Allegheny Regional Asset District
Board of Directors Special Meeting
October 21, 2009

The Board of Directors met at 4:00 PM on Wednesday, October 21, 2009, on the 31st floor of the Regional Enterprise Tower. Present were Board members: Ms. Dusty Kirk, Chair, Mr. Dan Griffin, Mr. Rick Pierchalski, Dr. Herman Jones, Mr. Rob Jones, and Ms. Connie Yarris. Chief Counsel Jim Norris, Executive Director David Donahoe and staff as well as members of the public and news media were also present. Notice of the meeting was published in accordance with the Act and By-laws and on the ARAD Website.

Public Comment Period

The following people who had previously registered with the District gave testimony:

1. Jacqui Fiske Lazo, Chair of the Board of the Carnegie Library of Pittsburgh (CLP), thanked the Board for its support and outlined the process used by the Trustees of the Library in approving the cost reduction plan to go into effect in 2010.

2. John Weinhold of Beechview criticized the executive level salaries at CLP. He also outlined the difficulties that residents of areas where branch libraries would be closed would have in getting public transportation to other libraries. He also questioned why CLP Trustee meetings are not open to the public and urged the Trustees to schedule evening public meetings. Mr. Weinhold provided copies of letters to CLP, transit schedules and other statistics on library operations.

3. Chuck Staresinic of Lawrenceville asked that his entire statement be made part of the record. My name is Chuck Staresinic. I live in Lawrenceville, where my wife and I are raising four children. We live around the corner from the Lawrenceville Library. Despite what you may have heard, this library is thriving. I say that based on the Carnegie’s own numbers for circulation and visitors. It’s thriving, despite lacking resources that other neighborhood libraries enjoy, such as a children’s librarian and extensive renovation.

   A city that closes its libraries is a city in decline, and that does not describe the Pittsburgh that I know. Lawrenceville is evidence that the opposite is true. It is filling up with new residents renovating century-old houses, starting families, and enrolling their children in public schools. A city that closes 25 percent of its libraries is a city that has lost its way. I refuse to believe that Pittsburgh has lost its way.

   The director of CLPGH has said she won’t discuss efforts to save individual libraries. To me, that seems a transparent attempt to stifle discussion of steps we can take to save our libraries. This discussion shouldn’t end just because one person says it does.

   Furthermore, it was reported that the library system’s board of trustees voted 18-4 for these closures, with one abstention. Yet the Carnegie’s website lists 36 voting board members. If true, that means more than one third -39 percent of the board of trustees did not vote. I urge you to ask why this is the case. Did the board members consider this an important vote?

   If need be, I can provide a list of Pittsburghers who would be willing to serve on the board of trustees. We may not hold public office or pull in big salaries, but we would attend a meeting about eliminating 25 percent of the neighborhood libraries in the system.
Here is my last point, and I think it’s the most important: You may know that Carnegie Libraries of Pittsburgh paid for an independent analysis of the neighborhood libraries by CMU’s Center for Economic Development. The decision to close these branches was reportedly based on this study. But the public has not been permitted to read this study, weeks after the closing of our libraries was announced. Today, the Carnegie’s Communications Department informed me that they are preparing it so that it can be posted online at some future date.

For an organization that received over $17 million dollars in taxpayer money last year, I’m concerned by the lack of transparency. My question for the RAD board is this: As the people responsible for allocating 17 million taxpayer dollars, have you been permitted to see this study as it was written when the decision to close the libraries was made? And if so, does it really recommend closing the Lawrenceville branch—a busy library in a thriving neighborhood, despite not receiving the resources provided to other neighborhood libraries. Many of us find it very difficult to believe that this is the case. We wonder why the study hasn’t been made public yet. I urge you to ask these questions in your audit.

I thank you for your time and attention.

4. Louis Testoni of Pittsburgh and Chair of the Finance Committee of CLP advised the Board that CLP had undergone a thorough review of its finances before reaching the decision on the branch closings. Prior to making that decision, CLP had reduced substantial costs from its budget. He reported that his committee was reexamining the financial projections based on the latest information on state funding.

5. Mark Kohut of Mt. Lebanon spoke in favor of libraries and their importance to the communities and also indicated that he was circulating a petition on the matter.

6. Don Bell of Beechview spoke in support of the Beechview branch library and notes its importance of families in the area.

7. Anna Loney of Beechview spoke in support of the Beechview branch library and noted that all should be concerned with the young people and the importance libraries play in their lives.

8. Rebecca Altes of Lawrenceville said that this was the second time she had participated in the effort to save the library branch in her area. She advised the Board that Lawrenceville did not get the resources afforded to other libraries.

9. Hon. Chelsa Wagner, Pa. State Representative, said that while she respected the service of the CLP trustees, she believed that the library did not adequately consult communities about their plan to close branches. She also expressed concern with the expenditures on capital improvements at a time that operating funds were declining. Rep. Wagner noted that she and other elected officials were meeting with the library to consider funding alternatives but they wanted commitments that no changes would be made to the branch system until the audit and discussions were completed. She stated that RAD should reduce its funding if branches were closed.

10. Mary Ellen Leigh from the Southside library questioned why the District would provide debt service support to stadiums and no additional support to the libraries.

11. Hon. Patrick Dowd, Pittsburgh City Councilman, thanked the RAD for its support and urged passage of the resolution to undertake a special audit. He said that this action would provide clarity needed as discussions about how to fund the library move forward.

12. John Rudiak of Carrick criticized allocations to the stadiums saying that they were not included in the program when the sales tax was authorized by the voters. He noted that while the District is making reductions in funding in other areas, the debt service obligations to the stadium and arena cannot be changed. Board member Dan Griffin noted that the sales tax was
not enacted by referendums and a major reason for the creation of RAD was to take over funding of the stadiums.

13. Mary Anne Coyne of Beechview spoke in favor of keep that branch open.

14. Judy Gumash of the Friends of the Library encouraged RAD to undertake an audit and said that according to the American Library Association, the average salary for a library director was $77,200 in 2007.

15. Glenn Walsh of Mt. Lebanon submitted information supporting his position that state law requires that libraries conduct their business in accordance with the Sunshine Act and Right to Know Law. He said that CLP does not do this and urged RAD to comply with the law.

16. A representative from the Franco family did not respond when their name was called.

17. Charlene Saner of Pittsburgh spoke in favor of keeping the Beechview library open and noted that libraries provide other community and social services important to everyone.

18. Dr. Barbara Mistick, President and Director of CLP thanked the Board and the public for their support of the library at a difficult time. She explained that the decision to reduce branches and hours was a difficult one and not one that the Trustees or management wanted to undertake. She said that she was meeting with elected officials to explore funding possibilities but that she had not received firm commitments on additional sources of revenue. She pledged to work with the District and all interested parties to find solutions to the long range problem of library funding.

The Chair thanked the speakers and said that the District took all of their comments seriously and would consider them. She noted that District’s governing Act does not provide for the District to operate assets. Carnegie Library is organized as a public trust and is recognized as a non-profit corporation. It is governed by a Board of Trustees in accordance with the original trust as amended over the years.

The Chair also noted that the District requires applications, yearly comprehensive financial audits and other reports. In addition, District staff and board committees meet with assets regularly. The grant agreement provides for the District to engage the services of a special auditor to “evaluate the status of the regional asset and recommend remedial actions to address any managerial, financial or other problems of the regional asset.” It is under that provision that the Audit Committee is making its recommendation.

The Chair asked Mr. Rob Jones to give the following report:

**Audit Committee Report**

Board Members:

The Audit Committee met on October 15, 2009 to review three items. The Committee met with District staff, legal counsel and a representative from the County Controller’s office. We present the following report for the Board’s consideration:

1. **2008 Agreed Upon Procedure Reviews**

The Committee received the Agreed Upon Procedure Reviews conducted on the four assets this year: Allegheny County Library Association (ACLA), Upper St. Clair Township - Boyce
Mayview Park, Society for Contemporary Craft and Historical Society of Western PA (Heinz History Center).

In general, the District’s auditor found that internal financial and other records either matched or were reconciled with reports sent to the District.

The auditor found minor differences in some attendance reporting for the Society for Contemporary Craft but noted that most of its attendance is free. The auditor noted that an analysis of the Society’s budget shows that it is dealing with some financial challenges. The Society provided a response to the District outlining the steps it has taken to balance its 2010 budget. Staff was directed to follow up with the asset on collaborations that may reduce expenses.

The auditor reviewed procedures that ACLA uses to verify that member libraries audits were received and to track capital projects of member libraries. The auditor was satisfied with methods used by ACLA.

The auditor verified that the Township of Upper St. Clair segregates funds from the District for the Boyce Mayview Regional Park from its other park spending. Upper St. Clair spends more on the park than the District provides. Equipment purchased with District funds is used only in the regional park. The Township did not use any District funds for the community center.

There was a minor discrepancy on History Center’s attendance. The auditor reviewed the History Center’s projected deficit and management’s plans to deal with the problem.

2. **2009 Annual Audit**

It is expected that the District’s independent auditor will undertake the 2009 audit shortly after the end of the year. The District is in the last year of a three year contract with its auditors. If any member wishes a specific area reviewed, please let the committee know by the end of December.

3. **Carnegie Library of Pittsburgh Review**

On October 6, 2009, the District received notification that the Carnegie Library Board of Trustees had adopted a resolution directing changes to the operation of the library system in 2010. The changes were based on updated revenue information not available when the Library filed its 2010 District budget request as well as projections showing that a $6 million structural deficit will begin developing at the library beginning next year.

Staff has asked the Library to submit an updated budget and to provide other information. Several members requested that a committee add an additional special audit/review to our program this year for the purpose of validating the projections and the method for determining the cost reduction plan components. The agreement with the assets allows for a special audit conducted by the District appointed and paid auditor.

The Committee voted to recommend to the full board that a special audit/review be conducted and that staff be authorized and prepare and solicit requests for proposals from qualified individuals/firms to carry out the review. An estimate of the costs and timing for the project will depend on the final scope. Once the costs of the project are determined, the District will be required to amend the 2009 budget to provide the necessary funding.

Submitted by Audit Committee
Dan Griffin, Dusty Kirk and Rob Jones
Mr. Pierchalski asked how the audit firm would be selected and whether a committee or the entire board would make the final selection. Mr. Donahoe said that there would be a vote of the full board on the contract and that the matter would also require an amendment to the budget since funds were not previously allocated for this project. While the appointment of the auditor could be made with a simple majority vote, the amendment to the budget would require a six vote majority.

The Chair said that she thought the Audit Committee would continue to supervise the project but that all members would be involved in the selection process.

Mr. Pierchalski also asked if a cost and time estimate had been made noting that the Board needed the results of the review as soon as possible. Mr. Donahoe said that he estimated the cost would exceed $10,000 and thus the request for proposal process was required under the District’s guidelines. He also estimated that the project would take eight weeks from start to finish.

The Chair said that she hoped the project could begin expeditiously and noted that the District had already sought information from Carnegie Library, which would be handed over to the consultant.

Mr. Parker asked if the Board needed to discuss the tasks prior to a vote. Mr. Donahoe said that he would ask the Audit Committee for a sign off on the tasks once board members had a chance to comment.

Mr. Griffin then moved that the Board authorize the initiation of the process to hire a special auditor to undertake a review of the Carnegie Library and that District staff, in consultation with the Audit Committee, prepare and distribute a request for proposal for the review. The motion was seconded by Mr. Pierchalski and adopted unanimously.

There being no further business, the meeting was adjourned at 5:35 pm.