The Board of Directors met at 3:00 PM on Tuesday, June 5, 2012 in Conference Room # 1 at the Allegheny County Courthouse. Present were Board members: Chair, Mr. Daniel Griffin, Mr. Stanley Parker, Ms. Dusty Kirk, Ms. Jackie Dixon, Mr. Don Linzer, Dr. Daniel Rosen and Ms. Connie Yarris. Chief Counsel Mr. Jim 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.

Public Hearing and Comment Period

As required by law, the Chair opened the meeting for public comment prior to proceeding with the agenda. As no one had signed up to speak, the meeting continued.

Minutes

The first item on the business agenda was consideration of the minutes of the meeting of April 24, 2012, which were distributed to members previously.

As there were no additions/corrections, Mr. Linzer moved approval of the minutes. Ms. Yarris seconded the motion, which was unanimously approved by the Board.

Treasurer’s Report

Ms. Kirk gave the following report:

Board Members:

Sales tax revenue through May totals $36 million or 5.8% higher than the same period last year. Although growth slowed in May to 2.4% over May of last year, it does represent the 9th straight month for growth in the county sales tax. The District also remains ahead of budget at this time. The state issued its June report on state sales tax last Friday indicating continued growth so we expect a positive report for June as well.

Grant expenditures to date total $30 million. Grant payments will accelerate during the second half of the year with increased payouts to the contractual assets and the drawdown of more capital grants.

In addition to capital grants payments to the Zoo and Pittsburgh Ballet Theater that I previously reported, the $120,000 grant payment for window and door replacement at Soldiers and Sailors has been authorized. Work
is gearing up this summer for improvements at the Aviary, Carnegie Institute, Phipps and on a number of parks projects.

In its report later in the meeting the Allocations Committee will advise on their projection for the balance of the year. Also, the Executive Director will report on proposals received to serve as District banks.

Dusty Elias Kirk, Treasurer

Ms. Dixon asked if the current receipts were indicative of projections for the rest of the year. Mr. Donahoe said that revenue was exceeding budget for the year and that the preliminary number for June continued that trend.

The Chair called on Mr. Parker to present the report of the Allocations Committee.

Allocations Committee Report

Board Members:

Our committee met in May to discuss both the status of the 2012 budget as well as the proposed guidelines for the 2013 budget. Based on our review, we offer the following report and recommendations.

Under provision of the agreements with the contractual assets, the District is required to examine its revenue mid-year to determine whether it will meet budget projections. Assuming it does, then the District releases percentage of operating grant funds withheld from the contractual assets during the first six months. As outlined earlier in the Treasurer’s report, the District is on course to meet and exceed 2012 budgeted sales tax revenue. As a result, we see no reason the 2012 spending plan should not go forward as adopted.

Looking ahead, the committee reviewed the eligibility and program guidelines that have been in place for a number of years. We see no reason for change in these guidelines for 2013 and recommend that they be adopted as listed in the attachment.

Given the strength of the revenue, we are also recommending that the discretionary capital grant program remain open for 2013. As you know, the Board has already given preliminary approval to $840,000 in capital grants for 2013. Assets that have received preliminary awards would be permitted to submit additional projects. The capital grant requirements and program guidelines remain as in previous years. They are also outlined on the following pages.

Also attached is the budget calendar that provides for a maximum of six budget hearings beginning in late August as well as a public hearing after the preliminary budget is released in October.

By the end of this year, the District will have invested $1.3 billion in sustaining and enhancing our quality of life regional assets. The committee believes that the proposed 2013 program supports the District’s duty to preserve a group of quality, well-managed and diverse regional assets. We look forward to working with the board, staff and assets in implementing that program in the coming months.

Submitted by the Allocations Committee,

Dusty Kirk, Stan Parker and Dan Rosen
2013 GRANT APPLICATION
GENERAL PROVISIONS

♦ District Goals

The goal of the District’s grant program is to preserve, improve and develop a diverse group of well managed and financially sound regional assets including libraries, regional parks, civic and cultural facilities and regional sports facilities and to see that the activities of the assets are widely available to the public. Applicants will be evaluated in three areas:

♦ Governance - including an active and involved board, realistic measurable goals and progress toward meeting the goals, regular strategic planning, accurate and timely financial reporting, realistic projections, operating within means, diversification of revenue, utilization of cash flow monitoring and ability to deal with financial stress (e.g. available cash reserves, low debt). Efforts to reduce administrative and overhead costs through cost sharing initiatives.

♦ Programming - including scheduled quality programming, outreach, audience development, community impact.

♦ Diversity - including efforts to encourage and sustain board, staff and programming diversity reflective of the community and efforts to implement the board-adopted diversity plan.

♦ Eligibility

Applicants must be governmental entities or non-profit, tax-exempt corporations, duly organized and in good standing under Pennsylvania laws, and provide programming or services of a regional nature in Allegheny County.

The applicant must be the owner/beneficial owner and operator of the program or facility for which funds are sought. No “pass through” or fiscal agent arrangements are permitted. Non-profit organizations must have 501(c) 3 status at the time of application and will not be registered to submit an application until its IRS letter confirming this status is on file with RAD. Applicants must have a board-adopted budget, regular financial reporting to its board and a board adopted diversity plan.

♦ Funding Categories

The categories available for 2012 are general operating support and capital project support. If you make a request for capital project funding, you will be asked to submit additional information on the projects in Part 2 of the application.

♦ Funding Restrictions

Act 77 prohibits the District from funding:
• any health care facility;
• institutions of elementary, secondary or higher education;
• any park less than 200 acres except for linear parks located in more than one municipality;
• any asset which fails to serve a significant number of residents outside of the municipality in which the asset is located;
• any library which is not part of a library system serving multiple municipalities.

In addition, in 2012, the Annual Grants Program will not provide funding for the following:
⇒ governmental-type services other than qualifying parks (examples of ineligible activities include public safety and public works programs/ projects including government office or service facilities, bridges, vistas, roads, water and sewer projects);
⇒ local recreation programs, facilities and/or activities such as teams and leagues;
⇒ economic and housing development agencies and programs;
⇒ social/human service agencies and programs;
⇒ parades, single or short term events or festivals;
⇒ project grants for planning or feasibility studies;
⇒ historical monuments unless part of an otherwise eligible regional asset such as a regional park or museum or sufficient funds have been raised and set aside at the time of application to provide for ongoing maintenance.

♦ Capital Projects

This year the District is accepting requests for capital project support from all applicants. Except as required by law, funding will depend on available resources.

Capital maintenance projects, equipment and projects to repair and/or complete existing facilities will be considered. Improvements or equipment should have a useful life of at least five years. Planning and feasibility studies are not eligible. Grants awarded will have two years for implementation and draw down.

If you have requested funding for capital projects you will need to provide some additional information on the project or projects. Create a text file (e.g. WORD) with the following information:

1. A description of each project.
2. The budget and funding sources for the project.
3. The schedule for completion of the project.
4. What impact the project will have on your operating costs.
5. How you will assure RAD that you will get the best price for the project and will afford opportunities to minority and women owned businesses to participate in the project.

The Chair asked Mr. Parker to explain why funds are withheld from certain assets. Mr. Parker said that the District regularly withholds funds from the contractual assets until it is determined that sufficient funds will be available to meet all obligations. Once that occurs, the balance owed is rolled into the final six months of payments.

The Chair asked for a clarification of the 2013 capital grants already approved. Ms. Kirk said that the awards have been given preliminary approval in the 2012 budget contingent on the availability of funds. The Board would still have to give final approval in the 2013 budget adoption.

Mr. Linzer moved approval of the Allocations Committee report, seconded by Ms. Yarris. The report was approved unanimously.

The Chair called on Ms. Yarris to present the report of the Connections Committee.
Connections Committee Report

Board Members:

We are recommending award of a Connections Grant to the Pittsburgh Cultural Trust to continue the enhancement of their shared ticketing service for the Cultural District assets. These assets include the Pittsburgh Symphony, Civic Light Opera, Opera, Ballet, Public Theater, August Wilson Center and the Trust’s own extensive programming such as the Broadway Series. This system is a key component of over $44 million in ticket sales by Cultural District organizations each year.

In 2011 the District supported a connection grant for the Trust to provide on line purchase of season subscriptions. This grant will purchase the technology to extend the ticketing services onto social networking sites that have become the form of communication with many audience members, particularly young ticket buyers. Tickets will be able to be purchased directly on social network sites and instant communication about events with buying “friends” can be established. The Trust estimates that, at a minimum, an additional $73,000 a year in earned revenue will be generated initially and it expects that this will be exceeded as the system develops. In addition to the increase in revenue, the Trust members will be saved the expense of adding this component on their own.

The total cost of the project is $40,700 with the $30,000 from RAD and the Trust providing the balance. The budget covers both the software and programming required to develop and test the system.

This project meets one of the goals of the Connection Grant program, which is to enhance earned revenue in a shared service environment. Therefore, we are recommending its approval.

Under the procedure approved for 2012, approval of this grant will require an amendment to the 2012 Sales Tax Revenue Fund budget in the amount of $30,000, which we are also recommending at this time.

Submitted by
Connections Committee

Jackie Dixon, Don Linzer and Connie Yarris

Dr. Rosen asked whether the District had results from the previous Connections Grant to the Trust ticketing system. Mr. Donahoe said that the $50,000 grant had not been closed out or evaluated yet.

Ms. Kirk asked if this represented the final enhancement to the system. Mr. Donahoe said that he expected other projects and that this grant was only for this specific enhancement. Ms. Kirk also asked if it could be replicated for other arts organizations. Mr. Nick Gigante, Vice President of Development for the Trust, explained that this was a request related to the Tessitura System, which is operated by the Trust for its member organizations. Other organizations in the area are not subscribers to that system. He also explained the value of the project is expected from younger members of the Trust assets audience. He also reported that there had been a gain in subscriptions as a result of the previous project and that the proposed project would help with single ticket buyers.

Ms. Kirk asked if the projected gain would be for all organizations in the Cultural District. Mr. Gigante said that it was but it was a conservative estimate since this technology is so new.
Mr. Linzer asked if the Trust was developing this system from scratch. Mr. Dan Hoffer, IT Director for the Trust, said that it would receive a “tool kit” from Tessitura and then would do programming specific to its needs.

Ms. Kirk asked that the Trust provide a report of the results of this effort. Mr. Hoffer said that the system could track the sales by organization. Mr. Gigante said they would provide such reports to the District.

Dr. Rosen asked for a clarification on exactly what the grant would purchase. Mr. Gigante said that it was in the form of a license that would be for two years along with web development, software customization and training. The Chair recommended that they get a longer term price commitment. Mr. Hoffman said that Tessitura was a nonprofit organization and that prices for its programs have actually decreased as more subscribers join.

Dr. Rosen asked if the new system could be modified to mobile applications. Mr. Hoffman indicated that initially it was for web based applications but that the Trust was adapting its systems for hand held devices.

Mr. Parker then moved for approval of the report including the amendment to the 2012 budget. It was seconded by Ms. Kirk. The report and budget amendment were adopted unanimously.

*Executive Director’s Report*

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

Mr. Donahoe reported on the results of proposals received for banking services for the District and made the following recommendations:

1. Maintain the investment account with INVEST. This is required in order to receive the initial deposit and INVEST has been an efficient and secure investment account for the District.
2. Open demand and investment accounts for the Sales Tax Revenue and General Funds with Dollar Bank.
3. Open investment accounts for the Sales Tax Revenue fund with PNC and First Commonwealth. They would compete for investment funds based on rates.
4. Once the transition is complete, close the current demand and investment accounts at Citizens Bank of Pa.

Mr. Donahoe noted that under any of the proposals some banking fees would be charged and/or offset with interest earnings.

Mr. Griffin asked how the reserve fund would be divided among the banks. Mr. Donahoe said that quotes would be obtained from the designated depositories.

Mr. Linzer asked for an explanation of the collected balances provision under which fees would be waived. Mr. Donahoe said that it would represent an average balance over a month which might not allow for waiver of fees.

Ms. Kirk moved approval of the Executive Director’s recommendation on bank depositories, seconded by Dr. Rosen. It was approved unanimously.

Mr. Donahoe presented a pictorial summary of recent asset facility openings.
At Large Member Election

The Chair called for the election of the at large member for a term of two years beginning July 1, 2012. He reported that one nomination had been received from the Lawrenceville Corporation, that being for Dr. Daniel Rosen, the incumbent.

As there was only one nomination, the Chair called for a vote. The six eligible members voted in favor of the election of Dr. Rosen. The Chair congratulated Dr. Rosen and thanked him for his service.

Old/New Business

Ms. Kirk introduced Ms. Fang Song a guest lawyer from the Peoples Republic of China who works in environmental law. Ms. Song addressed the Board explaining the nature of her visit and her appreciation for the welcome she received in Pittsburgh.

Ms. Kirk asked Chief Counsel if he had reviewed the proposal to authorize local government to replace property with sales taxes. She was concerned that some other changes to the RAD tax might be part of the proposal. Mr. Norris said that if it was the same proposal he was familiar with there were no changes to the RAD tax or authority.

Ms. Kirk expressed concern with the number of groups that were operating facilities within parks and whether RAD funds were being used to support these groups. Mr. Donahoe said that the city had agreements with the clay court and lawn bowlers in Frick Park to maintain those facilities but the city provided capital upkeep, often with RAD funds. No operating funds were going to the groups. The Parks Conservancy was managing a part of Schenley Park without reimbursement from the city. Ms. Yarris reminded that Venture Outdoors was employed by the county to operate certain recreation programs in the county parks. Mr. Donahoe said that the District had funded Venture Outdoors for several years but they did not apply for 2012.

Adjournment

Mr. Griffin reminded all that the next board meeting will be before budget hearings on August 21, 2012. There being no further business, Mr. Griffin adjourned the meeting at 3:50 PM.