



southeastern minnesota arts council

8 January 2020

Kevin Miller, Executive Director
 Rochester Civic Theatre
 20 Civic Center Dr SE
 Rochester, MN 55904

Re: Grant 3919LT

Dear Mr. Miller:

Thank you for returning the \$10,000 that was awarded for the above referenced grant.

According to the Regional Arts Councils Misuse of Funds Policy, if a grantee returns the funds and the misused funds are \$6,000 or more, the grantee is ineligible to receive State funds from SEMAC, the Arts Board, or any other regional arts council for a period of three years from the date of notification.

Rochester Civic Theatre will therefore be ineligible to receive State funds from SEMAC, the Minnesota State Arts Board or any other regional arts council for a period of one year from today, January 8, 2020.

Based on the following sequence of events, SEMAC determined that a misuse of funds had occurred:

- August 16, 2019 Funds were not immediately returned after the meeting at our office in which the Civic informed SEMAC that the project did not take place and they were instructed to return the grant money.
- September 26, 2019 SEMAC requested by email an update on the status of the funds.
- October 8, 2019 The Civic replied by email that it was "waiting for cash injection we had been expecting here for the past week or so, so (we) can write this check and submit a final report."
- November 19, 2019 The situation was discussed with the SEMAC Board of Directors, including potential consequences based on the misuse of funds policy.
- November 26, 2019 SEMAC again requested by email the return of the money and stated that any use of funds outside of the scope of the project was considered a misuse and that there would be consequences. A deadline of December 2, 2019, was imposed.
- On that same date, SEMAC was informed that "I confess I have the check sitting on my desk. I will get it in the mail this week."
- December 6, 2019 SEMAC discussed the situation in person with Sue Gens, Executive Director of the Minnesota State Arts Board.

Rochester Civic Theatre
8 January 2020
page 2 of 3

- January 8, 2020 An email sent to the Civic stated that both the SEMAC Board of Directors and the Minnesota State Arts Board had been notified. A second deadline of January 15, 2020, was set.
- The Civic immediately responded that the check would be delivered to the SEMAC office. SEMAC replied that once the check was received a consequence of one year ineligibility would be imposed from the date of receipt. The Civic was also informed that the same penalty would be imposed by the MSAB.
- January 8, 2020 A check for \$10,000 was hand delivered to the SEMAC office.

At the end of the consequence period, January 8, 2021, the Civic must submit a request to SEMAC to have eligibility reinstated. The request must clearly outline what safeguards have been put in place to ensure that misuse would not occur again. The Civic may not submit a grant application until SEMAC has reinstated your eligibility.

Rochester Civic Theatre has the right to appeal if one of the following two circumstances has taken place:

- A. Consequences outside the guidelines have been assigned that you feel are unfair or unwarranted. Please note that the guidelines call for three years of ineligibility and the Civic is only being penalized for one year.

You must submit an appeal in writing within 30 days of the date of this letter. Your appeal must state the reasons for the appeal and must provide clear and compelling support for your assertion that the consequences assigned were unfair or unwarranted.

- B. The Civic has made substantial progress toward remedying the situation that prompted the consequences which will allow you to appeal to have the remainder of the consequences waived.

In this instance, you must submit an appeal in writing no earlier than 180 days (six months) from the date of this letter. Your appeal must state reasons for the appeal and must provide clear evidence that you have taken the necessary steps and implemented the appropriate remedies so that your privilege of eligibility should be reinstated.

SEMAC will review an appeal at its first regular meeting following the receipt of such appeal. At that meeting, the Board of Directors may take one of the following actions:

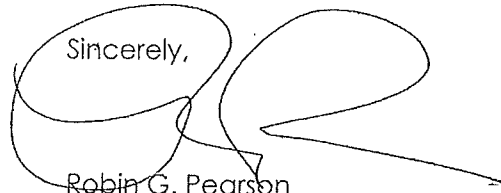
1. Determine that the Civic does not show sufficient cause for an appeal.
2. Direct staff to investigate the appeal and bring a recommended resolution of the appeal to a subsequent meeting of the Board.

Rochester Civic Theatre
8 January 2020
page 3 of 3

3. Request that you appear before the Board at a subsequent meeting and address the appeal at that time.
4. Determine that the Civic does show sufficient cause for appeal and offer a settlement to the applicant at the meeting.

If the appeal results in early termination of consequences, SEMAC will notify the Minnesota State Arts Board that consequences have been lifted and eligibility has been restored. The Arts Board will notify other regional arts councils that your eligibility has been restored.

Rochester Civic Theatre may not appeal to the Minnesota State Arts Board to overrule the decision of the Southeastern Minnesota Arts Council (SEMAC).

Sincerely,

 Robin G. Pearson
 Executive Director

RGP/km

cc/Sue Gens, Executive Director, Minnesota State Arts Board
 Kim Norton, Mayor, City of Rochester
 Kjellgren Alkire, SEMAC Board of Directors
 Andrea Arnold, President, SEMAC Board of Directors
 John Becker, Review Committee, SEMAC Board of Directors
 Diane Crane, SEMAC Board of Directors
 Julie Fakler, Review Committee, SEMAC Board of Directors
 Lee Gundersheimer, SEMAC Board of Directors
 Laura Helle, Vice President, SEMAC Board of Directors
 Kara Maloney, SEMAC Board of Directors
 Elisha Marin, SEMAC Board of Directors
 Drew Medin, Treasurer, SEMAC Board of Directors
 Jane Olive, Review Committee, SEMAC Board of Directors
 Jonathan Swanson, SEMAC Board of Directors