



METRO ARTS

NASHVILLE OFFICE OF ARTS + CULTURE

Minutes

Budget and Administrative Oversight Committee

Monday, February 26, 2024

12:00PM-1:30PM

Howard Office Building

Sonny West Conference Rooms C/D

700 2nd Ave S.

Nashville, TN 37210

Commissioners: Heather Lefkowitz (Chair), Beverly Watts, Campbell West, Diana Perez, John Nefflen, Timothy Jester, and Will Cheek

Metro Arts Staff: Vivian Foxx

METRO ARTS MISSION:

Drive an Equitable and Vibrant Community through the Arts

A. Welcome and call to order 12:00-12:05PM

Commissioner Lefkowitz welcomed all attendees and called the meeting to order at 12:00 p.m. She expressed gratitude to the attendees, acknowledging the continued work of the arts community despite ongoing challenges. Commissioner Lefkowitz also extended appreciation to members of the public for their interest in the arts and their attendance at the meeting, both in person and online.

She noted that Chair Perez and Director Singh were unable to attend due to illness and conveyed their regrets. Commissioner Lefkowitz emphasized the importance of adhering to the agenda to respect everyone's time.

B. Public Comment 12:05-12:25PM

a. No Public Comment were given.

C. Committee organization: Heather Lefkowitz 12:25-12:35PM

a. Information Gathering.

i. Commissioner Lefkowitz provided an overview of the committee's scope and purpose, as outlined in Chair Perez's letter. He highlighted the need for collaboration with various departments to address financial oversight and human resources issues. The committee's initial focus would be on gathering information to understand the identified concerns and determine appropriate actions.

- ii. She emphasized the urgency of addressing financial and HR issues while ensuring support for the arts community affected by recent challenges. Commissioner Lefkowitz invited Director of Finance, Kevin Crumbo, to provide insights into the current situation and potential pathways for resolution.

iii.

b.

D. Financial overview: Kevin Crumbo, Director of Finance 12:35-12:50PM

- a. Director Crumbo begins by acknowledging the organizational nature of the meeting, emphasizing the limited time available for presentations. He highlights his intention to focus narrowly on significant financial matters.
- b. Director Crumbo commits to respecting the ongoing internal audit review and HR investigation, refraining from speculating on their outcomes. He mentions common root causes prompting the formation of the committee, including reports of financial misconduct.
- c. He elaborates on surplus funds from the previous fiscal year, clarifying the conditions for their release as outlined in the letter from the law director. However, recent developments, including resignations and ongoing investigations, have delayed immediate release.
- d. Concerns arise regarding the Arts Commission's financial stability and potential deficit. Director Crumbo stresses the need for accurate financial reporting and forecasts to avoid deficits.
- e. He explains that the Arts Commission cannot make additional grant awards if it faces a deficit, affecting community arts organizations reliant on funding. Director Crumbo assures timely processing of legitimate grant contracts despite controversies.
- f. Director Crumbo anticipates reaching conclusions in the coming weeks, coordinating with internal audit and HR reports. He invites questions during the Q&A session.
- g. Director Crumbo provides clarity on financial challenges, emphasizing the importance of accurate reporting and fiscal responsibility. He assures support for community arts despite current limitations, awaiting further developments to advise on grant availability.

E. Legal/HR topics: Metro Legal

12:50-1:05PM

a. Metro Legal Update from Laura Fox)

- Luther Wright conducting interviews with staff on legal and HR topics.
- Reports that some staff members are hesitant to speak.
- Expects Luther Wright's report to be completed by the end of the current week or early next week, depending on interview wrap-up.

F. Questions & Answers: Committee members

1:05-1:25PM

Commissioner Jester seeks clarification on the \$2,000,000 surplus and its implications for artist grants. Director Crumbo confirms that all grant contracts received by the office have been fully processed and paid and explained the technicalities of grant payment processes and addresses the possibility of future payments based on the surplus. Assures readiness to expedite processes if surplus funds become available, contingent on ensuring financial stability to avoid deficits by year-end.

Commissioner Jester raised concerns about the transparency and documentation of grant distribution programs, particularly referencing the Thrive program. There were uncertainties regarding the amount of money distributed and whether proper procedures were followed. Director Crumbo acknowledged these concerns and assured the commission that efforts were underway to address them.

Commissioner Watts sought clarification on the distribution of funds, particularly distinguishing between fiscal years and identifying potential deficits. Director Crumbo provided an overview of the surplus from fiscal year 23 and its potential distribution in fiscal year 24. He emphasized the importance of resolving current issues to prevent deficits in the ongoing fiscal year.

Commissioner Nefflen inquired about potential conflicts of interest in the audit process, referencing previous discussions. Director Crumbo clarified that there were no conflicts regarding his involvement, having resigned from relevant boards to avoid conflicts.

Commissioner Cheek raised questions about overspending, particularly in categories such as consultant payments and contractor expenses. Director Crumbo highlighted ongoing investigations into these expenditures and the possibility of employment violations.

Commissioner West sought clarification on past deficit concerns and questioned the nature of contractor payments. Director Crumbo acknowledged the need for clarity on these issues and assured the commission that investigations were ongoing.

Commissioner Cheek expressed concerns about the increase in funding for individual artists in the current year compared to previous years. He requested further information on the process and oversight of these grants.

Director Crumbo I'll have a better answer for you than I'm going to be able to give here initiated discussions regarding the Thrive program's grant distribution process. Concerns were raised about the use of delegated purchasing authority and potential violations of procurement rules. It was noted that checks were possibly issued to individuals rather than organizations, contrary to established procedures. The commission expressed a need for clarity on grant distribution processes and criteria.

Commissioner Watts sought further clarification on the appropriate process for granting funds to individual artists. Director Crumbo outlined the need for clear criteria established by the commission and emphasized the importance of adherence to procurement regulations. Commissioner Watt raised questions about governance and recommended a review of the commission's bylaws for clarity on supporting individual artists.

Commissioner Nefflen inquired about the role of external consultants in advising on grant distribution processes. Director Crumbo acknowledged the need for more details on consultant recommendations and their integration into the process.

Commissioner Cheek raised concerns about the recent growth in the Thrive program's budget and the surge in grant applications. Commissioner West provided historical data on Thrive program budgets, highlighting the significant increase in grant applications for the current fiscal year.

Director Crumbo addressed concerns about the challenges in dispersing funds to the community due to uncertainties in compiling a comprehensive list of recipients. He emphasized the need for clarity regarding grant allocation and expressed gratitude for improved communication channels with staff.

Director Crumbo acknowledged the difficulties in accessing a comprehensive list of grant recipients and highlighted the importance of ensuring accurate data before distributing funds. He discussed the uncertainties surrounding grant promises and the need for transparency in the allocation process.

Commissioner Jester raised questions about the potential impact of financial issues on the upcoming budget season. Director Crumbo emphasized the importance of addressing current challenges to maintain public trust and secure funding for the arts in the next fiscal year.

Commissioner Nefflen requested flexibility in discussing topics beyond financial issues, highlighting the commission's role in administrative oversight. The agenda was discussed, and potential changes were considered for future meetings.

Metro Staffer Vivian provided clarification on the numbers for the FY25 Thrive program applications, detailing the total applications and funding requested.

Commissioner Nefflen inquired about potential roadblocks to information faced by staff members. Director Crumbo discussed challenges faced by the finance department and efforts to overcome them, emphasizing the importance of supporting staff in navigating processes.

Director Crumbo initiated a discussion on the various issues affecting Metro Arts in Nashville, emphasizing that the organization faces multiple challenges beyond budget and finance. He proposed finding the most suitable forum to address these additional concerns.

Commissioner Lefkowitz acknowledged the importance of addressing all issues while being mindful of time constraints. She expressed openness to discussing other topics and emphasized the committee's role in evolving and clarifying its scope as more information becomes available.

Commissioner Watts sought specifics on accessing financial information, including monthly expenditure reports and ledger sheets. Director Crumbo outlined plans to provide comprehensive financial reports in the upcoming month to facilitate informed decision-making.

Commissioner Cheek raised concerns about the lack of a formal budget approval process for the Arts Commission. Director Crumbo agreed to include recommendations for establishing a budget approval process in future reports, aiming for greater financial control and accountability.

G. Next steps: Heather Lefkowitz

1:25-1:30PM

Next Steps:

1. Await the HR report and plan for its discussion at the next meeting.
2. Review and consider recommendations for establishing a formal budget approval process.
3. Arrange the next meeting to maintain momentum and address ongoing issues.

H. Adjourn

Commissioner Lefkowitz adjourned the meeting, thanking everyone for their participation and dedication to serving the community, 1:30 p.m.