				
Museum Store Sales	382.50	8,800	(8,417.50)	95.65%
Admission Revenue	0.00	1,000	(1,000.00)	
Donations	76.42	10,000	(9,923.58)	99.24%
Membership				
Subtotal Clinton House Museum Revenue	458.92	19,800	(19,341.08)	97.68%
Visitor Center Store Revenue				
Visitor Store Sales				
Regular Store Sales	619.17	12,500	(11,880.83)	95.05%
Consignment Sales	58.00	5,800	(5,742.00)	99.00%
Subtotal Visitor Center Revenue	677.17	18,300	(17,622.83)	96.30%
Parking Revenue				
Parking Machine Revenue	1,472.65	16,500	(15,027.35)	91.07%
Parking Lease Revenue	0.00	13,800	(13,800.00)	100.00%
Subtotal Parking Revenue	1,472.65	30,300	(28,827.35)	95.14%
Advertising Revenue				
Visitor Guide Ad Income	0.00	18,500	(18,500.00)	100.00%
Banner Income	0.00	4,500	(4,500.00)	100.00%
Subtotal Advertising Revenue	0.00	23,000	(23,000.00)	100.00%
Other Revenue				
Other Revenue	135.00	0	135.00	-100.00%
WFF Cycling Coordinator Grant	0.00	53,316	(53,316.00)	100.00%
WFF Cyclocross Grant				
Cyclocross Grant Funds	0.00	540,736	(540,736.00)	100.00%

Fayetteville A and P Commission
Statement of Budget, Revenue and Expense
Year-to-Date @ January 31, 2020

	CONSOLIDATED			
	Year-to-Date			
	Actual	Budget	Over/(Under) Budget	Remaining % of Budget
Cyclocross Events Revenue	0.00	15,000	(15,000.00)	100.00%
Cultural Arts Corridor	0.00	5,000	(5,000.00)	100.00%
Subtotal Other Revenue	135.00	614,052	(613,917.00)	
Interest and Investment Revenue				
Investment Account Interest	1,350.30	9,900	(8,549.70)	86.36%
Checking Account Interest	1,099.40	7,900	(6,800.60)	86.08%
Subtotal Interest and Investment Revenue	2,449.70	17,800	(15,350.30)	86.24%
Total Revenue	366,851.38	5,346,353	(4,979,501.62)	
Expenses				
Operating Expenses				
Rental Expenses				
Facility Rental Expenses	0.00	0	0.00	100.00%
Linens	1,818.58	18,000	(16,181.42)	89.90%
Alcohol & Bar Supply Expenses				
Alcohol	4,623.91	46,936	(42,312.09)	90.15%
Bar Supply Expenses	250.16	10,000	(9,749.84)	97.50%
Rental Services	3,546.00	33,000	(29,454.00)	89.25%
Subtotal Rental Expenses	10,238.65	107,936	(97,697.35)	90.51%
Event Expenses				
First Thursday Expenses	0.00	35,000	(35,000.00)	100.00%
LOTO Expenses	0.00	25,000	(25,000.00)	100.00%
Other Event Expenses	1,202.88	2,900	(1,697.12)	58.52%
Subtotal Event Expenses	1,202.88	62,900	(61,697.12)	98.09%
Clinton House Museum				
Other Event Expenses	17.80	10,000	(9,982.20)	99.82%
Museum Store Expenses				
Goods for Sale	1,036.05	4,500	(3,463.95)	76.98%
Store Supplies	0.00	500	(500.00)	100.00%
Cost of Goods Sold	337.41			
Programs				
Group Visits	0.00	500	(500.00)	100.00%
Honoraria	0.00	2,000	(2,000.00)	100.00%
General Program	0.00	6,000	(6,000.00)	100.00%
First Ladies Garden	1,058.83	15,000	(13,941.17)	
Exhibit Expenses	0.00	15,000	(15,000.00)	100.00%
Fundraising	2,354.50	3,000	(645.50)	21.52%
Subtotal Clinton House Museum	4,804.59	56,500	(51,695.41)	91.50%
Visitor Center Store				
Goods for Sale	139.00	9,000	(8,861.00)	98.46%

Fayetteville A and P Commission
Statement of Budget, Revenue and Expense
Year-to-Date @ January 31, 2020

	CONSOLIDATED			
	Year-to-Date			
	Actual	Budget	Over/(Under) Budget	Remaining % of Budget
Store Supplies	38.03	5,300	(5,261.97)	99.28%
Cost of Goods Sold	451.20			
Consignment Expenses	475.20	4,000	(3,524.80)	88.12%
Subtotal Visitor Center Store	1,103.43	18,300	(17,196.57)	93.97%
Marketing Expenses				
Advertising Expense				
Agency Advertising	15,657.62	515,107	(499,449.38)	96.96%
Non-Agency Advertising	4,636.25	19,000	(14,363.75)	75.60%
Agency Fees	14,962.50	179,550	(164,587.50)	91.67%
Promotion				
Promotion Expenses	13,645.38	134,100	(120,454.62)	89.82%
Signage-Tourism	0.00	1,500	(1,500.00)	100.00%
Banners	329.25	3,900	(3,570.75)	91.56%
Printing				
Visitors Guide Expense	8,046.25	50,000	(41,953.75)	83.91%
Other Brochures	111.66	43,100	(42,988.34)	99.74%
Website	675.00	11,000	(10,325.00)	93.86%
Mailings	0.00	10,400	(10,400.00)	100.00%
Sales and Development				
Promotional Items	0.00	11,800	(11,800.00)	100.00%
Groups	1,161.94	9,750	(8,588.06)	88.08%
Sports	51.92	32,000	(31,948.08)	99.84%
Meetings	0.00	12,100	(12,100.00)	100.00%
Memberships	5,374.00	33,350	(27,976.00)	83.89%
Tourism & Client Development	108.45	36,100	(35,991.55)	99.70%
Subtotal Marketing Expenses	64,760.22	1,102,757	(1,037,996.78)	94.13%
Payroll				
Wages Expense	65,461.51	1,151,677	(1,086,215.49)	94.32%
Payroll Tax Expense				
Federal (941) Payroll Taxes	4,876.36	88,037	(83,160.64)	94.46%
SUTA	1,051.06	7,806	(6,754.94)	86.54%
Benefits				
Health and Other Emp Insurance	10,569.15	172,375	(161,805.85)	93.87%
Company Ret Contributions	1,329.78	33,038	(31,708.22)	95.97%
Car Allowance	416.66	5,000	(4,583.34)	91.67%
Contract Labor	4,395.24	84,800	(80,404.76)	94.82%
Payroll Processing Fees	719.51	10,940	(10,220.49)	
Subtotal Payroll Expenses	88,819.27	1,553,673	(1,464,853.73)	94.28%
Office and Administrative Expenses				
Office Expenses				

Fayetteville A and P Commission
Statement of Budget, Revenue and Expense
Year-to-Date @ January 31, 2020

	CONSOLIDATED			
	Year-to-Date			
	Actual	Budget	Over/(Under) Budget	Remaining % of Budget
Office Supplies	652.32	12,400	(11,747.68)	94.74%
Office Equipment Leases	570.52	8,200	(7,629.48)	93.04%
Office Equipment Purchases	297.42	1,800	(1,502.58)	83.48%
Subscriptions	77.95	1,100	(1,022.05)	92.91%
Employee Relations	23.35	5,300	(5,276.65)	99.56%
Training and Development	985.00	19,000	(18,015.00)	94.82%
Postage and Shipping	331.60	1,400	(1,068.40)	76.31%
Fees				
Bank Service Charges	38.10	500	(461.90)	92.38%
Credit Card Fees	595.55	7,000	(6,404.45)	91.49%
Business Taxes and Licenses	623.40	15,000	(14,376.60)	95.84%
Accounting, Audit, & Legal Fees				
Accounting Fees	0.00	12,000	(12,000.00)	100.00%
Audit Fees	0.00	24,000	(24,000.00)	100.00%
Legal Fees	118.14	5,500	(5,381.86)	97.85%
Collection Expense	5,872.55	76,244	(70,371.45)	92.30%
Travel				
Lodging	353.17	21,850	(21,496.83)	98.38%
Mileage	183.78	2,900	(2,716.22)	93.66%
Transportation	892.29	18,700	(17,807.71)	95.23%
Meals Out of Town	139.70	4,200	(4,060.30)	96.67%
IT Expenses				
Computer Hardware	245.49	21,000	(20,754.51)	98.83%
Software Purchases and Subs	6,694.38	30,900	(24,205.62)	78.34%
IT Support and Consulting	4,635.80	38,600	(33,964.20)	87.99%
Insurance				
Insurance - Building & Contents	0.00	15,000	(15,000.00)	100.00%
Insurance - W/C	0.00	1,400	(1,400.00)	100.00%
Facilities				
Rent	3,610.00	39,840	(36,230.00)	90.94%
Internet/Telephone	2,726.85	34,080	(31,353.15)	92.00%
Utilities				
Electric	5,911.43	68,477	(62,565.57)	91.37%
Gas	2,777.08	13,060	(10,282.92)	78.74%
Water	1,041.58	15,500	(14,458.42)	93.28%
Repairs and Maintenance	976.31	88,000	(87,023.69)	98.89%
Janitorial Supplies	2,351.12	31,800	(29,448.88)	92.61%
Maintenance Contracts	6,151.98	41,300	(35,148.02)	85.10%
FFE & Improvements	0.00	200,500	(200,500.00)	100.00%
Subtotal Office and Administrative Expenses	48,876.86	876,551	(827,674.14)	94.42%

Fayetteville A and P Commission
Statement of Budget, Revenue and Expense
Year-to-Date @ January 31, 2020

	CONSOLIDATED			
	Year-to-Date			
	Actual	Budget	Over/(Under) Budget	Remaining % of Budget
Other Expenses				
Bond Payments	58,426.57	707,000	(648,573.43)	91.74%
Grants Awarded				
Current Year Spring	7,680.00	120,000	(112,320.00)	93.60%
TheatreSquared Contribution	0.00	200,000	(200,000.00)	100.00%
Cyclocross Events	39,150.12	540,736	(501,585.88)	100.00%
Total Other Expenses	105,256.69	1,567,736	(1,462,479.31)	0.93
Total Operating Expenses	325,062.59	5,346,353	(5,021,290.41)	
Net Income/(Loss) Before Other Revenue and Expenses	41,788.79	0	41,788.79	
Other Expenses				
Depreciation Expense	11,585.55			
Total Other Expenses	11,585.55	0	11,585.55	100.00%
Net Income/(Loss)	30,203.24	0	30,203.24	
Net Change	30,203.24		30,203.24	

February 13, 2020

Board of Commissioners'
Ms. Molly Rawn, Executive Director
Fayetteville Advertising and Promotion Commission
21 South Block Avenue, Suite 100
Fayetteville, AR 72701

Dear Ms. Rawn and the Commission:

To achieve the success Fayetteville Advertising and Promotion Commission (the Commission) has earned in recent years requires attention to quality, dedication to customer service and a desire to work with outstanding personnel and advisors. We are honored you consider BKD CPAs & Advisors to be the type of CPA and advisory firm equipped to serve you, and we are pleased to provide the following fee quote for the services requested.

Proposed Fees

Fayetteville Advertising and Promotion Commission	
For the Year Ending December 31	2019
Audit	\$20,000
Tax	\$2,100
Total	\$22,100
For the Year Ending December 31	2020
Audit	\$21,000
Tax	\$2,200
Total	\$23,200
For the Year Ending December 31	2021
Audit	\$22,000
Tax	\$2,300
Total	\$24,300

We appreciate the opportunity to continue working on this important area of service for the Commission. I will call you soon to answer questions you may have about this fee proposal, or you may reach me at 479.845.0270 or by email at cburns@bkd.com.

Sincerely,



Cynthia Burns, CPA
Director

Our acceptance of this engagement is subject to completion of our normal client acceptance procedures. Upon acceptance, the actual terms of our engagement will be documented in a separate letter to be signed by you and us. All information contained within this proposal is proprietary and confidential. The information provided in this proposal is intended for informational purposes only and may not be copied, used or modified, in whole or in part, without BKD's prior written approval. All information in this proposal is as of May 31, 2018, unless otherwise noted.

LEASE AGREEMENT

This Lease (“**AGREEMENT**”) is entered into effective the ____ day of _____, 2019 by and between **FAYETTEVILLE ADVERTISING AND PROMOTION COMMISSION**, a governmental agency established by Ordinance No. 2310 of the City of Fayetteville pursuant to Arkansas law (Ark. Code Ann. § 26-75-605) (“**A&P Commission**”), and **ART VENTURES** (“**Art Ventures**”) (collectively, “**the Parties**”).

WHEREAS, **the Parties** hereby acknowledge and agree that **A&P Commission** is the fee simple absolute owner of the real property and any and all improvements situated upon the Premises, as herein defined; and

WHEREAS, **Art Ventures** acknowledges and agrees that it lacks any ownership or equity interest of any nature in the Premises, as herein defined, but desires to enter into this Agreement for the limited purpose of leasing the Premises subject to the terms and conditions herein set forth; and

WHEREAS, **A&P Commission** desires to lease the Premises, as herein defined, for the limited purposes herein set forth;

NOW, THEREFORE, in consideration of the mutual promises and covenants of **the Parties** contained herein, and other good and valuable consideration, **A&P Commission** hereby leases and demises to **Art Ventures** the real property and improvements (“the Premises”) located at 207 West Center Street in the City of Fayetteville, Washington County, Arkansas, also known as the Walker-Stone House, and being more particularly described as follows:

PART OF BLOCK 25 IN THE ORIGINAL PLAT OF THE TOWN (NOW CITY) OF FAYETTEVILLE, WASHINGTON COUNTY, ARKANSAS, MORE PARTICULARLY DESCRIBED AS BEGINNING AT A POINT 100 FEET WEST OF THE NORTHEAST CORNER OF BLOCK 25, THENCE SOUTH 102 FEET, THENCE WEST 154 FEET TO A POINT 3 FEET NORTH OF THE EAST END OF A STONE RETAINING WALL, THENCE SOUTH 3 FEET TO THE EAST END OF SAID RETAINING WALL, THENCE WEST WITH THE TOP OF SAID RETAINING WALL, 71.9 FEET, MORE OR LESS, TO THE WEST BOUNDARY OF BLOCK 25, THENCE NORTH 105 FEET, MORE OR LESS TO THE NORTHWEST CORNER OF BLOCK 25, THENCE EAST 225.9 FEET TO THE POINT OF BEGINNING.

as designated upon the Revised Plat of Said Addition or Subdivision filed and recorded in the Office of the Circuit Clerk and Ex-Officio Recorder of Washington County, Arkansas.

TO HAVE AND TO HOLD the same unto **Art Ventures** and unto its permitted successors and assigns, together with all privileges and appurtenances thereunto belonging, for the duration and under the conditions hereinafter set forth:

1. DURATION. The duration of this **AGREEMENT** shall be for twenty-four (24) months beginning the 1st day of _____, 2020, and ending the 31st day of _____, 2021 (“the Duration”).
2. RENT. As rental for the Premises, **Art Ventures** shall pay to **A&P Commission** monthly rental in the amount of \$2,500 payable in advance on the first day of each month throughout the Duration, unless the Second Floor Improvements (as defined *infra* in Section 5) are completed. If and when the Second Floor Improvements are completed, the monthly rental will increased to the amount of \$3,500 payable in advance on the first day of each month from the completion of the Second Floor Improvements and for the remainder of the Duration.

Upon completion of the Second Floor Improvements, **Art Ventures** shall pay to **A&P Commission** in a lump sum the equivalent of \$1,000 for each month that the monthly rental amount was \$2,500. For example, if the Second Floor Improvements are completed after 10 months, **Art Ventures** will pay monthly rental in the amount of \$3,500 for the eleventh month and each successive month throughout the Duration and will also pay a lump sum of \$10,000 (which will offset the cost to **A&P Commission** of the Second Floor Improvements).

The Parties may mutually agree by a written Addendum to this **AGREEMENT** to renew the lease for an additional period of time. The monthly rental amount for any such renewal period shall be negotiable, but in no event shall the rental amount be less than the monthly rental charge set forth in this **AGREEMENT**.

3. UTILITIES AND REFUSE REMOVAL. **Art Ventures** shall be responsible for the payment of all charges for water, electricity, gas, internet or phone service, and for all charges connected with removal of refuse from the Premises.
4. LAWN/GROUNDS CARE AND MAINTENANCE. **A&P Commission** shall be responsible for providing for regular lawn/grounds care and maintenance, including mowing.
5. ALTERATIONS/IMPROVEMENTS. **Art Ventures** may not make any changes, alterations, additions or major repairs to the Premises, including any existing or future structures, including existing artistic pieces, unless all plans and specifications for such changes, alterations, additions or major repairs have been approved by **A&P Commission** or its agent and by any agency of the State of Arkansas required by law to review or approve such projects. Furthermore, such projects shall be performed by persons, companies or agencies which are properly trained and licensed to perform such repairs and maintenance. **A&P Commission**, its officers, officials, employees, and agents, may inspect any such project to ensure that plans and specifications are followed, and that the construction, repairs or renovation meets the requirements of state law and applicable codes, and may require changes to be made in order to comply with the plans, specifications, state law or applicable codes. In particular, any exterior modifications to the Premises’ structure or existing outdoor three-

dimensional artwork, including repurposing, modifying or removing the artwork, without prior written approval of **A&P Commission** is prohibited.

A&P Commission may make or contract for improvements at the request of **Art Ventures**. Should such improvements be made during the Duration, the cost of such improvements to **A&P Commission** will be at **Art Ventures**' cost, to be paid within thirty (30) days of receipt of the charge, unless otherwise agreed to in writing by **A&P Commission**.

A&P Commission commits to studying the issue and viability of improving the second floor of the Premises to usable and ADA-compliant space ("Second Floor Improvements"), coordinating with appropriate architect design professionals and historic preservation staff. **A&P Commission** will pay for any costs associated with seeking a proposal to undertake and complete the Second Floor Improvements, including assembling relevant research regarding the Premises. **A&P Commission** will not and does not commit to accepting any proposals to perform the Second Floor Improvements or to funding the cost of the Second Floor Improvements.

If it is determined by formal measure of **A&P Commission** that **A&P Commission** will not, within the Duration, undertake the Second Floor Improvements, then **Art Ventures** may upon 30 days' written notice to **A&P Commission** terminate this **AGREEMENT**. The **AGREEMENT** will in that circumstance conclude after 30 days; appropriate rental payments through the conclusion of the **AGREEMENT** would be paid (without any refund of prior rental payments); and, **Art Ventures** would vacate the Premises and be responsible for all costs associated with early termination of the **AGREEMENT** and moving.

6. ORDINARY REPAIRS AND MAINTENANCE. **Art Ventures** agrees to maintain the Premises and any improvements thereto in good repair, ordinary wear and tear excepted. **Art Ventures** shall be responsible for ordinary repairs and maintenance to the Premises, provided that such repairs and maintenance shall be performed by persons, companies or agencies which are properly trained and licensed to perform such repairs and maintenance and which are approved in advance by **A&P Commission**'s facilities management department, provided that such approval will not be unreasonably withheld. All such repairs and maintenance shall meet all applicable code and any other requirements.

"Ordinary repairs and maintenance" for which **Art Ventures** is responsible includes repairs to, but not replacement of, equipment, including water heaters, HVAC units, and lighting. For example, a repair to a water heater is the responsibility of **Art Ventures**, but not the replacement of a water heater; likewise, **Art Ventures** is responsible for tuning-up and recharging air conditioning units and changing filters, but not the replacement of an air conditioning unit.

A&P Commission may inspect the Premises at any time upon adequate notice and without any interruption of **Art Ventures**' use of Premises, including the house and

all leasehold improvements, and may, if necessary, designate necessary maintenance and repairs to be made by **Art Ventures**. If **Art Ventures** fails or refuses to make the designated maintenance or repairs, or if **Art Ventures** requests that **A&P Commission** perform the designated maintenance or repairs, **A&P Commission** may do so. Any maintenance or repairs performed by **A&P Commission** shall be charged to **Art Ventures**, to be paid within 30 days of receipt of the charge.

7. PROPERTY INSURANCE. The Premises shall be included on **A&P Commission**'s fire and casualty insurance policy, and the premium charges shall be paid by **A&P Commission**. **Art Ventures** shall be responsible for insurance coverage on **Art Venture**'s personal property and equipment and **Art Ventures** acknowledges and agrees that **A&P Commission** shall not be responsible and shall hold **A&P Commission** harmless for any loss or damage to **Art Ventures**' personal property for any reason.
8. DESTRUCTION BY FIRE OR OTHER CASUALTY. If at any time the Premises, or the building which forms the principal component of the Premises, should be totally or partially destroyed by fire or other major casualty events covered by insurance and for which insurance proceeds are paid, then the **AGREEMENT** shall terminate immediately subject to the **Art Ventures**' right to assess the amount of damage and the amount of any remaining usable space and then to continue with the **AGREEMENT** with rental payments, if any, abated in accordance with reduced square footage and inconvenience of the loss of any portion of the Premises.
9. LIABILITY INSURANCE. **Art Ventures** shall indemnify and hold **A&P Commission**, its officers, officials and employees harmless from any and all liability for loss, injury or damage to persons (including, but not limited to death) or property arising out of or in connection with the Premises, any improvements thereto, or any activities of **Art Ventures**, its officials, employees, invitees, members or guests. **Art Ventures** shall maintain a comprehensive general liability insurance policy insuring against such a loss, injury or damage in the minimum amount of One Million Dollars (\$1,000,000) per person or occurrence, Two Million Dollars (\$2,000,000) aggregate. Proof of such liability insurance coverage shall be given to **A&P Commission** at the beginning of the Duration and again upon request at any time during the term, and the policy shall name **A&P Commission** as an additional insured as its interest may appear. Any such policy shall provide that it shall not be subject to cancellation without first furnishing **A&P Commission** fifteen (15) days prior written notice. If **Art Ventures** fails to comply with this obligation or if such coverage is terminated or cancelled for any reason, **A&P Commission** shall have the right to secure such coverage and **Art Ventures** shall fully reimburse **A&P Commission** for any premiums or cost incurred by **A&P Commission** for such coverage.
10. TAXES. LICENSES, FEES AND ASSESSMENTS. **A&P Commission** shall pay applicable ad valorem taxes, if any, and assessments on the real property and

improvements comprising the Premises. However, **Art Ventures** shall pay any sales or use taxes arising from its use of the Premises and shall indemnify and hold **A&P Commission** harmless against any claims for such taxes. Likewise, **Art Ventures** will secure and pay for all licenses, permits, and fees pertaining to its use of the Premises.

11. **USES.** The Premises and all improvements thereto will be used by **Art Ventures** only for the following purposes: the first floor of the Premises' Walker-Stone House will be used by **Art Ventures** only for purposes of art exhibition and gallery space, the sale of artistic pieces, and events and programs related to the mission of Art Ventures; the second floor of the Walker-Stone House will be used solely for office and storage purposes by the **Art Ventures**, with no public access permitted, unless the Second Floor Improvements are completed; and, finally the Premises' parking lot and lawn will be used by **Art Ventures** in connection with the gallery activity. **Art Ventures** will comply with all valid laws, statutes, ordinances, regulations and legal requirements governing the use of the Premises and the activities conducted thereon, including the policies of **A&P Commission**, and will not permit or suffer the Premises to be used for any illegal purposes, to create a nuisance, or to create dangerous conditions affecting other persons or property.

Subject to the above conditions, **Art Ventures** will retain artistic control over the Premises' interior space; **A&P Commission** will not exercise artistic control over **Art Ventures'** use of the interior space, including artistic displays, hosting events, altering interior artwork, and undertaking cosmetic modifications to the interior.

12. **RIGHT OF ENTRY.** **A&P Commission**, its officers, officials, employees or agents shall have the right to enter the Premises at any time upon notification to **Art Ventures** and without interrupting **Art Ventures'** use of the Premises, for the purpose of inspecting the Premises and determining compliance with laws, statutes, ordinances, regulations and legal requirements, including policies of **A&P Commission** or to ensure the preservation of the Premises in good condition in the event of **Art Ventures'** failure to perform any obligation of this **AGREEMENT**.
13. **PROHIBITION AGAINST CREATION OF LIEN.** **Art Ventures** shall have no authority, express or implied, to create any lien, charge, or encumbrance upon the Premises or upon the improvements thereon, for any reason whatsoever.
14. **ASSIGNMENT OR SUBLEASING RESTRICTED.** This **AGREEMENT** and any rights granted herein shall not be assigned without the prior written consent of **A&P Commission**. **Art Ventures** shall not be entitled to sublease the Premises or any portion thereof without the prior written consent of **A&P Commission**.
15. **DELIVERY AT END OF LEASE.** Upon the expiration of the Duration of this **AGREEMENT** or any extension thereof, possession of the Premises, including any improvements thereto, shall be delivered to **A&P Commission** free of all persons,

goods and things not properly belonging to **A&P Commission** and in the same condition as the Premises existed at the commencement of this **AGREEMENT** or upon subsequent completion of any new construction, reconstruction, renovation or repair to any improvements to the Premises, excepting destruction or damage by fire, storm or other casualty and/or ordinary deterioration and reasonable wear and tear, and no demand for such delivery shall be necessary.

All fixtures not integral to the building, furniture and equipment installed by **Art Ventures** or acquired by **Art Ventures** independent of this **AGREEMENT** shall remain **Art Ventures**' property and may be removed by **Art Ventures** at the expiration of this **AGREEMENT**; provided, however, **Art Ventures** shall restore the Premises and repair any damage thereto caused by such removal.

16. **LANDLORD'S LIEN.** As security for payment of its obligations under this **AGREEMENT** and any other debt owed to **A&P Commission**, **Art Ventures** hereby grants **A&P Commission** a security interest in all property of **Art Ventures**, including furniture, furnishings and fixtures of **Art Ventures** which may, at any time during the Duration of this **AGREEMENT**, be in, about or upon the Premises. **Art Ventures** agrees to execute all documents necessary to perfect **A&P Commission**'s security interests.
17. **DEFAULT.** **Art Ventures** shall be in default under the provisions of this **AGREEMENT** upon the happening of the following events or conditions and, in the case of the events and conditions set forth in subparagraphs (a) and (b) below, the failure to cure same within ten (10) days after written notification by **A&P Commission** to **Art Ventures** of such default: (a) Failure to pay the rental fees or charges as provided herein at the time, in the amount, and in the manner set forth, or within ten (10) days after the date the same becomes due; (b) Failure to keep or perform any of the covenants on the part of **Art Ventures** herein to be kept or performed; (c) Should **Art Ventures** become insolvent, or become bankrupt, either voluntarily or involuntarily, or make any assignment for the benefit of creditors, or if a receiver be appointed for the benefit of **Art Ventures**' creditors, or if a receiver be appointed for **Art Ventures** to take charge of and manage **Art Ventures**' affairs.
18. **REMEDIES IN THE EVENT OF DEFAULT.** In the event of a default by **Art Ventures** during the Duration hereof, the **A&P Commission** may, at **A&P Commission**'s option, declare this **AGREEMENT** thereupon terminated, and **A&P Commission** shall have the right immediately to enter upon and take possession of the Premises, and to evict and expel **Art Ventures** and any or all of **Art Ventures**' property, belongings, and effects there from, without thereby being guilty of any matter of trespass, in addition to any other remedies of **A&P Commission** either at law or in equity. **Art Ventures** waives any right to legal process in such an event. No delay in or failure to exercise any of the options herein granted to **A&P Commission** by reason of a default shall be a waiver thereof, and the waiver on any occasion of default shall not be deemed a waiver of **A&P Commission**'s right to exercise its remedies by reason of the same or similar default at any later

occasion.

19. HOLDING OVER NOT PERMITTED. Upon the expiration or termination of this **AGREEMENT**, **Art Ventures** shall have no right to hold over. Moreover, **Art Ventures** waives any right to receive legal process to eject **Art Ventures**.
20. WASTE. **Art Ventures** agrees not to commit or to permit any waste to the Premises and any improvements thereto.
21. NOTICES. All notices required to be given under this **AGREEMENT** shall be given in writing by a form of delivery requiring a receipt to **the Parties** at the following addresses or at such other addresses as **the Parties** might hereafter designate in writing:

To **A&P Commission**:

To **Art Ventures**:

22. NO WAIVER OF BREACH. The failure of **A&P Commission** to insist upon the strict and literal performance of any covenant or condition herein, or to exercise any option retained or granted by reason of a default or breach by **Art Ventures**, or to avail itself of any of the terms or conditions of this **AGREEMENT**, shall not constitute a waiver of **A&P Commission**'s right thereafter to insist upon and enforce full performance of this **AGREEMENT**.
23. INDEPENDENT PARTIES. This **AGREEMENT** shall not be construed to create a partnership, agency relationship or any other relationship between **the Parties** other than that of independent parties.
24. PARTIES BOUND. All covenants, conditions, agreements and undertakings contained herein shall inure to the benefit and be binding upon **the Parties**.
25. APPLICABLE LAW. This **AGREEMENT** shall be governed by and construed under the laws of the State of Arkansas, without regard to its choice of law principles.
26. ENTIRE AGREEMENT. This **AGREEMENT** expresses the entire agreement of **the Parties** and may only be amended in writing signed by **the Parties** hereto or their duly authorized agents. This **AGREEMENT** is a final agreement and supersedes any prior negotiations, representations, statements, promises, or other discussions, express or implied, between or behalf of **the Parties** concerning the subject matter of this **AGREEMENT**.
27. INDEPENDENT JUDGMENT. **The Parties** represent and warrant to one another that this **AGREEMENT** is entered into based on each party's independent analysis, with the advice of counsel, of the acts and legal principles relevant to the

terms and conditions of this **AGREEMENT**.

28. **MUTUAL DRAFTING.** This **AGREEMENT** has been drafted mutually by **the Parties** with the assistance of their respective counsel or representatives. Accordingly, the rule of construction that ambiguity is construed against the drafting party shall have no application in any dispute over the interpretation of this **AGREEMENT**.
29. **SECTION HEADINGS.** In the case of any conflict between a section heading set forth in this **AGREEMENT** and the terms of this **AGREEMENT**, the latter shall prevail, the former being for ease of reference only. The recitals set forth at the beginning of this **AGREEMENT**, however, shall be given full weight and construed as substantive provisions of this **AGREEMENT**.
30. **COUNTERPARTS:** This **AGREEMENT** may be executed and delivered at different times and in any number of originals or counterparts and by each party on a separate counterpart, each of which shall be deemed an original but all of which together shall constitute only one agreement, notwithstanding all **the Parties** shall not have signed the same counterpart.

ART VENTURES

By: _____
(Name and title)

Date

**FAYETTEVILLE ADVERTISING AND
PROMOTION COMMISSION**

By: _____
Molly Rawn, Chief Executive Officer

Date