The Board of Directors met at 3:00 PM on Thursday, May 21, 2020 convened by way of Zoom webinar, due to the COVID-19 crisis. Present were Board Members: Ms. Dusty Kirk (Chair), Ms. Jackie Dixon, Ms. Sylvia Fields, Mr. Daniel Griffin, Ms. Hilda Fu, and Dr. Daniel Rosen. Chief Counsel Mr. James Norris, Executive Director Mr. Rich Hudic, staff, advisory board members and members of the public.

Notice of the meeting was published in accordance with the Act and By-laws. The agenda and instructions for viewing the meeting were posted on the District website.

Ms. Kirk stated that due to the COVID-19 pandemic, and out of concern for the health and wellness of the public, our Board members, and our employees, this meeting is being held with call-in and web-based options only. RAD remains committed to transparency and to our obligations under the Sunshine Act. She noted that the District was also acting in accordance with guidance from public health experts and County and City officials.

**Public Comment**

The Chair indicated that this meeting would serve as a public hearing, as grant proposals would be discussed.

The Chair opened the meeting for public comment. One speaker registered, Harris Ferris, Executive Director of the Pittsburgh Ballet Theatre. Mr. Ferris told the board about a mobile performing arts stage that would travel throughout the region this summer. The unit would be shared by other performing arts organizations in the Cultural District, including the August Wilson African American Cultural Center, Pittsburgh Civic Light Opera, Pittsburgh Cultural Trust, Pittsburgh Opera, Pittsburgh Public Theater and Pittsburgh Symphony. The cost of the unit is $800,000 and there are operating costs of $17,500 for each use. Ms. Kirk asked Mr. Ferris to keep staff apprised of their progress.

**Minutes**

The first item on the agenda was consideration of the minutes of the meeting of February 20, 2020. As there were no additions/corrections, Ms. Fu moved approval with Ms. Fields seconding. The motion was unanimously approved.

**Treasurer’s Report**

Ms. Fields submitted the following report.

Board Members:

I am pleased to submit the following report on RAD’s financial position. Year to date sales tax revenue through May is $41.8 million, which is $1.4 million or 3.3% lower than 2019 year to date revenue. This revenue represents taxes collected for past periods and RAD expects revenue to continue to decline in the coming months due to the COVID-19 shutdown. The Allocations Committee has reviewed these trends and will report later on the implementation of the 2020 budget.
The District has distributed $39.7 million in 2020 grants through May, including $1.5 million in prior year capital payments. In addition to monthly payments to contractual assets, the first quarterly payments to large annual grantees have been released, and the 2020 grants to all other assets will be paid in June.

I want to assure the board that despite the crisis and our inability to interact in person, we have maintained our procedures and protocols in conducting all financial transactions and authorizations.

We remain on budget on the administrative side at this time.

Submitted by
Sylvia Fields
Treasurer

In response to a question from Ms. Kirk, Mr. Griffin said that the revenue the District received in May was for sales in March when we were only two weeks into the shutdown due to the pandemic.

Report of the Audit Committee

Ms. Kirk submitted the report of the Audit Committee.

Board Members:

The Audit Committee met on May 6, 2020 with the District’s independent auditors, District staff and a representative from the County Controller’s office. We present the following report to the Board.

1. **2019 Audit**

   Board members have received a copy of the 2019 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 Brian Chrucial, CPA, and Partner from Zelenkofske Axelrod. Mr. Chrucial offered an unmodified opinion stating there were no disagreements with management and no deficiencies. The District is in compliance with current standards for presentation of financial statements by government entities.

2. **2019 Asset Compliance Reviews**

   As a part of the District’s oversight function, the Audit Committee, on behalf of the Board, annually reviews a sample of regional assets for compliance whereby the asset’s internal records are compared to the information supplied in applications and close out reports. Reports of two assets were reviewed with the Audit Committee: a summary of the completed asset reviews follows this report. An additional two asset reviews were not completed prior to the state-wide shut down. These reviews will be presented at the Fall 2020 Audit Committee meeting.

Submitted by
Audit Committee
Dusty Kirk and Tony Ross
COMPLIANCE REVIEWS

1. Tickets for Kids
BACKGROUND: RAD funded Tickets for Kids with an operating grant of $15,000 in 2019. Preliminary 2019 results note a net operating surplus of $32,000, a $6,000 increase over the budgeted surplus.
SUMMARY OF FINDINGS: Tickets distributed within Allegheny County for 2018 represent 34% of total ticket distribution. RAD’s 2018 funding of $10,000 represents less than 2% of Tickets for Kids’ operating budget.
RECOMMENDATIONS: None

2. Carnegie Library Pittsburgh
BACKGROUND: RAD funded Carnegie Library Pittsburgh with an operating grant of $25,603,208 in 2019. Preliminary 2019 results note an unrestricted surplus of $51,125 which is a $51K increase over the 2019 break even budget.
SUMMARY OF FINDINGS: None
RECOMMENDATION: None

In response to a question from Ms. Dixon, Ms. Kirk said the auditors did not have any suggestions for improvement as they found all the financial records were kept in accordance with accounting principles. Mr. Griffin remarked that we are fortunate that we have not spent down the reserves in prior years as they would now be available this year to assist assets during this unprecedented times.

Allocations Committee Report
Ms. Kirk announced that the committee will report on the 2020 budget. In addition, the District is launching the 2021 budget process. Each year to begin the budget process, the Board needs to adopt the procedures and guidelines. The Chair called on Mr. Griffin to submit the report of the Allocations Committee.

Board Members:

Our committee has reviewed the status of the 2020 budget as well as the proposed guidelines for the 2021 budget. Based on our review, we offer the following report and recommendations.

As this crisis continues, we are paying close attention to the impacts it is having on all of us, and in particular, RAD revenue which is based solely on monthly sales tax collections by the PA Department of Revenue. RAD receives and distributes one half of the 1% additional county sales tax, which is budgeted each year based on basic financial projection trends provided by the Department of Revenue and analyzed by our team.

Until recently, we were pleased that RAD’s monthly revenue for 2020 had remained constant with last year and aligned with our budget projections. No one could have imagined we would so suddenly be facing such a devastating situation.

We thought it would be a good idea to refresh each of you as well as the members of the public with the details of how our revenue is collected and distributed. RAD receives its sales tax on a monthly basis, which reflects collections from a previous period of time,
approximately two months. We are now beginning to see the impact of this crisis and its effect on RAD revenue. As noted in the Treasurer’s report, May’s revenue based on March sales tax receipts came in $1.82 million less than we had budgeted. This marks the beginning of a larger than anticipated decline, which will worsen in June due to collections representing a period of time (April) when consumer spending on taxable goods was at an all-time low.

We had hoped that this would not be the case, but due to this sudden reduction in revenue, and based on the information we have to date, the committee has authorized a twenty percent across the board reduction for all 2020 operating grants starting in June. This recommendation is based on conservative projections for the remainder of the year and utilizes a portion of the District’s Grant Stabilization Reserve Fund. The option to reduce support for these reasons is clearly stated in each operating agreement with the assets. Additionally, 2020 capital funding has been suspended until further notice.

All future funding options and decisions will be considered and evaluated periodically with our assets’ sustainability foremost on our minds.

Looking towards a brighter future the committee thoroughly reviewed the eligibility and program guidelines for 2021 funding and with the following recommendations and enhancements:

1. We recommend that applicants focus on their financial position including their sustainability, growth plans and the ways in which they have responded to this crisis as they plan for the future. We want them to take a thoughtful look at their viability and when appropriate, explore creative ways to collaborate and establish long lasting partnerships.

2. Given the uncertain economic forecast, we recommend that discretionary capital grant proposals not be accepted for 2021.

3. The committee recommends that we continue to use our volunteer advisory board members to evaluate a select group of applicants.

Applications will be due July 8th and budget hearings will be scheduled for mid-to-late August through early September. The Board is tentatively scheduled to meet on September 24th to release a preliminary budget with a follow up public hearing scheduled for October 22nd.

The committee believes that these recommendations and guidelines emphasize the Board’s goal 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, Hilda Pang Fu, Daniel J. Griffin, Anthony J. Ross
2021 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 the most recent two fiscal years entered in the DataArts project system, a board-adopted budget, regular financial reporting to its board, a board adopted diversity plan and a position designated as the organization’s accessibility coordinator. The applicant must be current on all government taxation and regulatory compliance matters and have an independent audit if requesting a total of $25,000. The applicant must provide the majority of its programming or services funded by the District in Allegheny County. The applicant must be compliant with all District requirements.

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:

- social/human service agencies and programs;
- parades, single or short term events or festivals;
- local recreation programs, facilities and activities such as teams and leagues;
- economic and housing development agencies and programs;
- planning and feasibility studies;
- services such as public safety and health programs, water and sewer projects, bridges, vistas and roads;
- historical monuments unless part of an otherwise eligible regional asset such as a regional park or museum or sufficient funds have been raised for maintenance and set aside at the time of application.
- organizations not open to the public on a regular and consistent basis.

Mr. Griffin wanted to note there were a few additions to the funding guidelines. Organizations would not be eligible who are not open on a regular, consistent basis and organizations would not be permitted to apply if the applicant was not in compliance with the District’s requirements.

Ms. Kirk stated that RAD is very conscious of the difficulties that all of our assets are in. In response to a question from Ms. Dixon, Ms. Kirk said if matters improve, some funding could be restored, and we would need to reevaluate if conditions worsen. Mr. Griffin noted that the Allocations Committee would be meeting regularly to review revenue.

Ms. Kirk said in response to suggestions by our assets over the past several weeks, that RAD has explored alternative funding sources to fill the revenue gap, including loans and public-financing options, like bond sales. However, she noted that it is premature to take on additional debt when the full effect of the Covid-19 crisis on RAD revenue is unknown. She noted that we should maintain a reserve with a meaningful balance as we are uncertain about future revenue.

In response to a question from Dr. Rosen about the 25th anniversary RADical ImPAct grant projects, Mr. Hudic stated that while some of the projects have been delayed, the funds were accounted for in the 2019 budget and unaffected by this current revenue situation. In response to a question from an audience member, Mr. Griffin said that for the 2021 applications, the applicants should in particular provide information on their financial viability.

Ms. Kirk asked for a motion to approve the report that was made by Dr. Rosen, seconded by Ms. Dixon. It was approved unanimously.

Report of the Executive Director

The Chair called on Mr. Hudic to present his report.

National Aviary

Mr. Hudic said National Aviary is requesting to repurpose 2019 and 2020 capital grants from an office building to a garden room. Mr. Hudic noted that the 2020 capital grant portion is still suspended or frozen. Ms. Tracy, executive director from the National Aviary thanked RAD for all of its support. She explained that the Aviary’s expansion project has two parts; the first part is a garden room for education and rentals and second was for expanded office space. Construction of the first project has resumed,
Due to the pandemic the Aviary needed to use its reserves for operations that had been pledged to the project. Ms. Tracy stated that re-allocation of the RAD funds would allow the important project to continue.

In response to a question from Ms. Kirk, Ms. Tracy said $250,000 from the 2020 grant and $130,000 is from the 2019 grant. Mr. Hudic said that if RAD unfreezes the 2020 capital, the Aviary wants to use it for the Garden project. Ms. Kirk clarified the Aviary is not asking for the money now, but only for a new purpose of the funds. Ms. Fields asked if the Aviary has a new plan for the future. Ms. Tracy said the new garden room has 9,000 square feet which would allow for new programming based on social distancing and also would give the Aviary flexibility.

Ms. Kirk asked for motion to approve the request. Mr. Griffin made the motion and Ms. Dixon seconded to the motion, which was approved unanimously.

**RAD Update**

Mr. Hudic said the RAD staff has been working on the annual report, new website and other projects during this pandemic. Ms. Kirk and other board members thanked the staff for their assistance on this Zoom meeting.

Mr. Hudic noted that we have a tentative board meeting scheduled for June 18th to keep members and the public apprised of the current revenue situation.

**Old/New Business**

1. **Pittsburgh Center for Arts and Media**

   Mr. Hudic said there were several requests that were postponed from prior meetings. He noted that the Executive Director and guests of The Pittsburgh Center for Arts and Media are available to address questions and present their plan which includes a modified 2020 operating budget request. Mr. Hudic said that due to the organizational changes in leadership over the last several years, the board had tabled the capital grant extension requests until the District received a business plan and other information from the organization. He further reminded the board that the organization made structural changes in December 2019 when they moved out of their main building after the District’s budget was already completed. Ms. Kirk had several questions about the capital projects being completed in a building that the organization is no longer operating and about the new organization not being the same one that applied for 2020 support last July. Ms. Kirk requested a legal opinion before proceeding and Chief Counsel Jim Norris said he would like review the agreements. Ms. Kirk then recommended that the District postpone these requests until we receive the information. In addition she asked the Allocations Committee to review the details and provide a recommendation.

   Mr. Griffin made a motion to table, with Dr. Rosen seconding. It passed unanimously.

2. **At Large Board Member**

   Every two years pursuant to the provisions in the statute, the District seeks nominations for the at large board seat from regional economic and community development organizations. Information was issued to the press and in District publications.

   The process resulted in one qualified nomination:
Dr. Daniel Rosen, Educator and the current at large member, nominated by Landforce Pittsburgh. Ms. Kirk stated that the statute requires that to be elected a candidate must receive five votes from the appointed members. The incumbent at large member is not eligible to vote even if he or she is not seeking another term.

Ms. Kirk called for a vote and a motion to appoint Dr. Rosen was made by Ms. Fu and seconded by Mr. Griffin. It was approved unanimously. Dr. Rosen spoke about the incredible value of our assets and how he is enriched by his interaction with the board members staff and assets. Ms. Kirk remarked that he is a great addition to the board and Ms. Dixon commended Dr. Rosen on his ties to the local community.

Adjournment

The meeting was adjourned at 4:00 PM.