The Board of Directors met at 3:00 PM on Tuesday, May 31, 2011 in the O’Neill Room on the 23rd floor of the R.E.T. Present was Board members: Chair, Mr. Dan Griffin, Mr. Stan Parker, Mr. Rick Pierchalski, Dr. Dan Rosen, Ms. Dusty Kirk 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 28, 2011, which were distributed to members previously.

As there were no additions/corrections, Ms. Yarris moved approval of the minutes from April 28, 2011. Dr. Rosen seconded the motion, which was unanimously approved by the Board.

**Treasurer’s Report**

Mr. Pierchalski gave the following report:

Board Members:

Sales tax revenue for May was $7.1 million or 2.1% higher than the same month in 2010. Tax revenue to date for the year totals $34 million or 4.7% higher than the first five months of last year. While our projections assume a decline in tax revenue during the summer months, the District should be able to implement its 2011 budget as adopted.

Administrative expenses are consistent with budget at this time. In May the District received notice of its employee health care benefit renewal at a 9% increase. This compares to the over 40% increase the District initially received in 2010. At that time the plan was transitioned to a “healthy savings” model which has helped to moderate the cost growth. As provided in the budget resolution, $4,400 from reserve was transferred into the benefit line item to meet the increased costs.
The District’s annual report has been published and is being distributed at this time. The full audit is posted online and available for public inspection.

Submitted by
Rick Pierchalski
Treasurer

As there were no questions, Mr. Griffin asked that this report be received and filed.

The Chair then called on Ms. Kirk to present the report of the Allocations Committee.

Allocations Committee Report

Board Members:

At the April meeting of the board and advisory board the committee presented our recommendations for the 2012 budget process. The only significant policy change for 2012 is that the District would re-open the discretionary capital grant program so that an inventory of projects can be gathered in the event that we exceed revenue targets. Otherwise, the eligibility requirements and program guidelines remain as in previous years. They are outlined on the following pages. The District is moving to an online filing system and staff is planning several training efforts to assist applicants in using the new system.

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. The committee believes that the 2012 program outlined in these documents emphasizes the Board’s duty to preserve a group of quality, well-managed and diverse regional assets and encourages them to consider how to respond to economic realities. We look forward to working with the Board and applicants during the coming months and move the adoption of the recommendations outlined in the documents and in this report.

Submitted by the Allocations Committee,
Dusty Kirk, Stan Parker and Connie Yarris

2012 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. (40)
- Programming - including scheduled quality programming, outreach, audience development, community impact. (40)

- 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. (20)

◆ 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.

Dr. Rosen inquired how long the discretionary capital grant program had been closed. Mr. Donahoe said that it had been closed for three years. Mr. Griffin asked if the committee has set a target level for the release of capital funds. Ms. Kirk said that the committee thought that with a 5% growth in revenue they should at a minimum catalogue the capital needs. No absolute threshold had been set.

Ms. Kirk moved approval of the Allocations Committee report, seconded by Ms. Yarris. It was approved unanimously.

The chair then called on Dr. Rosen to present the report of the Library Committee.

**Library Committee Report**

Board Members:

As part of its oversight responsibility, the District regularly conducts operational reviews of assets. These reviews are provided for in the grant agreements with assets under a category referred to as "special audits" wherein the District selects and pays for the firm to conduct the review.

In 2009 the District conducted an extensive review of the Carnegie Library of Pittsburgh, the single largest grantee of the District. This report provided valuable information and guidance for decisions that kept that system intact pending receipt of new sources of support.

This year the committee is proposing that the Board authorize a special audit/review of the Allegheny County Library Association, the other major grantee in the library category. Since 1995, the Association has received $108.4 million in District support. ACLA is unique among the assets in that it is entrusted with RAD funds to be passed through and administered on behalf of its members. However, it also operates or has operated programs directly such as bookmobile service, Knowledge Connection centers and branch management. Given RAD’s level of commitment to library service, the committee feels that having an independent review of ACLA operations would provide a complete picture of the value of the investment of public funds in library service.

Included among areas the consultant would be asked to examine would be:

1. Verification that costs are properly distributed and reported among the various programs operated by the organization.
2. Verification that funds administered by the organization are distributed consistent with legal and contractual requirements including eligibility, insurance and audit requirements.
3. Verification that financial reporting to the RAD, ACLA’s Board and ACLA members meets appropriate standards for clarity and completeness.
4. Evaluation of the reasonableness of the cost of providing mobile library service, and operation of local branches. The evaluation will include comparisons to other similarly situated operations.
5. Evaluation of the administrative costs compared to other similarly situated federation/district support organizations. This evaluation should include a determination as to whether duplication exists in providing district services to member libraries.
7. Evaluation of whether improvements in communication and policy setting among members have been established as a result of previous audit recommendation.
8. Recommendations for improvements in operations to improve efficiency, cost control and service to members.
9. Other areas to be suggested by RAD board members prior to issuance of a request for proposal.

The committee recommends that the Board authorize and direct staff to prepare a request for proposal and, with the committee’s approval, issue the request. Once proposals are received and evaluation, the committee would make a recommendation to the full board. Funds for the project, estimated not to exceed $50,000, would come from reserves and would require an amendment to the 2011 budget, which would need to be approved prior to the contract award.

Submitted by
Library Committee
Dan Griffin, Rick Pierchalski, Dan Rosen

Ms. Yarris said that she thought the Committee should meet with the ACLA Board to discuss concerns before undertaking this review. She and Ms. Kirk asked the Executive Director to outline previous studies undertaken by and on behalf of ACLA. Mr. Donahoe said the District had funded a formula process study at a cost of $38,000 and had contributed to hiring a formula consultant for $30,000. In addition, the District had undertaken three agreed upon procedure reviews of ACLA, the most recent in 2009.

Dr. Rosen noted that this review was along the lines of that undertaken for Carnegie Library.

Mr. Pierchalski said that he believed the review was in order to deal with issues that have arisen concerning ACLA over the years.

Ms. Kirk asked whether elements of the study would be duplicative with state reports. Mr. Donahoe said that the staff had extensively reviewed state reports last year and the specific questions being raised in the proposed scope were outside the information readily available from state reports.

Ms. Yarris expressed concern with efforts to study non profits that resulted in more questions than answers. Mr. Griffin said that the tasks assigned to the consultant here were specific and would either verify ACLA’s efficiency or lead to changes.

Ms. Kirk asked if staff could not complete some or all of the elements of the study. Mr. Donahoe said that undertaking a major research project would have to be delayed until the 2012 application processing was complete. He also suggested that there were several elements of cost accounting in the proposal that might be better reviewed by a professional accountant. Mr. Pierchalski said he had an issue with staff undertaking the project from a competency point of view.
Mr. Parker said that he had heard enough concerns about ACLA over the years to support the recommendation and noted that this was a small cost compared to the amount of public funds allocated to the asset each year.

Dr. Rosen noted that much of the scope of the study was based on concerns heard from the RAD appointed ACLA Board member.

Mr. Griffin said that he was concerned whether the level of administrative costs for ACLA was appropriate for a pass through agency.

Mr. Griffin noted that the action would only be authority to seek proposals and that the matter would be discussed later prior to award.

The question was called and Mr. Pierchalski moved approval of the recommendation of the Library Committee. It was seconded by Mr. Parker and approved unanimously.

**Executive Director’s Report**

The Chair called on Mr. Donahoe for his report.

Mr. Donahoe presented the Phipps Conservatory and Botanical Gardens’ long range plan, a copy of which is on file in the District office. Staff recommended this plan. Mr. Richard Piacentini, Executive Director of Phipps, attended the meeting and responded to questions from the Board. He noted that operating costs for the new facilities were kept to a minimum due to energy efficiencies. The Chair congratulated Mr. Piacentini on his recent award from the American Horticultural Society.

Ms. Kirk moved approval of the Phipps plan, seconded by Ms. Yarris. It was approved unanimously.

Mr. Donahoe submitted a request to amend a 2011 capital grant for Steel Valley Trail Construction by the Allegheny Land Trust by adding work on the Keystone Trail segment to the project. Hannah Hardy represented the Steel Valley Trail and responded to questions from the Board. Mr. Parker moved approval of the request, seconded by Ms. Kirk and it was approved unanimously.

Mr. Donahoe asked the Board to suspend the following 2011 grant awards for failure to complete 2010 close out reports and other paperwork and, further, to authorize revocation of the grants if the assets are not in compliance by June 30, 2011: Pittsburgh Philharmonic Orchestra, Renaissance City Winds, and Avonworth Municipal Authority. Grants would be reactivated if matters are resolved by June 30. Mr. Pierchalski moved approval of the recommendation, seconded by Ms. Yarris and it was approved unanimously.

**Old/New Business**

Ms. Kirk asked whether the District was aware of the possible change in the health care insurance market in Pittsburgh next year. Mr. Donahoe said that the District had not received any information from its current carrier but would follow up.
Adjournment

Mr. Griffin reminded all that the next board meeting will be before budget hearings on August 23, 2011. There being no further business, Mr. Griffin adjourned the meeting at 4:15 PM.