

Memorandum



Date: July 2, 2025

To: Buchanan Downtown Development Authority

From: Tony McGhee

Subject: Assuming Control of Live Buchanan

Background

During the period when the Downtown Development Authority (DDA) was inactive, a non-profit organization, Live Buchanan, was formed at the direction of a former City Manager to lay the groundwork for a future Main Street program in the community. With the recent re-establishment and activation of the DDA, *Live Buchanan* has fulfilled its original purpose and plans to cease operations.

Opportunity

Before formally dissolving, Live Buchanan intends to donate its remaining funds to the Buchanan District Library to support the ongoing Day's Avenue Public Art Project. Beyond that, the only remaining step for the organization would be to complete its formal dissolution process.

However, the current Live Buchanan Board has proposed an alternative: transferring control of the existing 501(c)(3) entity to the DDA. This would involve replacing the current Board members with DDA Board members over the next two months.

Currently, Live Buchanan has eight (8) Board members, including two individuals who already serve on the DDA Board, Julie Capron and Joseph Williams. The proposed transition would occur in two phases:

- Phase 1: Three existing Board members would resign, and three DDA Board members would be appointed in their place.
- Phase 2 (one month later): The remaining three Live Buchanan Board members would resign and be replaced with three additional DDA Board members.

This approach would result in DDA-controlled representation of five (5) out of eight (8) seats after the first month, and full control after the second.

Strategic Value to the DDA

Taking control of *Live Buchanan* offers a strategic advantage to the DDA. While the non-profit can remain dormant for the time being, filing only required annual reports, it could serve as a valuable tool for future initiatives. Creating a new 501(c)(3) from scratch is a time-consuming and costly process. Acquiring an existing, clean non-profit structure provides the DDA with flexibility and options for the future. Here are some key advantages:

1. Ability to Fundraise from Private Sources

- Non-profits can: Solicit donations from individuals, corporations, and foundations; apply for charitable and philanthropic grants; host fundraising events; and accept tax-deductible contributions.
- DDAs cannot: Accept charitable donations or engage in typical fundraising activities. Their funding is limited to public sources such as Tax Increment Financing (TIF), municipal allocations, and public grants.

2. Expanded Mission Flexibility

- Non-profits can: Support a broad range of community-building initiatives—including arts, culture, education, and social programs—even if not directly tied to downtown development.
- DDAs cannot: Are legally restricted to activities that enhance infrastructure, economic development, and property value within a defined downtown district.

3. Greater Flexibility in Programming

- Non-profits can: Operate more independently, hosting events, workshops, and creative programs with fewer layers of government oversight.
- DDAs cannot: Must often obtain approval from city commissions or councils before launching new programs or events.

4. Charitable Tax Status

- Non-profits can: Offer donors a tax deduction, increasing the appeal of contributing to community projects.
- DDAs cannot: Are public entities and not eligible to provide tax-deductible donation receipts.

Action Requested

Staff recommends that the DDA Board discuss and consider assuming control of the Live Buchanan non-profit organization. If the Board supports this direction, staff will:

- Conduct due diligence to ensure there are no outstanding liabilities or obligations tied to the organization;
- Facilitate the proposed Board member transition plan; and
- Oversee revisions to Live Buchanan's bylaws to align with the DDA's mission and long-term strategic goals.

To be clear, this would not be a continuation of Live Buchanan's current mission or operations. Once the Board transition is complete, the organization would be repurposed exclusively as a supporting tool for the DDA, to be activated as needed for specific initiatives.