



# City of Culver City

## Staff Report

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**CAC - (1) Review of Two Quarterly Reports from Culver City Arts Foundation; (2) Discussion Regarding Loan from City to Culver City Arts Foundation; and (3) Make Recommendation to City Council as Deemed Appropriate.**

**Meeting Date:** May 17, 2022

**Contact Person/Dept:** B. Christine Byers / Administrative Services - Cultural Affairs

**Phone Number:** (310) 253-6003

**Fiscal Impact:** Yes  No

**General Fund:** Yes  No

**Public Hearing:**

**Action Item:**

**Attachments:** Yes  No

**Public Notification:** (E-Mail) Meetings and Agendas - Cultural Affairs (05/11/22); (E-Mail) Culver City Arts Foundation (05/11/22)

**Department Approval:** Jesse Mays, Assistant City Manager (04/14/22)

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### **RECOMMENDATION**

Staff recommends the Cultural Affairs Commission (1) review the two quarterly reports provided by Culver City Arts Foundation; (2) discuss the loan from the City to Culver City Arts Foundation; and, (2) make a recommendation to the City Council as deemed appropriate.

### **BACKGROUND & DISCUSSION**

The Culver City Arts Foundation (“CCAF”) was established in 2006 as a 501(c)(3) nonprofit public benefit corporation. The Articles of Incorporation were filed with the Secretary of State on September 26, 2006.

In 2016 City Council formed an Ad Hoc Subcommittee for the purpose of revising the structure of the CCAF with the goal of allowing it to function independently from the City. The City Council took action in March 2018 to separate the CCAF from the City. The Bylaws were amended and a new Memorandum of Understanding (“MOU”) between the City and the CCAF was adopted. A revised MOU was subsequently adopted on June 24, 2019 (Attachment 1).

Exhibit A of the MOU states that CCAF shall provide written quarterly reports to the CAC detailing its events, activities and financial status. At the October 19, 2021 CAC meeting, the first quarterly report for FY 2021-2022 was presented. Attached hereto are the 2<sup>nd</sup> and 3<sup>rd</sup> quarterly reports from CCAF for the fiscal year. Staff will continue to schedule an item pertaining to CCAF on the CAC meeting agendas for the months of January, April, July and October to ensure adhering to the report schedule as outlined in the MOU.

The MOU adopted by City Council also included a provision in which City Council authorized \$35,000 seed money be loaned to CCAF and repaid on or before June 30, 2019. On June 24, 2019 City Council extended the repayment terms. Specifically, Section 3.A. of the MOU was revised as follows:

#### SECTION 3. PAYMENT.

A. For Fiscal Year 2017-18, City granted a loan to CCAF in the amount of \$35,000 to be used as “seed money” to commence its activities (“Loan”). At the end of the fiscal year (June 30, 2020), the CCAF shall report on the status of its funding and ability to repay the Loan to the City. If there are insufficient funds to repay the Loan, the City Council may decide to extend the term of the Loan or forgive its repayment.

The City Council has considered a request from CCAF regarding the loan twice in 2020 and again on June 28, 2021. In June 2021, the Council unanimously passed a motion that the CCAF pay \$1 and revisit repayment of the loan in 2022. This item is currently scheduled for further Council consideration on June 13, 2022 and in light of this, CCAF has prepared the attached letter regarding “Loan Reconciliation”, dated April 7, 2022.

It is important to note that while the MOU states the role of CCAF in its support of the City’s Cultural Affairs work plan, the MOU does not include language requiring minimum annual grant contributions to the City from CCAF or for the term of the MOU. Additionally, the MOU is silent when it comes to whether the \$35,000 loan can be off-set by grant contributions. With that, CCAF wishes to emphasize that they are not requesting that the \$35,000 loan be “forgiven” as currently stated in the MOU but that the \$67,600 donated to the City to date for the Performing Arts Grant and Artist Laureate Programs be considered as offsetting the loan, leaving a net gain for the City of \$32,500. Additionally, CCAF has supported the arts in Culver City in other areas, including programs such as *Projecting Possibilities* (\$26,800 total) and the foundation’s *Artist Resiliency Fund* (\$21,000 total).

### **FISCAL ANALYSIS**

The financial impact to the General Fund will vary based on the direction City Council provides. If City Council considers the loan repaid the loan will be written off as uncollectible and recorded as a loss to the General Fund, per accounting standards. If the term of the loan is extended, the repayment of the loan will be recorded in a future fiscal year.

### **ATTACHMENTS**

1. 22-05-17\_ATT No. 1\_2019 Memorandum of Understanding Between the City of Culver City and Culver City Arts Foundation
2. 22-05-17\_ATT No. 2\_Quarterly Report for the Period Oct 1 - Dec 31
3. 22-05-17\_ATT No. 3\_Quarterly Report for the Period Jan 1 - Mar 31
4. 22-05-17\_ATT No. 4\_Loan Reconciliation Letter Dated April 7, 2022
5. 22-05-17\_ATT No. 5\_Loan Reconciliation - Grant Funding Overview (2019 through 2022)
6. 22-05-17\_ATT No. 6\_Culver Arts Treasurer's Report - March 1, 2022

**RECOMMENDED MOTION(S)**

That the Cultural Affairs Commission:

1. Discuss the Two Quarterly Reports Provided by CCAF; and
2. Discuss the Loan Provided to the Culver City Arts Foundation; and
3. Make Recommendation to City Council, as deemed appropriate.