The Board of Directors met at 5:00 PM on Monday, May 30, 2006, at One Smithfield Street in the Simmons Board Room. Present were Board members: Mr. Rick Pierchalski, Chairman, Mr. Dan Griffin, Dr. Herman Jones, 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.

Public Comment Period

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

Mr. Vern Koch of Fox Chapel and Board member from Laurie Ann West Library expressed concern over a proposal under consideration by the Allegheny County Library Association to change the funding distribution formula. As a result of a move to a “tiering” system, his library faced a reduction in support. While he recognized that the formula had not been submitted to the Board, he wanted members to understand the consequences of the proposal earlier rather than later. Mr. Koch also thanked the board for their work in support of libraries.

Mr. Glen Walsh of Mt. Lebanon expressed concern with the Library Association distribution formula and suggested that it was resulting in the reduction of collections at libraries since one of the funding criteria is related to turnover rate. He also criticized efforts to increase the availability of popular literature at libraries as an effort to boost circulation numbers.

Mr. David Tessitor of Pittsburgh criticized libraries move toward increasing the availability of popular literature and suggested it was at the expense of important non fiction works in science and technology.

Rep. Shawn Flaherty of Fox Chapel, State Representative, asked the Board to carefully review the Library Association proposal noting that a library in his area would experience a significant loss.
Mr. Bill Stalter of Reserve, a state legislative candidate, recommended that
the District consider applications from volunteer fire companies under the
annual grants program noting their importance to the community and
problems in recruiting and financing.

Mr. Ed Kress of Shaler also recommended that the District consider
applications from volunteer fire companies and said that he doubted an
expansion into this new area would result in requests to fund other
governmental functions.

**Minutes**

There were no corrections to the minutes of the March 30, 2006 meeting.
Ms. Yarris moved approval with Mr. Griffin seconding the motion. The
motion was unanimously approved.

**Treasurer’s Report**

Mr. Parker gave the following report:

Board Members:

Tax revenue for the first five months of this year totals $31.7 million,
especially equal to the amount received in the first five months of
2005. The State experienced a 1% growth in sales tax revenue so far
this year so the collection “gap” between the District and state
continues.

Despite the flat receipts, tax revenue exceeds budget projections to
date. The budget assumed that there would be about a 2% decline in
tax revenue by the end of 2006 as a result of increasing interest rates
and energy costs. While we have seven months to go this year, if the
tax sustains at the level experienced to date it would mean that the
District would not have to call on the $1.2 million in reserve used to
balance the 2006 budget. Those funds would be available to assist in
next year’s budget.

Interest earnings of just over $300,000 are also ahead of budget
largely as a result of regular increases in the federal funds rate. The
District remains 100% invested at all times.

Grant payments are on schedule. We were notified of a moderation in
group health care costs for the coming year, which will result in a
savings to the administrative budget this year.
The Executive Director and I are available to answer questions on this report.

Thank you.

Stanley J. Parker, Treasurer

Mr. Pierchalski asked that the report be put on file.

Allocations Committee Report

Ms. Yarris gave the following report:

Board Members:

We are submitting for your consideration the outline of the 2007 budget process. The booklet prepared for you includes a calendar and the draft application documents for both contractual and annual grant assets.

The calendar and budget process are consistent with previous years. All legal deadlines are met and there is sufficient time for public review and board deliberations.

After careful consideration and consultation with the District’s Citizen Advisory Committee, we are proposing that the eligibility requirements remain the same as they are in the current year and have been for a number of years. Our conclusion is that the current program is not only where the District can make a difference but also is in line with the letter and spirit of the governing act. Expanding into new areas would dilute the funds needed by the community’s libraries, regional parks and attractions that can no longer depend on sustaining support from other governmental entities.

A major change the committee is recommending is the restoration of the District’s discretionary capital grant program in 2007. The capital grant program has provided over $45 million in infrastructure, accessibility and equipment grants over the years. As we have heard in the long range plan presentations, there are few sources for capital maintenance dollars. Non profits, even with the best intentions, are stretched to budget for depreciation.

Assuming stable revenue and decreasing debt service obligations in 2007, the District should be able to provide much needed capital dollars to the regional parks, trails, and other facilities.
Securing project applications now means we will have a list to consider at the appropriate time. The conditions of the 2007 capital program would be that projects are limited to maintenance, accessibility and equipment and, instead of a two year grant life, the funds must be spent in 2007. Each applicant will be able to request up to $150,000 in capital funds.

Applicants will continue to be evaluated in four areas: management capacity, financial stewardship, programming, and diversity. In order to do so, we have expanded the information the board will receive from applicants. The application summaries will provide historical trends and analysis in these important areas.

As usual, staff has scheduled a technical assistance seminar for June 20. All prospective applicants will be invited to send staff and board representatives to the session.

The committee believes that the 2007 program outlined in these documents emphasizes the Board’s duty to preserve a group of quality, well-managed and diverse regional assets. We look forward to working with the Board and applicants during the coming months and move the adoption of the program outlined in the documents in this report.

Submitted by

Allocations Committee

Ms. Yarris moved, seconded by Mr. R. Jones to approve the Allocations Committee report. The board unanimously voted to approve the report.

**Executive Director’s Report**

The chair asked Mr. Donahoe for his report.

1. Mr. Donahoe presented a summary of the long range plan of the National Aviary in Pittsburgh, a copy of which is on file in the District office. Mr. Dayton Baker, CEO of the Aviary, responded to questions from the Board. He noted that recent dips in attendance are directly related to the lack of new exhibits. He also noted that the Aviary was beginning a joint marketing/ticketing program with the Children’s Museum and he would be willing to join with other assets in such marketing efforts.
Mr. Jones moved approval of the Aviary plan, seconded by Ms. Yarris. The motion was passed unanimously.

2. Mr. Donahoe presented the long range plan of the City of McKeesport Reinziehausen Park, a copy of which is on file in the District office. Mayor James Brewster responded to questions from the Board and said that McKeesport was working to find additional funding sources for the park.

Ms. Yarris moved approval of the City’s plan, seconded by Mr. R. Jones. The motion passed unanimously.

The Board postponed consideration of the Allegheny County Library Association plan as no representative was present to respond to questions. Staff was directed to inform the Association and invite them to a future meeting.

Old/New Business

There was no old or new business reported.

7th Member Election

The Chairman called for the 7th member election. Act 77 provides that every two years the members appointed to the board by elected officials will conduct an election for a 7th member. Nominees for this position must be secured from community and economic development organization. Staff contacted organizations by mail, posted advertisements and issued releases concerning the availability of this position.

Three nominees were submitted. All were contacted and asked to read the eligibility requirements. All indicated that they are eligible and willing to serve in accordance with Act 77 and the by laws of the District. The nominees are Dr. Herman Jones, Raymond Werner and Franco D. Harris.

The Chairman then invited each of the nominees to briefly address the Board and respond to questions and they did so in this order:

Dr. Herman Jones
Mr. Raymond Werner
Mr. Franco D. Harris

Following the remarks, the Chairman called a brief recess.
The meeting was called back to order after a ten minute recess with all members and staff still present.

The Chairman then asked the candidates to excuse themselves and asked board members to mark ballots that had been provided. He noted that five votes would be required to elect the 7th member.

On the first ballot, Dr. Jones received the votes of Mr. Griffin, Ms. Yarris and Mr. Pierchalski while Mr. Harris received the votes of Mr. R. Jones and Mr. Parker. No candidate received the required votes on the first ballot.

On the second ballot, Dr. Jones received the votes of Mr. Griffin, Ms. Yarris, Mr. Pierchalski and Mr. R. Jones and Mr. Harris received the vote of Mr. Parker. No candidate received the required votes on the second ballot.

On the third ballot, Dr. Jones received the votes of all of the eligible members and was declared elected to the 7th member seat.

The chairman called the candidates back to the meeting and congratulated Dr. Jones. He also offered Mr. Harris the opportunity to serve on the Citizen Advisory Board.

Adjournment

Mr. Pierchalski adjourned the meeting at 6:17 PM.