The Board of Directors met at 4:00 PM on Monday, April 28, 2008 at the August Wilson Center Gallery. Present were: Chair Dusty Kirk, Mr. Rick Pierchalski, Mr. Dan Griffin, Dr. Herman Jones, Mr. Robert Jones, Mr. Stanley Parker, Ms. Connie Yarris, Chief Counsel Jim Norris, Executive Director, David Donahoe and staff. Present from the Advisory Board were Mr. David Graffam, Mr. Jonathan Cox, Mr. Mark Lynch, Mr. Charles Spence, Ms. Pam Golden, Dr. Judy Bookhamer, Ms. Cynthia Maleski and Mr. Winford Craig as well as members of the public and news media. Notice of the meeting was published in accordance with the Act and By-laws and on the ARAD Website.

Ms. Kirk called the meeting to order and welcomed members of the Advisory Board to the meeting. She also encouraged their questions and comments as the Board moved through the agenda.

Ms. Kirk introduced the President of the August Wilson Center, Neil Barclay who outlined the progress in constructing the Center and projected its opening date for the spring of 2009.

**Public Comment Period**

Ms. Kirk called for public comment. The only speaker to register was Mr. Glenn Walsh of Mt. Lebanon.

Mr. Walsh, Project Director of Friends of the Zeiss, spoke in regard to utilizing fully the Zeiss II Projector and 10-inch Siderostat-type Refractor Telescope, which are currently in storage of the Carnegie Museums–Science Center. He said that they should either be placed in the Science Center complex or returned to the Children’s Museum for display in the renovated Buhl Planetarium building.

Mr. Griffin suggested that the Friends organization raise the money needed to display and use this equipment themselves because the Carnegie Museum – Science Center has already stated that they are not going to do this and the Children’s Museum does not see it as a part of their program. Mr. Pierchalski and Mr. Jones asked what Mr. Walsh was asking the District to do and whether he had inspected the equipment recently to make sure it was operational. Mr. Walsh said that he has not inspected the equipment recently.
Several members suggested that such an inspection be made and that a report be filed with the District.

**Minutes**

Ms. Kirk asked for consideration of the minutes from the meeting of March 31, 2008 and whether there were any additions or corrections. As there were none, Dr. Jones motioned for approval with Ms. Yarris seconding and the minutes were approved unanimously.

**Treasurer’s Report**

Mr. Parker gave the following report:

Board Members:

Tax revenue for the April was $5.8 million, 4% less than the same month last year. April revenue represents sales that took place for the most part in February. This was the first month in 2008 that tax revenue fell behind last year and behind the growth rate in state sales tax collections. The decrease was mostly in general sales taxes, which accounted for all but a fraction of the downturn. Auto sales taxes were just slightly below the prior year.

For the year to date, tax revenue is $26.4 million, still 2.3% ahead of 2007 as a result of unexpected gains in the first quarter. However, we learned this month that the first quarter included some larger one time audit assessments which cannot be considered actual growth.

Initial consumer spending reports for March were flat in most categories except for autos, which saw a substantial decline nationally. We expect May revenue to be a good indicator of what impact the economic slowdown is having locally.

Expenditures in our allocation and administrative funds are on budget at this time.

The Audit committee will report on the 2007 annual audit later in the meeting. It along with all other financial reports is available for public inspection at the office and will are posted on the District’s web site.

Thank you.

Stanley J. Parker, Treasurer

There were no questions from the board so the Chair directed that the report be received and filed.
Audit Committee Report

Ms. Kirk called on Mr. Griffin to deliver the report of the Audit Committee.

Board Members:

The Audit Committee met on April 17, 2008 with the District’s independent auditors, District staff and representatives from the County Controller’s office. We present the following report for the Board’s consideration:

1. **2007 Audit**
Board members have received a copy of the 2007 audit and it is available for public inspection in the District office. The committee reviewed the audit with Janet Feick, CPA and George Stagon, CPA, auditors from McKeever Varga & Senko. Ms. Feick said there were no disagreements with management and no management letter was issued. This means that the financial statements prepared by management accurately reflected the financial condition of the District at December 31, 2007. The District is in compliance with current standards for presentation of financial statements by government entities.

2. **2008 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 Audit Committee has chosen Carnegie Museums, Pittsburgh Opera, Pittsburgh Irish and Classical Theatre and Prime Stage for review this year. The estimated cost for this project is $7,500.

Submitted by

Dan Griffin, Dusty Kirk, Herman Jones

Mr. Griffin added that a contractual asset, larger annual asset and two of the smaller annual assets were randomly chosen by the Committee each year for the agreed upon procedures.

As there were no more questions or comments, Ms. Kirk asked that this report be received and filed.

Allocations Committee Report

Ms. Kirk informed all that the 2009 budget will be a milestone because when adopted the District will pass the $1 billion mark in regional asset grants.

She then called on Mr. Pierchalski to report on the Committee’s work to prepare for the 2009 budget.
Board Members:

Our committee has begun work on the 2009 budget and would like to share initial thoughts and obtain feedback from board members and advisory board members before proceeding.

**Eligibility**
In addition to the eligibility criteria set forth in the governing act, the District has developed a series of policy guidelines to clarify areas it will fund. This has been done both for the convenience of potential applicants as well as to manage the District’s grant process. The policy guidelines have been in place for several years now (see attached Exhibit 1). They are consistent with the definition of regional asset in the statute and the intent of the founders of the District. We have no recommendations to change the guidelines at this time but recommend that their status be reviewed each year as part of the budget process.

**Capital Grant Program**
Each year the Board must decide whether to include a discretionary capital grant program in the final budget. While capital funds have been allocated during most of the District’s history, the program was suspended and/or capped during the last recession period.

In looking at the revenues to date there is a mixed pattern, a good first quarter followed by a negative month in April. The trends in retail sales at the national level are not encouraging but it is too early to make a projection for the remainder of 2008 let alone 2009.

Securing a list of capital needs gives the Board important information about the condition of asset facilities. Given this, our thinking is to invite the submission of capital requests for 2009 with the understanding that the program may be significantly scaled back based on available resources. Most applicants tell us that they have no problem submitting requests on that basis.

**Evaluation Criteria**
For several years we have asked District staff to evaluate applicants based on objective criteria. Last year we settled on Governance, Programming and Diversity as the criteria. The elements of those criteria are detailed in the attached Exhibit 2.

We have reviewed the criteria and believe that they adequately represent the priorities of the District. Our proposal at this time is that we retain the criteria and weighting for another year.

**Evaluation Panel**
Last year the District asked members of the Advisory Board to evaluate a group of 25 applicants on a trial basis, including all first time applicants. The results of that trial showed a high level of consistency between staff and outside evaluators, an important and affirming result. However, the operational requirements of the process indicated that its expansion may not be efficiently handled within existing resources.
Several advisory board evaluators suggested that the process continue but that we limit it to applicants not previously funded by the District. This controls the number but gives the Board additional perspective on whether to declare an organization a regional asset. Staff has indicated that they believe value is added to our process through such a procedure and they can provide the necessary support for such a procedure.

We will continue to review all of these items including feedback from members and the public and will have a final report and recommendation at the May meeting.

Allocations Committee

Dan Griffin, Stan Parker, Rick Pierchalski

Mr. Spence suggested including a few of the funded assets as well as the new requests for funding as long as it was a manageable number.

**Creation of Ad Hoc Committees**

Ms. Kirk stated that previously she had proposed creating several ad hoc committees to address key issues this year. She outlined their duties as follows:

1. **Connections Committee:**

   **Issue:** It is clear that public and private resources available for asset support will diminish both as a result of economic conditions and competition for dollars. We can and must react to the challenge by adjusting allocations to meet the revenue. But we can also react by making sure we have explored efforts to “connect” assets in ways that retain valuable programming while decreasing duplication and overhead costs.

   The District has shown support for asset resource sharing in the past particularly by combining and increasing support for assets that merge operations including The Pittsburgh Cultural Trust and Dance Council; Phipps Conservatory and the Pittsburgh Garden Center; Filmmakers and Center for the Arts. We have also increased support for the Cultural Trust, which has taken on the shared services program in the District and the Greater Pittsburgh Council on the Arts for member service programs.

   Despite these gains, more and more organizations are forming – the District’s 2008 budget includes a record 91 assets.

   **Charge:** The committee is being asked to evaluate existing District policies with respect to asset resource sharing and consider new policies and directions that would stimulate and result in sustained programming with lower overhead.
**Timeframe:** Initial recommendations for consideration with 2009 budget

**Membership:** Mr. Griffin, Ms. Yarris, Ms. Kirk

Ms. Kirk responded to Ms. Golden’s question about the scope being limited by mergers by stating that the committee will review a full range of ideas.

Mr. Parker motioned for approval of the committee and its members with Ms. Yarris seconding the motion and it was unanimously approved by the Board.

### 2. Year 16 Project Committee

**Issue:** The agreements with the nine existing contractual assets expire at the end of 2009. The District must decide what action to take with that category of assets. In order to give these assets sufficient notice, the recommendation is that the board considers a recommendation before the end of 2008.

Under a provision in our governing act, the contractual assets were initially given 10 year agreements (1995-2004) that guaranteed funding levels at least equal to the city/county funding prior to the District’s creation. The District also created an annual grants program and has funded several long term debt projects.

About 18 months prior to the expiration of the first term, the District formed a committee made up of Board members and advisory board members to consider the Year 11 policy. After a number of meetings, input from stakeholders and a public hearing, the committee recommended that the District renew the contractual asset terms for an additional five years but leave the guaranteed funding at the 1995 level. Provision was made for adding contractual assets that met funding thresholds but the board chose not to implement that provision.

**Charge:** The Year 16 Committee will consider alternative policies for dealing with contractual assets beginning in 2010, and receive input from stakeholders and make a recommendation to the Board.

**Timeframe:** Recommendation should be filed with the Board so that public comment may be received and action taken prior to the end of 2008.

**Membership:** Mr. Rob Jones, Mr. Parker, Mr. Pierchalski

Ms. Kirk asked the members of the Advisory Board to consider serving on this committee as they did five years ago. She asked that they advise the staff of their willingness so the Board can formalize those appointments at a later date.
Mr. Pierchalski indicated concern about non board members serving on this committee and whether a recommendation could be made by such a committee. Mr. Norris indicated that it was a matter of policy for the board and that any final decision on contracts would have to be approved by at least six members. Mr. Donahoe explained that the by laws provided for appointment of advisory board members to committees.

Ms. Yarris motioned approval for the new committee and its members with Mr. Griffin seconding the motion and it was unanimously approved by the Board.

**By law Review Committee**

Ms. Kirk informed all that it has been six years since a review was made of the District’s by laws. Rather than create a new committee, Ms. Kirk charged the Executive Committee with the review of the by laws.

**Executive Director’s Report**

Mr. Donahoe briefed the group on the theme of the 2007 annual report, “Renaissance and Renewal” and highlighted the economic impact that assets had last year. He also noted that RAD was renewing itself in a number of ways including a new common grant component to its 2009 applications.

The gallery curator, Ryan Holandes, described the exhibit and invited all to tour before leaving.

Ms. Kirk asked if Advisory Board members had any other comments. Ms. Maleski asked how the District informed the public about the impact of assets. Mr. Donahoe said that it was done through newsletters, annual reports and events. He also indicated that several assets have spoken about doing an impact study.

Before adjourning Ms. Kirk asked if the Year 16 Committee could meet before advisory board members were named. Mr. Donahoe said that he intended to confer with the committee as soon as possible and that new members could be briefed as they came on board.

As there was no old or new business, Ms. Kirk adjourned the meeting at 5:05PM