The Board of Directors met at 5:00 PM on Monday, March 27, 2006, One Smithfield Street in the Simmons Board Room. Present were Board members: Mr. Rick Pierchalski, Vice Chairman, Mr. Dan Griffin, Mr. Rob Jones, Mr. Stanley Parker, 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.

Mr. Pierchalski stated that this meeting will constitute the annual meeting and officers will be elected.

Mr. Pierchalski advised that the City of Pittsburgh notified the District that Mayor Bob O’Connor appointed Mr. Stanley Parker and Mr. Rob Jones to replace Joyce Baskins and Jerry Voros whose terms expired at the end of 2005. Certificates have been presented to Ms. Baskins and Mr. Voros thanking them for their 12 years of service.

Mr. Pierchalski also noted that Charles Zappala resigned from the Board in December and the Board is waiting word from County Chief Executive on his replacement. On behalf of the Board Mr. Pierchalski thanked Mr. Zappala for his enthusiastic leadership.

**Public Comment Period**

Mr. Pierchalski opened the meeting for public comment prior to proceeding with the agenda.

Mr. Glenn Walsh of Mt. Lebanon offered a statement calling on the Carnegie Museums Science Center to reassemble the Zeiss Projector, Mercator Map and Siderostate Telescope, which were originally housed in the Buhl Planetarium. He indicated that the reassembly had been promised to the city government but has been delayed for various reasons including the postponement of the Science Center expansion.

Mr. Edward Kress of Shaler recommended that the Board expand the eligibility for annual grants to include volunteer fire and emergency medical service providers. He noted that he had proposed this in 2005 after the guidelines for the 2006 year were adopted. Mr. Kress advocated at least
making these entities eligible and said he believed it consistent with the District’s governing act.

Mr. Matthew Drozd, County Councilman from the North Hills, also recommended that the Board expand the eligibility for annual grants to include volunteer fire companies and emergency medical service providers. He said that many of these organizations were unable to recruit sufficient volunteers and properly equip themselves. He also said that the District should consider this if uncommitted funds became available.

**Minutes**

There were no corrections to the minutes of the December 1, 2005 meeting. Mr. Griffin moved approval with Ms. Yarris seconding the motion. The motion was unanimously approved.

**Treasurer’s Report**

As the Treasurer’s office was vacant, Mr. Donahoe gave the following report:

Board Members:

Tax revenue for the first quarter of 2006 totals $19.7 million. This is essentially the same amount received in the first quarter of 2005. District results for the quarter mirrored state sales tax, which was also flat for the period. The first quarter of each year is normally the largest revenue producer as it includes end of previous year holiday sales taxes.

For now the tax revenue exceeds budget projections. The final 2006 budget assumed that there would be about a 2% decline in tax revenue by the end of 2006. If the tax sustains at the level experienced in the first quarter, however, it would mean that the District would not have to call on the $1.2 million in reserve used to balance the 2006 budget. Although holiday retail sales posted strong growth nationally, sales tax yields are not keeping pace with that growth. There are a number of factors for this including issues with collecting sales on internet transactions and a softening in the auto market. The Department of Revenue recently briefed the District on an initiative to enforce “use tax”, which is the sales tax due by a purchaser when the tax is not collected by the seller. This is often the case in internet sales.

Interest income for the year is in line with budget estimates at this time. We have issued nearly all of the 2006 grant agreements and all grant payments are on schedule. Due to the better than anticipated cash flow
in the first quarter, the District advanced the first quarterly grant payment to annual assets by one month.

The audit committee will report later on the results of the 2005 audit. Copies of the audit as well as the detailed financial statements are available for public review in the District office.

Thank you.

Submitted by,

David L. Donahoe
Executive Director

The Chair directed that the report be received and filed.

Audit Committee

Mr. Griffin gave the following report:

Board Members:

On behalf of the Board I met with the District’s independent auditor on March 17, 2006 and have the following report:

1. 2005 Audit
Board members have received a copy of the 2005 audit and it is available for public inspection in the District office. I reviewed the audit with George Stagon, lead auditor from McKeever Varga & Senko. Mr. Stagon reported that a clean opinion was issued in connection with the audit and no management letter was issued. This means that the financial statements prepared by management accurately reflected the financial condition of the District as of 12/31/2005. The District is in compliance with current standards for presentation of financial statements by government entities.

2. 2006 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. Selected randomly, 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 Committee has chosen the following assets for review this year: National Aviary, Pittsburgh Musical Theater, City Theater and the Community Theater Project (Kelly Strayhorn).

We also discussed the fact the one of the 2005 agreed upon procedures, Jazz Workshop, has yet to be finalized. Staff and the auditor are attempting to complete this review but a 2006 contract has
not been issued until the report is finalized and reviewed by the committee.

Submitted by
Dan Griffin

There were no questions on the Audit Report; therefore, Mr. Pierchalski stated the audit would be available in the office for public inspection.

**Advisory Board Membership**

In Dr. Jones’ absence, Mr. Donahoe gave the following report:

Board Members:

The terms of eleven members of the Citizen Advisory Board expired at the end of 2005. Under a process agreed to by the Board last year, we invited a number of members to serve another term and we reappointed six at the December meeting.

Through the efforts of board members and staff, four new candidates are being presented for membership this evening. They are:

Cynthia Maleski – a lawyer and former state insurance commissioner from the Allegheny Valley.

Marilyn Coleman – a consultant with Dewey and Kaye from the eastern suburbs and the former executive with Pro Arts.

Ralph Hale – an insurance broker from the North Hills active in support of parks.

F. Charles Spence – an insurance broker from the Clairton (Mon Valley) area who is active in a number of civic and charitable efforts.

The nominees are recommended for four year terms to expire at the end of 2009. If these candidates are appointed, it would leave four vacancies on the advisory board, which is authorized at 27 members.

Under the usual calendar, the board would have met with the advisory board at this meeting to discuss policy issues before adopting the 2007 program. This session was postponed in order to give the board time to organize. Staff is recommending that the Board set a special meeting with the advisory Board in April to review program issues or assign this responsibility to a board committee.

Thank you.
Mr. Griffin moved to approve the new advisory board members with Ms. Yarris seconding the motion. The Board concurred unanimously.

**Executive Director’s Report**

The chair asked Mr. Donahoe for his report.

a. Submission of long term plans

Mr. Donahoe said that contractual assets were required to update long range plans every five years. The plans must be approved by the Board but that approval does not constitute a guarantee of future funding or endorsement of specific projects. Mr. Donahoe presented the following plans, copies of which are on file in the District office.

1. Pittsburgh Zoo and PPG Aquarium. Staff recommended approval with expressions of concern about the need to create an endowment and funding for capital maintenance. Staff also recommended further collaborations with the Aviary on shared resources. Dr. Barbara Baker, President of the Zoo, responded to questions from the chairman on the endowment issues noting that fund raising consultants recommended that endowment requests not be included in the current capital campaign. She indicated that they planned to include such requests in the next capital campaign. She also explained how the Zoo adjusts its operating budget in the event earned revenue does not meet projections.

   Mr. Jones moved and Mr. Griffin seconded the motion to approve the long range plan of the Pittsburgh Zoo and PPG Aquarium. The Board approved the motion unanimously.

2. Phipps Conservatory and Botanical Garden. Staff recommended approval of the long range plan without conditions. Mr. Richard Piacentini, Executive Director of Phipps responded to questions from the board on the use of their endowment by explaining that the Phipps Board decided on the draw each year and none of the endowment was available for capital maintenance.
Ms. Yarris moved to approve Phipps Conservatory’s long range plan with Mr. Jones seconding the motion. The Board approved the motion unanimously.

3. Carnegie Museums of Pittsburgh. Staff recommended approval of the long range plan without conditions. Dr. David Hillenbrand, President of the Carnegie responded to questions from the Board on efforts to increase attendance and co-market the four museums.

Mr. Griffin moved and Ms. Yarris seconded the approval of Carnegie Museum’s long range plan. The Board approved the motion unanimously.

b. 7th Member Election Process

Mr. Donahoe explained that Act 77 requires the election of the 7th member every two years. Nominations have to come from economic development agencies. Mr. Donahoe outlined a calendar and procedure for completing this project.

**Election of Officers**

Mr. Pierchalski informed all that the by laws provide for the election of four officers, Chairman, Vice Chairman, Secretary and Treasurer. The board may appoint assistant officers either from the board or staff as it sees fit. The officers elected this evening will serve until the annual meeting next year.

The by laws do not outline a procedure for the election, so the District follows the “floor nominations” procedure outlined in Roberts Rules of Order. Mr. Pierchalski explained he will call for nominations for each office. Once all the nominations are received, a roll call vote will be taken if there is more than one nominee for the office. A member receiving a majority of votes of those present is elected.

Mr. Pierchalski opened the floor for nominations for the office of Chairman.

Mr. Griffin nominated Mr. Pierchalski to be Chairman and there were no other nominations. The Board voted unanimously in favor of Mr. Pierchalski becoming chairman.

Mr. Pierchalski opened the floor for nominations for the office of Vice Chairman.
Mr. Jones was nominated by Ms. Yarris to be Vice-Chairman and there were no other nominations. This was followed by a unanimous vote in favor of Mr. Jones becoming Vice Chairman.

There was no nomination for the office of Secretary so Mr. Pierchalski opened the floor for nominations for the combined office of Secretary/Treasurer.

Ms. Yarris nominated Mr. Parker to be Secretary/Treasurer and there were no other nominations. The Board unanimously approved the election of Mr. Parker as Secretary/Treasurer.

Mr. Pierchalski informed all that in order to certify the minutes and attest documents, the staff recommended the election of the Executive Director as Assistant Secretary/Treasurer. This does not in any way change the signing requirements outlined in the administrative procedures. Ms. Yarris motioned approval with Mr. Parker seconding the motion followed by a unanimous approval by the Board.

Appointment of Committees

Mr. Pierchalski informed all that the bylaws provide for the appointment of committees. In the past we have worked through three standing committees, Allocations, Library and Audit and a liaison with the Advisory Board. Other committees are appointed on an as needed basis. The Chair is given the duty to assign committees subject to approval of a majority of the Board.

Mr. Pierchalski appointed Ms. Yarris, Mr. Griffin and Mr. Jones to the Allocations Committee. Mr. Jones motioned with Mr. Griffin seconding the motion to approve. All Board members voted to approve the committee.

Mr. Pierchalski appointed Mr. Parker and Ms. Yarris to the Library Committee. Mr. Jones motioned approval with Mr. Parker seconding the motion. The Board voted unanimously to approve the committee.

Mr. Pierchalski appointed Mr. Griffin and Mr. Parker to the Audit Committee. Ms. Yarris motioned with Mr. Griffin seconding the motion to approve. The Board voted unanimously to approve the committee.

Mr. Pierchalski appointed Dr. Jones to be the Advisory Board Liaison. Mr. Jones motioned and Ms. Yarris seconded the motion to approve this committee. The Board voted unanimously to approve this appointment.
Mr. Pierchalski appointed Mr. Jones, himself and Mr. Griffin to an Ad Hoc Committee on Governance to review the grant making procedures. Ms. Yarris motioned with Mr. Parker seconding the motion to approve the committee.

Adjournment

As there was no old/new business, Mr. Pierchalski adjourned the meeting at 6:08 PM.