The Board of Directors met at 3:00 PM on Tuesday, April 23, 2013 at the Benedum Center in Pittsburgh. Present were Board members: Chair, Mr. Daniel Griffin, Ms. Dusty Kirk, Ms. Jackie Dixon, Mr. Don Linzer, Mr. Stanley Parker and Dr. Daniel Rosen. Chief Counsel Mr. James Norris, Executive Director Mr. David Donahoe, staff and members of the public and media were also present. Notice of the meeting was published in accordance with the Act and By-laws and the agenda was posted on the District website the week prior to the meeting.

Inasmuch as this was a joint meeting with the Advisory Board, the following members of that Board were present: Richard Betters, Dr. Judith Bookhammer, Christopher Cahillane, G. Reynolds Clark, Pam Golden, Susan Golomb, David Graffam, Ralph Hale, Davie Huddelston, Mark Lynch, Liane Norman, and Charles Spence.

Immediately prior to the start of the meeting the group toured the Benedum Center with Kevin McMahon, CEO of the Cultural Trust and Christopher Hahn, General Director of the Pittsburgh Opera.

**Public Comment/Hearing Period**

Following introductions, the Chair opened the meeting for public comment prior to proceeding with the agenda. He noted that a budget amendment was on the agenda and notice was provided with the posting of the agenda last week. No one registered to speak.

**Minutes**

The first item on the business agenda was consideration of the minutes of the meeting of February 26, 2013.

As there were no additions/corrections, Ms. Kirk moved approval with Ms. Dixon seconding. The motion was unanimously approved by the Board.
Treasurer’s Report

Mr. Parker submitted the following report:

Board Members:

Sales tax revenue for April, 2013 (February sales) is $6.2 million, 5.4% less than received in April, 2012. The revenue was also below budget which assumed a 1.8% decline in revenue this year. Three of the first four months of 2013 have seen reductions compared to last year. The April loss is the largest percentage loss since January of 2010. Declines were seen in both general and auto sales and this mirrored the sales tax collection results statewide. For the year to date the District tax revenue is $28.1 million or 1.7% lower than year to date 2012.

Through April, grant payments total $26.2 million against total revenue of $28.1 million. Grant payments are on schedule.

The District’s independent audit for 2012 has been filed and the Audit Committee will report on it later in the meeting. It is available for public inspection at the District office and posted on the website.

Submitted by
Stan Parker
Treasurer

Ms. Dixon asked whether the District had more detailed information on which retail areas experienced the greatest declines. Mr. Donahoe said that the only information provided the District was that there was an equal decline in both auto sales and general sales. He also advised that there have been one month anomalies in the past and that he would await additional information before seeing a trend. Mr. Linzer noted that payroll taxes for all workers increased on January 1st and there was a likely impact on discretionary purchases.

The Chair directed that the report be received and filed.

Audit Committee Report

The Chair called on Mr. Linzer to present the Audit Committee Report.

Board Members:

The Audit Committee met on April 8, 2013 with the District’s independent auditors, District staff and a representative from the County Controller’s office. We present the following report for the Board’s consideration.
1. **2012 Audit**

Board members have received a copy of the 2012 audit and it is available for public inspection in the District office and posted on the District’s web site. The committee reviewed the audit with staff from the firm of Zelenkofskie and Axelrod. There were no disagreements with management and no deficiencies were noted in the audit. The District is in compliance with current industry standards for presentation of financial statements.

2. **Agreed Upon Procedure Reviews**

As a part of the District’s oversight function, the Audit Committee, on behalf of the Board, annually selects regional assets for agreed upon procedure reviews. The asset’s internal records are compared to the information supplied in applications and close out reports. The reviews are conducted by the District’s independent auditor. The Committee has chosen four assets that have not previously undergone such reviews: the Community Theatre Project (better known as the Kelly Strayhorn Theater), the Frick Art and Historical Center, the Pittsburgh Glass Center and WQED. The estimated cost for the project is $8,500 which was included in the 2013 budget.

3. **Adoption of New Audit Timing Standard**

Currently the District requires assets that receive grants of $10,000 or more to be independently audited on a *regular* basis. However, there is no definition of how soon after a fiscal year ends the audit must be presented to the District. Staff asked the Committee to consider adopting a standard so that there would be an equitable and uniform enforcement standard. After discussion with the auditing specialists at the meeting, the Committee is recommending that the District adopt a provision that, unless otherwise specified, independent audits are due no later than nine months after the end of a fiscal year. As provided in the current agreement, if the audit is not received then staff generates a non compliance letter with an additional thirty days to cure the issue.

4. **Appointment of Auditors**

The engagement agreement with the current independent auditors will expire at the end of this year. Inasmuch as this was the first three year engagement for the current firm and their work has been satisfactory, the Committee asked them to submit a proposal for a three year extension. We will review the proposal when it is received and make a recommendation to the Board accordingly.

Submitted by

Audit Committee
Dan Griffin, Don Linzer,
Stan Parker

Advisory Board Member Hale asked how much an audit would cost a small organization. Mr. Linzer noted that it depended on their overall budget, not just the size of their RAD grant. Mr. Griffin and Ms. Kirk noted that the Audit Committee had discussed the audit threshold in the past and would continue to review it.
Ms. Kirk asked if there was a standard for rotating auditors. Mr. Linzer said that there was no standard in the nonprofit arena and continuing an audit agreement for multiple years should not compromise independence.

Ms. Dixon asked for clarification on the procedure to select the auditors. Mr. Linzer explained that the Committee decided that the current audit team, which had served ably for three years, would be given first consideration and that the committee had asked for a detailed budget. Once this is reviewed, the committee would decide whether to make a recommendation or seek other proposals.

Mr. Donahoe was asked to outline how staff would implement the nine month audit requirement. He explained that falling into non compliance would mean that grants to an asset would be withheld and it would be prevented from applying for funding while in a noncompliant state. The District also maintained the right to seek repayment but this would have to be approved by the Board. Mr. Parker noted that the nine month requirement was suggested by the District’s independent audit firm as reasonable.

The Chair then asked for a motion to approve the recommendation to establish a requirement that, unless otherwise specified, independent audits are due no later than nine months after the end of a fiscal year. It was moved by Mr. Parker, seconded by Ms, Kirk and approved unanimously.

**Report of the Connections Committee**

The chair then called on Ms. Kirk to present the report of the Connections Committee.

**Board Members:**

The Committee met to review two applications received under the program. Based on that review, the Committee is recommending the following:

1. A grant award of $32,100 to the Carnegie Library of Pittsburgh on behalf of the electronic information network (EIN). This grant, along with some $128,400 in federal rate funds, will complete the installation of a new fiber optic network at all county libraries and branches. This upgraded technology substantially increases the capacity of the network services and provides a long term network platform to support both current and future library services and collaboration throughout the county. Funding it through the EIN results in significantly lower costs for individual libraries thereby directly meeting one of the goals of the connection grant program.

   In order to funds this grant, an amendment would be needed to the 2013 budget increasing the amount by $32,100 to be funded from reserve funds.

2. The committee is not recommending a proposal submitted by the Pittsburgh Parks Conservancy to assist Allegheny County in its forestry management program. While this is a valuable project, it does not meet any of the criteria of the connection grant program in the form in was submitted. However, we directed staff to advise the Conservancy and the County that the District would be receptive to considering
reallocating existing county capital funds toward a forestry management effort or, in the
alternate, looking at a joint city/county forestry management program.

Submitted by
Connections Committee
Jackie Dixon, Paul Gitnik, Dusty Kirk

Ms. Kirk went on to explain that the Committee understood the importance of forestry management but the proposal was not a connection grant in its current form. That is why the additional information was being provided. Ms. Dixon asked that the parties be informed as soon as possible and Mr. Donahoe said he would do so before close of business.

Ms. Dixon then moved approval of the recommendation of the Connections Committee to amend the 2013 budget by providing a $32,100 connection grant to the Carnegie Library of Pittsburgh on behalf of the eiNetwork fiber optics project. The motion was seconded by Mr. Parker and approved unanimously.

**Chief Counsel Appointment**

The Chair advised that the engagement of Chief Counsel James Norris would end on May 31, 2013 and that he had directed staff to obtain a proposal from Mr. Norris to continue serving in that capacity for another three year term. The proposal has been received providing for a retainer of $32,000 in each of the three years and an additional $270 per hour for extraordinary legal services as defined in the original engagement. In addition, in cases where such extraordinary legal work will be entirely paid by a third party, a separate rate may be negotiated.

Mr. Griffin said that he believed Counsel was a valuable member of the organization and that the proposal was reasonable. He moved that the proposal be accepted. The motion was seconded by Mr. Linzer and approved unanimously.

**Executive Director’s Report**

The Chair called on Mr. Donahoe to present his report.

Mr. Donahoe presented a summary of the District’s 2012 annual report which he said would be published in May. He presented a series of charts outlining the finances of the District as well as the program achievement of the many assets.

In addition, he presented the results of the planning work staff had accomplished on the Regional Asset are for Everyone Project, an initiative to encourage assets to provide accessible facilities and programs. He outlined a series of questions that would be proposed for the 2014 application now under design. The questions would be designed to focus attention on accessibility among those seeking RAD support.

General support for the initiative was voiced by members of the Board and Advisory Board. During the course of the discussion, it was suggested that staff consider using the word
“inclusion” in place of or in addition to accessibility and that training be provided to applicants on this new direction. It was also noted that there were many community resources available for consultation.

Julie Goetz, Communication Manager, also presented an outline of the communications efforts during 2012. Several members suggested that the District consider development of an “APP” around RADical Days.

The chair thanked the staff for their efforts in 2012. He also reminded the Advisory Board that their input was welcome at all time.

**Adjournment**

There being no further business, Mr. Griffin announced that the next Board meeting was scheduled for Tuesday, May 28, 2013 at the Gold Room of the Allegheny County Courthouse.

The meeting was adjourned at 4:50 PM.