Allegheny Regional Asset District
Board of Director’s Meeting & Public Hearing
3 PM – June 8, 2015
Board Room, Koppers Building Conference Center
Pittsburgh, Pa.

The Board of Directors met at 3:00 PM on Monday, June 8, 2015 in the Board Room of the Koppers Building Conference Center. Present were Board members: Chair, Ms. Dusty Kirk, Mr. Daniel Griffin, Ms. Jackie Dixon, Ms. Sylvia Fields, Mr. Don Linzer and Dr. Daniel Rosen. Chief Counsel Mr. James Norris, Executive Director Mr. David Donahoe who kept the minutes, staff and members of the public were also present. Notice of the meeting was published in accordance with the Act and By-laws and the agenda was posted on the District website the week prior to the meeting.

The Chair announced that the Board met in executive session immediately prior to the start of the meeting to discuss a personnel matter.

Executive Director Search

The Chair said that the search committee for a new executive director was continuing its work but that a final report was not ready. She expected that a special board meeting would be called later in the summer.

Public Comment/Hearing Period

The Chair opened the meeting for public comment and indicated that this would serve as a public hearing as well inasmuch a project grant award would be proposed. She than called on Ms. Cynthia Richey, Director of the Mt. Lebanon Public Library and congratulated her on her retirement after 32 years of library service.

Ms. Richey thanked the Board for support of public libraries noting that libraries were prudent stewards of public funds and had demonstrated their value to the community in many ways. She wished RAD continued success.

Minutes

The first item on the agenda was consideration of the minutes of the meeting of February 19, 2015. As there were no additions/corrections, Mr. Linzer moved approval with Dr. Rosen seconding. The motion was unanimously approved.

Treasurer’s Report

Ms. Fields submitted the following report:

Board Members:

Year to date tax revenue of $38.1 million is 4.5% ahead of this time last year. The stronger than expected result is due largely to the highest May revenue ever recorded for the
county tax. Revenue growth this year is not solely attributable to auto sales which marks a change from 2014.

The revenue also exceeds budget by $1.5 million. The Allocations Committee has reviewed these trends and will report later on the implementation of the 2015 budget.

The District has distributed $33.7 million in 2015 grants. In addition to monthly payments to contractual assets, the first quarterly payments to large annual grantees have been released and all of the 2015 grants to small assets will be paid by the end of this month. Beginning in July, funds withheld from contractual assets will be released and we expect accelerated drawdowns on capital projects. Two assets have already made major draws on 2015 capital grants – the Pittsburgh Zoo for the aquarium repair project and the National Aviary for the exhibit renovation project.

We remain on budget on the administrative side. A favorable renewal in health insurance premiums means that no budget amendment is needed at this time.

The following chart and table illustrate the revenue trends for this year.

Mr. Donahoe advised that the June revenue had just been received and was essentially the same as the prior year. This was better than the state return which was lower than the prior year.

The Chair directed that the report be received and filed.

Report of the Audit Committee

The Chair asked Ms. Dixon to submit the report of the Audit Committee.

Board Members:

The Audit Committee met on April 21, 2015 with the District’s independent auditors, District staff and a representative from the County Controller’s office. We present the following report for the Board’s consideration.

1. **2014 Audit**

Board members have received a copy of the 2014 audit and it is available for public inspection in the District office and posted on the District’s web site. The committee reviewed the audit with Cory Johnson, CPA and Brian Chruscial, CPA, auditors from Zelenkofske Axelrod. Mr. Johnson said there were no disagreements with management and no deficiencies were noted. The District is in compliance with current standards for presentation of financial statements by government entities.

2. **Audit Threshold**

The District current policy requires an independent audit of any organization that requests $10,000 or more in a given year. That “threshold” number has been in place for 15 years. In addition to simple inflation, audits have become more expensive because of new accounting rules. The District has heard concern about this from several smaller grantees. Our auditors noted that the threshold is $100,000 for state grants and $750,000 for federal grants. Staff also looked at similar grant programs and found higher audit thresholds.

After discussing what other public bodies require, the Committee is recommending that all applicants who are not audited should be required to submit “990 forms” as part of the
application process. These forms contain key financial data and are submitted regularly to the Internal Revenue Service. Consistent with current RAD policy, these organizations would also provide financial statements signed by a board officer.

In addition, we are recommending that the audit threshold be increased to $25,000. This appears to be a reasonable change given inflation and the cost of audits. The change would impact 15 current assets some of whom may continue to prepare audits for other purposes. In addition to the 990 and financial statements, the District employs agreed upon procedure reviews that should provide sufficient oversight for grantees at this level. The District’s auditors and the County Controller’s Office were also consulted about this change and had no objection.

3. **Certification Letter**
   Organizations that submit audits are also required to submit a certification letters from their auditor stating that the grant was used in accordance with the agreement. The committee thought it was worthwhile to continue to ask for this assurance.

4. **2015 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 Committee has chosen four assets. The assets are the Phipps Conservatory and Botanical Gardens, Historical Society of W. PA (History Center), Sweetwater Center for the Arts and Soldiers and Sailors Memorial Hall, The estimated cost for the project is $9.400.

5. **Ethics Policy Update and Anti-Fraud Provisions**
   In accordance with Board directives, the Executive Director provided a report on the implementation of the District’s ethics and anti-fraud policies.

   Submitted by
   Audit Committee

   Jackie Dixon and Don Linzer

Ms. Fields asked whether the District intended to require all applicants to submit 990 reports which she found useful in analyzing funding requests. Mr. Donahoe said that the recommendation would only require those not audited but that staff frequently consulted 990 reports which are available on line. The only drawback is that they are sometimes dated. The Chair said that the recommendation to change the audit threshold would require a vote of the Board.

Mr. Linzer asked whether the CDP data base contained more information than the 990. Mr. Donahoe said that the CDP included more information relevant to the RAD process but that occasionally staff would refer to 990s for information only available in those reports.

The Chair then asked whether requiring 990s of all applicants would be valuable. Mr. Donahoe asked the Board to consider this for a future year given that the applications and guidelines were complete for next year.
Mr. Linzer than suggested that the committee would agree to a modification indicating its interest in such a requirement for the 2017 year. Ms. Dixon agreed to this.

With that, the Chair called for a motion to approve the committee report recommending the change in the audit threshold to $25,000 with the modification. It was moved by Mr. Griffin and seconded by Ms. Fields and approved unanimously.

Allocations Committee Report

The Chair asked Mr. Linzer to submit the report of the Allocations Committee.

Board Members:

Our committee has reviewed the status of the 2015 budget as well as the proposed guidelines for the 2016 budget. Based on our review, we offer the following report and recommendations.

Under provision of Act 77 and the agreements with the contractual assets, the District is required to examine its revenue mid-year to determine whether it will meet budget projections. Assuming it does, the District releases the percentage of operating grant funds withheld during the first six months of the year.

District revenue is currently exceeding budget through five months of the year. The revenue pattern this year has been erratic caused partially by reporting issues as the state level. We are also concerned with recent and unexpected declines in consumer confidence that were expected to come out of the winter months on the upside. We will continue to monitor revenue but see no reason at this time that the 2015 spending plan should not go forward as adopted.

Looking ahead, the committee reviewed the eligibility and program guidelines. We are recommending that the current guidelines be continued and include the change in the audit requirement recommended by the Audit Committee.

We are also recommending that the discretionary capital grant program remain open for 2016. While the District’s ability to fund this area is dependent on resources, at this point the committee believes that we should have a list of projects ready for consideration. It will be clearly stated in the application guidelines that award of projects is resource dependent.

The board report for each applicant has been modified for 2016 to incorporate accessibility evaluations and enhanced employment diversity statistics.

The committee plans to continue utilizing volunteer advisory board members to evaluate applicants that were not previously funded. This has proven to be a worthwhile part of the budget process.

The committee believes that the recommended 2016 program emphasizes the Board’s duty to preserve a group of quality, well-managed, diverse and inclusive regional assets. We look forward to working with the Board and applicants during the coming months and move the adoption of the recommendations outlined in this report.

Submitted by the Allocations Committee,
Jackie Dixon, Don Linzer and Dan Griffin
2016 Funding Guidelines

Evaluation Criteria

- Governance - including an active and involved board, realistic measurable goals; progress toward meeting the goals, regular strategic planning, accurate and timely financial reporting; realistic projections, operating within means, diversification of revenue, utilization of cash flow monitoring and ability to deal with financial stress (e.g. available cash reserves, low debt); efforts to reduce administrative and overhead costs through cost sharing initiatives.

- Programming - including scheduled, quality programming, outreach, audience development and community impact.

- Diversity - including efforts to encourage and to sustain board, staff and programming diversity through implementation of coherent diversity plans.

- Accessibility and Inclusion - including efforts to accommodate and increase participation by people with physical and cognitive disabilities.

Eligibility

Applicants must be governmental entities or non-profit, tax-exempt corporations, duly organized and in good standing under Pennsylvania laws, and provide programming or services of a regional nature in Allegheny County.

The applicant must be the owner/beneficial owner and operator of the program or facility for which funds are sought. No “pass through” or fiscal agent arrangements are permitted. Non-profit organizations must have 501(c) 3 status at the time of application and will not be registered to submit an application until its IRS letter confirming this status is on file with RAD. Applicants must have a board-adopted budget, regular financial reporting to its board and a board adopted diversity plan.
Funding Restrictions

Act 77 prohibits the District from funding:

- any health care facility;
- institutions of elementary, secondary or higher education;
- any park less than 200 acres except for linear parks located in more than one municipality;
- any asset which fails to serve a significant number of residents outside of the municipality in which the asset is located;
- any library which is not part of a library system serving multiple municipalities.

In addition, the District will not provide funding for the following:

⇒ governmental-type services other than qualifying parks (examples of ineligible activities include public safety and public works programs/projects including government office or service facilities, bridges, vistas, roads, water and sewer projects);
⇒ local recreation programs, facilities and/or activities such as teams and leagues;
⇒ economic and housing development agencies and programs;
⇒ social/human service agencies and programs;
⇒ parades, single or short term events or festivals;
⇒ project grants for planning or feasibility studies;
⇒ historical monuments unless part of an otherwise eligible regional asset such as a regional park or museum or sufficient funds have been raised and set aside at the time of application.

The chair asked for question or comments. She confirmed that other than the audit requirement, there were no changes to the guidelines and Mr. Donahoe indicated this was the case. Dr. Rosen then moved approval of the report, seconded by Ms. Dixon and it was approved unanimously.

Project Review Committee

The Chair called on Dr. Rosen to present the report of the Project Review Committee.

Board Members:

The Committee is recommending the award of the following Connections Grant:

Children’s Festival Chorus (CFC) - $20,600

CFC and Three Rivers Young Peoples Orchestras have moved into the same office space and, in addition to office costs, will share an office assistant and development assistant. The committee is recommending a grant to offset the relocation costs and a partial salary of the shared office assistant for one year. The organizations will assume this cost from their budgets after the first year. A summary of the application is attached to this report.
The next deadline for receipt of project applications in June 15 and the District has already received two applications that will be reviewed along with any others received after that date.

Submitted by
Project Review Committee
Sylvia Fields, Dusty Kirk, Dan Rosen

Ms. Fields a motion to approved the recommendation of the Project Review Committee, seconded by Mr. Linzer it was approved unanimously.

Following the vote the chair recognized Lindsey Nova, Executive Director of the Three Rivers Young Peoples Orchestras who thanked the board for supporting their joint project and hoped that the request for additional funds would be considered.

Report of the Executive Director

Mr. Donahoe submitted a request from the City of Asylum for a one year extension of their Accessibility Grant for the purchase of the assistive listening equipment at their new facility. It is expected the project will be completed in the early months of 2016. Dr. Rosen moved approval, seconded by Ms. Dixon and it was approved unanimously.

Mr. Donahoe then presented a plan requesting by the Allocations Committee for modifying the budget hearing process in order to more equitably treat applicants. Inasmuch as the District was limited to six days for the hearings, it required shortening the time for the contractual assets and rearranging the time for first time applicants.

There was extensive discussion by all board members with various options discussed. Due to the need to proceed with the 2016 planning, it was agreed that staff would schedule a 7th day of hearings thereby decreasing the number of assets heard each day. There would be no change in the times allotted for this year.

Mr. Donahoe then advised the Board that Chaz Kellem had resigned from the Advisory Board due to time constraints. He was sent a thank you for his service on behalf of the Board.

Mr. Donahoe also paid tribute to Charles Jarrett, an original member of the Citizens Advisory Board, who passed last week. He said that Mr. Jarrett was a trusted advisor and strong advocate for RAD and will be missed.

Old/New Business

There was no old/new business.

Adjournment

The meeting was adjourned at 3:55 PM.