Allegheny Regional Asset District
Board of Directors Meeting/Public Hearing
Regional Enterprise Tower
February 10, 2009

The Board of Directors met at 4:00 PM on Tuesday, February 10, 2009 in the A. E. Hunt Conference Room on the 23rd floor of the Regional Enterprise Tower. Present were: Chair, Ms. Dusty Kirk, Mr. Rick Pierchalski, Mr. Dan Griffin, Mr. Stan Parker, Ms. Connie Yarris, Dr. Herman Jones, Chief Counsel, Jim Norris, Executive Director, David Donahoe and staff as well as members of the public. Notice of the meeting was published in accordance with the Act and By-laws and on the ARAD Website.

The Chair announced that as this was the first meeting of the board this year and would constitute the annual meeting where officers would be elected.

Public Comment/Hearing Period

Karlyn Voss, Director of Government and External Relations for the Carnegie Library of Pittsburgh spoke in support of the Year 16 Committee recommendation but asked the board to consider increasing the minimum funding levels and/or libraries and parks be put in a special category. She noted the results of the recent RAND study that called for the development of a dedicated funding stream just for libraries. She asked that the Carnegie Library and Parks be grouped together and given a special status by the board.

Mary Francis Cooper, Deputy Director of Carnegie Library and Chair of the EIN Board recommended by the allocation to the EIN be given contractual asset status referring to a letter written to his effect by Dr. Barbara Mistick, President and CEO of the Carnegie Library and Marilyn Jenkins, Executive Director of ACLA.

Minutes

Ms. Kirk asked for consideration of the minutes from the meeting of December 1, 2008 and whether there were any additions or corrections. As there were none, Ms. Yarris motioned for approval with Mr. Parker seconding and the minutes were approved unanimously.

Treasurer’s Report

Ms. Kirk called on Mr. Parker to give the following Treasurer’s Report:

Board members:

Tax revenue for the first two months of the year totals $14.6 million or 1.3% less than the first two months of 2008. Although January’s deposit exceeded the prior year, the February deposit was off by 4.6%. February represents the bulk of holiday sales and is traditionally the District’s highest revenue month for the year. Since the 2009 budget assumed a 5% across the board reduction in tax revenue, however, the District is actually ahead of budget for now. Monthly numbers do fluctuate so we caution that it is too early to make new projections for the year.

The decline in revenue in February was about equal to the decline seen in the state’s month to month sales tax collections.

Grant expenses for the first two months of the year total $13 million consistent with budget. Interest earnings continue to fall with even timed investment earning only around 1%. In 2008 the District earned some $730,000 in interest earnings. We have budgeted $300,000 for 2009 but need rates to stabilize to achieve that result. Overall, however, the District finances would be improved if the lower rates stimulate the economy.
The District’s independent auditors completed the field work on the 2008 audit. Following receipt of confirmation from banks and the State Treasurer, they will be in a position to meet with the Audit Committee and report to the Board and public.

As there were no questions from the Board, the Chair asked that this report be received and filed.

Connections Committee

Ms. Kirk stated that the Connections Committee was asked to review the proposed Year 16 policy before its adoption. Ms. Kirk asked Ms. Yarris to read the following Connections Committee Report:

Board Members:

For a number of years the District has advanced the concept that assets can reduce overhead and sustain their mission by adopting shared service initiatives – everything from sharing office services to outright organizational mergers. The District has supported these efforts by maintaining its level of financial support for merged organizations and by including shared services initiatives as criteria in evaluating continued operating support. The District also developed a special initiative grant program a number of years ago to support initiatives but it was short lived and not well funded.

Last year, at the request of the chair, the committee considered whether the District should undertake new efforts in this area. Our work included staff research, reviewing current policies and possible new initiatives and a session with asset representatives with extensive experience in this area.

As a result of our review, we have several conclusions and recommendations to make at this time.

Although funders encourage and often stimulate merger efforts, nonprofit organizational mergers occur infrequently. They usually happen when an economic crisis forces the organizations and/or the community to take action. People involved in non profit service delivery are motivated by mission and usually believe the mission will be impaired if the structure folds into a different format.

Efforts to share services short of mergers are more successful. We have evidence of this in the Shared Services Program of the Pittsburgh Cultural Trust and programs of the Greater Pittsburgh Arts Council for joint ticketing, insurance pools and organizational capacity improvements. The various programs of the county libraries to share resources are an example as well. The common factor in all of these is the existence of a third party organization to encourage and sustain the effort.

For funders to encourage these initiatives, they must be prepared to offer significant support for shared service projects and must provide some reward for organizations that undertake them.

The Committee believes that this is an opportune time for the District to restate its policies in this area and we recommend the following:

1. As a part of the Year 16 Policy, the District should include language prioritizing shared service initiatives for contractual as well as all other applicants. The following is suggested as an insert in the policy:

   During this renewal period, the District will place renewed emphasis on assets sharing services and resources. The goal will be to reduce overhead through collaborative efforts designed to increase efficiencies and effectiveness thereby sustaining and enhancing public programming. The District expects contractual assets as well as all other applicants to consider opportunities to advance this goal.

2. The District should consider, as funds are available, the creation of a new and adequately funded project grant program to foster asset connections. This program would be operated separately from the regular operating grant program to take advantage of opportunities and needs as they arise. We have developed the outline of such a program and submit it for your review and comment. The program would consider requests from third party organizations willing to facilitate shared service program for and on behalf of assets.

3. The District should give additional weight to shared service achievements when evaluating and setting operating grant levels.
While it is clear that funders cannot force shared service initiatives, they can encourage them through what they say and what they do. We believe these steps will help to achieve those ends.

Submitted by
Dan Griffin, Dusty Elias Kirk, Connie Yarris

Mr. Griffin read the following DRAFT of the proposed Connection Grants:

DRAFT

Connection Grants

In order to preserve and enhance public service, the District is interested in fostering connections between and among regional assets. To encourage those connections, we are establishing a new project grant program under our “Renaissance Grants” category.

The goal of this program, known as Connection Grants, is to support the implementation of a range of collaborative efforts that will lower overhead costs thereby sustaining and enhancing public programming.

From time to time, the Allocations Committee will determine an amount of funds that can be set aside for Connection Grants. That amount will be recommended to the full board and set up as a special reserve.

Connection Grants will be one time project grants designed to directly assist in the implementation of asset connections including the following:

- Actual merger of assets resulting in a reduction of overhead costs or that will otherwise sustain the asset’s level of service to the community.
- Agreements between or among assets to share a significant portion of administrative costs and or facilities for a minimum of three years.
- Projects by single or multiple assets designed to foster collaborative efforts in the areas of administration, marketing, revenue enhancement and expenditure control.

Connection Grants may be used to pay for any costs associated with the project. While requests for funds to develop business/implementation plans will be considered, the District expects that these grants will lead to actual results rather than the production of feasibility or conceptual studies.

The Board will consider award of Connection Grants during the first three quarters of each calendar year. Applications must be submitted at least four weeks prior to the end of the quarter. The Allocations Committee will review and recommend grant awards to the Board, which will take action following the appropriate public hearings.

The amount of an individual grant is not limited except by the total amount of the budget appropriation. Applicants must otherwise be eligible for District support and meet all of the funding criteria in place for awards during the fiscal year in which the application is made. Applicants may be third party organizations planning to coordinate/operate the shared service initiative on behalf of assets.

In addition to the Connections program, the District will continue to encourage collaborative efforts through its other grant programs.

Mr. Griffin pointed out that the prior is just a draft of the report and that it was designed to not be in conflict with the regular applications. It is to be a separate grant program with no effect on the annual grant process.

Ms. Yarris then moved that the Board adopt the Connections Committee report recommendations with respect to the Year 16 Policy and this was seconded by Mr. Griffin. The report was adopted unanimously.
Year 16 Committee Report

Ms. Kirk asked Mr. Donahoe to brief the Board on the Year 16 Committee recommendations and the public comment received on those recommendations. Mr. Donahoe outlined the recommendations, which are contained in a proposed resolution. He said that there had been several letters filed with the District in support of the reports and none objecting to the proposal. As noted earlier, suggestions were made by library assets to increase the minimum funding and consider the EIN for contractual asset status.

The Chair initiated a discussion about the EIN proposal and asked the Executive Director to outline the history of this funding. Mr. Donahoe said that funds were included in the original ACLA budget for electronic systems but this was before the EIN existed as a corporation. At that time Allegheny County also funded the computer network. He said that the Board adopted his recommendation to consider the EIN as an annual grant in the 2009 budget. He also outlined restrictions in the 1997 District bond issue contracts on increasing guaranteed funding. Mr. Pierchalski said the Board might consider reducing ACLAs minimum funding by the amount of computer funding in the first contract. He then asked EIN representatives at the meeting to clarify their concerns.

The EIN Chair, Mary Francis Cooper said that there was concern about continuation of funding for the network and that giving it contractual asset status would take it out of a “limbo” state. Ms. Yarris responded that it was not in limbo but now being more closely monitored.

Mr. Griffin then moved the adoption of the following resolution, seconded by Mr. Pierchalski. The motion was approved unanimously with six votes in the affirmative.

Resolution

Whereas, the agreements with the nine contractual assets expire on December 31, 2009, and

Whereas, during 2008 the District Board established a committee of Board and Advisory Board members to consider what action the District should take with respect to contractual assets, and

Whereas, following public input, the committee filed a report on December 1, 2008, which has been open for public comment and review for two months, and

Whereas, the Board has considered the recommendations of the Year 16 Committee as well as the Connections Committee and provided a two month period for additional public comment.

Now, therefore, be it resolved that the District Board hereby adopts the following:

1. The District will extend the current contractual asset category for another five years (January 1, 2010 to December 31, 2014) and renew the current nine contractual assets’ agreements for that period.

2. The District will eliminate language limiting and/or projecting what contractual assets can expect in terms of operation subsidy from year to year.

3. The contractual asset minimums will not change or will the category be expanded during the renewal period.

4. The District will place renewed emphasis on assets sharing services and resources. The goal will be to reduce overhead through collaborative efforts designed to increase efficiencies and effectiveness thereby sustaining and enhancing public programming. The District expects contractual assets as well as all other applicants to consider opportunities to advance this goal.

5. The District will consider, as funds are available, the creation of a new and adequately funded project grant program to foster asset connections. This program would be operated separately from the regular operating grant program to take advantage of opportunities and needs as they arise. The program would consider requests from third party organizations willing to facilitate shared service program for and on behalf of assets.
6. The District should give additional weight to shared service achievements when evaluating and setting operating grant levels.

7. The Executive Director and Chief Counsel are authorized and directed to take the necessary steps to prepare and execute documents reflecting these decisions and to incorporate into those documents any other policy changes adopted by the Board.

**Executive Director’s Report**

1. Mr. Donahoe asked board approval for renewal of agreement with Pew Charitable Trust for use of the PA. Cultural Data Project on line reporting system for 2009 - Cost: $10,000. Mr. Pierchalski motioned for approval with Dr. Jones seconding the motion and this was unanimously approved.

2. Mr. Donahoe also asked board approval for an extension of the agreement with Olszak Consulting for information technology services in 2009 with a maximum cost of $10,000. Mr. Parker motioned approval of the spending with Mr. Pierchalski second the motion which was unanimously approved by the board.

3. Mr. Donahoe reported on ARAD sponsorship for Access and Opportunity Program Support for MBE/WBE Governmental Committee Trade Fair. He reported that the Trade Fair was well attended.

4. Mr. Donahoe informed the board that the Commercial Insurance Package was renewed at a lower cost and the policies were on file.

**Election of Officers for 2009**

Ms. Kirk announced it was time to elect officers for 2009. The bylaws provide for the election of three officers, Chair, Vice Chair, and the now combined office of Secretary/Treasurer. The board may elect assistant officers either from the board or staff as it sees fit.

Ms. Kirk opened the floor for nominations for Chair. Mr. Pierchalski nominated Ms. Kirk for Chair. As there were no other nominations, Ms. Kirk closed the nominations and all the board members voted in favor of Ms. Kirk as Chair.

Ms. Kirk opened the floor nominations for Vice Chair. Mr. Pierchalski nominated Mr. Griffin for Vice Chair. As there were no other nominations, Ms. Kirk closed the nominations and all the board members voted in favor of Mr. Griffin as Vice Chair.

Ms. Kirk opened the floor nominations for Secretary/Treasurer. Mr. Griffin nominated Mr. Parker for this position. As there were no other nominations, Ms. Kirk closed the nominations and all the board members voted in favor of Mr. Parker as Secretary/Treasurer.

Ms. Kirk nominated Mr. Donahoe for Assistant Secretary/Treasurer. As there were no other nominations, the nominations were closed. Mr. Donahoe was elected unanimously to this position.

**Appointment of Committees**

Ms. Kirk said that in the interest of continuity the Allocations Committee would remain the same as the prior year. Mr. Griffin, Mr. Parker and Mr. Pierchalski were unanimously approved by the Board.

Ms. Kirk then appointed Ms. Yarris, Mr. Jones, Dr. Jones and Rick Pierchalski to the Library Committee. The board unanimously approved of these appointments.

Ms. Kirk appointed herself, Mr. Jones and Mr. Griffin to the Audit Committee. The board unanimously approved the appointments.
Ms. Kirk appointed herself, Mr. Griffin and Mr. Parker to the Executive Committee. The board unanimously approved these appointments.

Ms. Kirk named herself, Ms. Yarris and Mr. Griffin to the Connections Committee for 2009. The board unanimously approved this committee.

With the full board approval, Dr. Jones was appointed Liaison to the Advisory Committee.

Ms. Kirk announced that the Year 16, Diversity Committee and the By Laws Review Committee would be discontinued in that they had completed their work in 2008. She asked members to discuss other committee interests with her.

**Old/New Business**

As there was no old or new business brought before the board, the meeting was adjourned at 5:00pm.