



**Minutes of the Annual Meeting of the Board of Trustees**  
Monday, April 21, 2014

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**1. CALL TO ORDER**

The annual meeting of the Cuyahoga Arts & Culture (CAC) Board of Trustees was called to order at 4 pm in Center for Innovation and Growth at Baldwin Wallace University, 340 Front Street, Berea, OH 44017.

The roll call showed that Trustees Matt Charboneau, Sari Feldman and Steve Minter were present. It was determined that there was a quorum.

Also in attendance were: Joseph Gibbons and Eliza Wing, and CAC staff: Karen Gahl-Mills, executive director; Jill Paulsen, deputy director; Meg Harris, director of administration; Jesse Hernandez, program manager; Stacey Hoffman, program manager; and Jake Sinatra, program associate.

Motion by Trustee Charboneau, seconded by Trustee Minter, to approve the minutes from the board meeting held on February 10, 2014. Discussion: None. Vote: all ayes. The motion carried.

Ms. Feldman administered the oath of office to Joseph Gibbons, Steve Minter and Eliza Wing. Each trustee affirmed that he or she would honestly, faithfully and impartially perform the duties of the office. Mr. Gibbons will serve a term through March 31, 2015, and Mr. Minter and Ms. Wing will serve terms through March 31, 2017.

**2. PUBLIC COMMENT ON MEETING AGENDA ITEMS**

There were no registered requests for public comment relating to items on today's meeting agenda.

**3. EXECUTIVE DIRECTOR'S REPORT**

Ms. Gahl-Mills welcomed board members and attendees and gave an overview of the meeting's agenda. She welcomed new board members Eliza Wing and Joe Gibbons to the Board. Ms. Gahl-Mills stated that at today's meeting the grant program team would walk the Board through the 2015-16 General Operating Support and 2015 Project Support Guidelines. She stated that the guidelines had been developed with many opportunities for feedback from past applicants, cultural partners and panelists and that the staff did a good job of incorporating and addressing the feedback CAC received.

Ms. Gahl-Mills stated that revenue for the first quarter of the year is below projections but, she added, that it is not a cause for concern at this point in time. She also stated that Governor Kasich has proposed a state-wide tax increase on cigarettes and that if the tax increase is approved, CAC could see a further drop in annual tax receipts. Staff will continue to pay close attention to these matters, especially when discussions related to the allocation of 2015 grants funding begin in September.

Ms. Gahl-Mills stated that CAC had again received a clean audit for FY2013 from the Ohio Auditor of State. She commended Ms. Harris for her work. She stated that Bryan Gillette, who served on the Audit and Finance Committee since 2010, had decided to end his service on the committee. She thanked him for his service to CAC.

Ms. Gahl-Mills provided kudos to Jennifer Schlosser on her excellent work related to the 2013 Report to the Community which was released at today's meeting.

#### **4. CONNECT WITH CULTURE**

Bryan Bowser, assistant director of the conservatory for external affairs and director of the arts management program at Baldwin Wallace University, made a presentation on the summer conservatory programs supported in part by a Project Support grant from CAC. Mr. Minter asked how the funding from CAC impacted this program. Mr. Bowser replied that because of the annual project support grants received from CAC since 2008, Baldwin Wallace has been able to keep the summer intensive camps affordable and has not had to raise its prices for the camps.

#### **5. FINANCE REPORT**

Ms. Harris gave a report on Cuyahoga Arts & Culture's finances through March 2014. Ms. Harris reported that tax receipts through March were just under \$3.7 million. This figure is \$156,000 below forecast for the period. Interest revenue through March was just under \$20,000. This figure exceeded the forecast for the period by \$3,224. Cash expenditures through March were just over \$7.6 million. This figure is slightly over budget due to the timing of payments of grants.

Ms. Harris stated that members of the Audit and Finance Committee and CAC staff met with the Ohio Auditor of State on April 11 for CAC's post audit conference for fiscal year 2013. She stated that CAC has received an unmodified opinion of for the FY13 audit. The audit should be released by the Ohio Auditor of State on May 8.

#### **6. PRESENTATION – 2013 Report to the Community**

Ms. Gahl-Mills shared highlights of the [2013 Report to the Community](#), which was released at the board meeting. She introduced a video created in conjunction with the Report highlighting the [Rock and Roll Hall of Fame and Museum](#).

#### **7. BOARD DISCUSSION – June Board Retreat**

Ms. Gahl-Mills stated that the board retreat would be held on June 16 and would again be facilitated by Randell McShepard. She reminded the board of the key takeaways from the last retreat:

1. Make board meetings more meaningful – this has been done by introducing issue briefings from outside speakers such as David Gilbert from Positively Cleveland and Bob Klaffky from Van Meter, Ashbrook.
2. Ensure that board members hear the voices of the public – this has been done through the extensive public comment process related to the grant guidelines, as well as the public value research study currently underway with the Helicon Collaborative. There will be a presentation on this topic at the June 16 retreat.
3. Ensure that CAC has a bright future – this has been explored through the evaluation and research work that is ongoing and will be discussed at the June retreat.

4. Ensure that CAC continues to apply standards of fairness to all of its work – this continues to be a team priority.

Ms. Gahl-Mills stated that the agenda for the retreat, currently in development, will build off of the “ensuring CAC’s bright future” work by providing an update on our current research projects, a chance to discuss that work in the context of CAC’s future, and provide an opportunity for some informal conversation with our newest board members over a light supper. Ms. Gahl-Mills encouraged all board members to contact her with any additional suggestions with content for the board retreat agenda.

## **8. BOARD ACTION**

### **2015 Project Support and 2015-16 General Operating Support Guidelines**

Ms. Paulsen, Ms. Hoffman and Mr. Hernandez presented an overview of the memo detailing the changes related to the 2015-16 General Operating Support and 2015 Project Support Guidelines (see [Memo 2015-16 Guidelines](#)). Staff stated that, while the guidelines contain no changes to policy for either program, the technical changes are aligned with our goal of continuous improvement in CAC’s grantmaking .

Discussion related to the guidelines for both programs ensued.

Motion by Trustee Charboneau, seconded by Trustee Minter, to approve the 2015 Project Support Guidelines. No discussion. Vote: all ayes. The motion carried.

Motion by Trustee Minter, seconded by Trustee Charboneau, to approve the 2015-16 General Operating Support Guidelines. No discussion. Vote: all ayes. The motion carried.

### **Re-Affirmation of Administrative Policies for Cuyahoga Arts & Culture**

Trustee Feldman called on Ms. Harris to present administrative policies. Ms. Harris stated the board would be asked to reaffirm six policy documents: Allocation Policy, Business Continuity Policy, Cash Reserve Policy, Ethics Policy, Investment Policy and Public Records Policy. She stated that there were recommended changes to the Internal Financial Controls Policy and Procedures and the Audit Committee Charter, which were the result of the review of the two documents at the February 26 Audit and Finance Advisory Committee meeting. She asked if there was any discussion related to any of the policies.

Motion by Trustee Gibbons, seconded by Trustee Charboneau, to reaffirm: Allocation Policy, Business Continuity Policy, Cash Reserve Policy, Ethics Policy, Investment Policy and Public Records Policy. Discussion: None. Vote: all ayes. The motion carried.

Motion by Trustee Minter, seconded by Trustee Charboneau, to reapprove the recommended changes to the Audit and Finance Committee Charter. Discussion: None. Vote: all ayes. The motion carried.

Motion by Trustee Charboneau, seconded by Trustee Wing, to reapprove the recommended changes to the Internal Financial Controls Policy and Procedures. Discussion: None. Vote: all ayes. The motion carried.

### **Re-Affirmation of Audit and Finance Committee Members**

Ms. Harris stated that, per the revised Audit and Finance Committee Charter, the board is asked to re-affirm committee members Cynthia Hope and Timothy Longville to the Audit and Finance Committee of CAC for a one year term. Ms. Harris stated that Bryan Gillette did not seek re-appointment to a new term.

Mr. Gibbons asked how long Mr. Longville and Ms. Hope had been serving on the committee. Ms. Harris stated they joined the committee in late 2010. Mr. Gibbons asked if we were happy with their work. Ms. Harris stated that CAC is very happy with the input both Ms. Hope and Mr. Longville have had at the committee meetings. Each brings different expertise to the committee, one in internal controls and the other in accounting and finance.

Motion by Trustee Minter, seconded by Trustee Gibbons, to reaffirm Cynthia Hope and Timothy Longville to one year of service on the Audit and Finance Advisory Committee of Cuyahoga Arts & Culture. Discussion: None. Vote: all ayes. The motion carried.

### **Election of Officers**

Mr. Minter stated that he had served as the chair for the Nominating Committee. He presented the following slate of officers: Sari Feldman to the position of President, Matthew Charboneau to the position of Vice President and Steven Minter to the position of Secretary of the Board of Trustees.

Motion by Trustee Minter, seconded by Trustee Gibbons to elect Sari Feldman to the position of President, Matthew Charboneau to the position of Vice President and Steven Minter to the position of Secretary of the Board of Trustees for the term April 1, 2014-through March 31, 2015. Discussion: None. Vote: All ayes. Motion carried.

### **9. ADMINISTRATIVE MATTERS**

Ms. Harris stated that, as referenced in the Guidelines memo, CAC would like to once again enter into a contract with Nonprofit Finance Fund to provide financial consulting services to General Operating Support program applicants. Ms. Harris stated that CAC had worked with NFF to provide the same consulting services two years ago with great success. Ms. Harris stated that the contract is an amount not to exceed \$75,500.

Motion by Trustee Charboneau, seconded by Wing, to approve a contract with Nonprofit Finance Fund for financial consulting services in an amount not to exceed \$75,500. Discussion: None. Vote: All ayes. Motion carried.

### **10. PUBLIC COMMENT**

There were no public comments.

Next meeting: The next meeting will be held at 4:00 pm on June 16, 2014 at the Nature Center at Shaker Lakes.

### **11. ADJOURNMENT**

Motion by Trustee Gibbons, seconded by Trustee Charboneau, to adjourn the meeting. No discussion. Vote: all ayes. The motion carried. The meeting was adjourned at 5:19 pm.

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Sari Feldman, President, Board of Trustees

Attest:

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Steven Minter, Secretary, Board of Trustees



## MEMORANDUM

Date: April 21, 2014  
To: CAC Board of Trustees  
From: CAC Program Team: deputy director Jill Paulsen  
program managers Stacey Hoffman & Jesse Hernandez; and program associate Jake Sinatra  
Re: 2015-16 General Operating Support and 2015 Project Support Guidelines

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**Executive Summary:** At its April meeting, staff will present to the Board the 2015-16 General Operating Support and the 2015 Project Support Guidelines for review and approval. The Guidelines are the policy documents that shape CAC's grantmaking work and are the result of over a year of planning, feedback gathering and Board discussion.

Neither program's Guidelines contain any notable *policy* changes; all revisions are *technical* and aimed at creating more streamlined, clear and user-friendly applications that embody CAC's commitment to strengthening the community. Revisions include:

### Technical Revisions for 2015 Guidelines

#### Both Programs

- Simplified and clearer definitions for CAC's funding criteria: Public Benefit; Artistic & Cultural Vibrancy; and Organizational Capacity.
- Improved panelist recruitment and training; improved communications with applicants to ensure they understand the panel process.
- Acceptance of a review, in place of an audit, for organizations with budgets less than \$750,000.

#### 2015-16 General Operating Support

- Clarified financial health measures, including a:
  - Working Capital figure that measures current assets, including board-designated reserves/endowments; and a
  - Financial Situation & Planning narrative that enables applicants to demonstrate that they understand their financial reality and have a plan for the future.

## 2015 Project Support

- Simplified application and panel review process for PSII, our small grants program.
- Past grant amount will be subtracted from 2015 grant requests, to bring the program into alignment with General Operating Support.

### Background

Over the last eight months, the Board has weighed in on planning for CAC's 2015 grant programs multiple times. In September 2013, we discussed early-stage issues central to the development of the 2015-16 General Operating Support and 2015 Project Support Guidelines. At the February 2014 meeting, the Board revisited these key issues and shared what they learned from participating in listening sessions with over 20 executive directors representing organizations receiving CAC funds.

### Progress Update

Since that time, staff members conducted additional research, and consulted with experts, including the nationally-respected Holly Sidford and Nick Rabkin of Helicon Collaborative. In addition, we offered all current cultural partners an opportunity to review and provide feedback on the draft Guidelines in early April.

This activity has shaped the 2015 Guidelines, before the Board for its approval. While we recommend several technical revisions, the changes are not of a policy nature. It is important to note that the core principles of each program are not changing – nor are either program's eligibility criteria, general timeline or application structure. What follows is an update on four key issues in the Project Support and Operating Support Guidelines, calling out technical changes of note.

#### **Focusing on Public Benefit**

*How are our cultural partners engaging their community in their work and telling this story in applications and reports? How can we further clarify what we mean by "public benefit" in our Guidelines so organizations can be successful not only in our application process but also in their ability to serve residents?*

#### *Findings*

Through direct feedback from our cultural partners and in ongoing work with the Helicon Collaborative, we have determined that while most organizations produce immense public benefit, they often struggle with the frame of "serving their community" and are not all equally able to understand, embrace or demonstrate the value they provide the public in applications or reports.

Since CAC's funding comes from the public, it is vital that our investments benefit the public. As such, Public Benefit will remain the most heavily weighted funding criteria, in line with our mission to "strengthen the community."

### *Guidelines Changes*

- All three funding criteria: Public Benefit; Artistic & Cultural Vibrancy; and Organizational Capacity will remain the same, but the descriptors for each criteria have been revised to provide applicants with further guidance. (GOS: pg. 29; PSI: pg. 47; PSII: 64). We hope this results in stronger applications and a better shared understanding of what CAC aims to accomplish through its grant programs: stronger communities.

### **Measuring Financial Health**

*How are the financial health indicators (measuring operating performance, risk tolerance and financial trajectory) that we used for the 2013-14 General Operating Support application working?*

### *Findings*

CAC's work in 2011-12 with the Nonprofit Finance Fund was very valuable, both in their assistance to create our financial health indicators and the personalized financial consulting services they offered our cultural partners during the last application process. Conversely, feedback from cultural partners indicated they were often unclear on the calculations that led to their financial health scores.

### *Guidelines Changes*

- We remain committed to measuring our General Operating Support applicants' financial health, but recognize the need to revise several of the measures for the 2015-16 General Operating Support cycle. These changes are in response to cultural partner feedback and will ensure that we more cleanly and clearly measure applicants' cash-on-hand (working capital) and knowledge of their own financial health. See pg. 30 for details. Specifically:
  - o Instead of measuring Unrestricted Liquid Net Assets (called *Risk Tolerance* in 2013-14), we will now measure *Working Capital*, including contributions from board reserve funds/endowment.
  - o We have reworked the measure formerly known as *Trajectory* to instead be: *Financial Situation and Planning*. This revision will allow organizations to demonstrate their knowledge of their operating environment and plan for continuous improvement. It will also help panelists more consistently evaluate this knowledge against clear criteria.
- At the April meeting, we will also request Board approval to once again enter into a contract with Nonprofit Finance Fund to provide financial consulting services to applicants, ensuring stronger applications - potentially leading to better scores than last cycle - and capacity-building that transcends this application cycle.

### **Maximizing Panel Structure**

*Do our cultural partners understand the panel process? Is there a more effective way to conduct our panels? How can we decrease the workload for panelists?*

### *Findings*

Most applicants see panel review as a learning opportunity; participation in CAC panels doubled last year, due to over 600 visitors listening to our live online audio feed. That noted, applicants often remain unclear about important panel processes (e.g. panelist training and applicants' ability to correct panelist errors). We have room for improvement in how we communicate with our applicants leading up to, during and after panel. From surveys, we have also learned that some panelists underestimate the amount of work it takes to thoroughly evaluate all applications.

### *Guidelines Changes*

- In response to feedback, we found technical solutions to ease panel workload (simpler applications – especially for Project Support II, more panelists – likely for General Operating Support) and have set clear expectations as we recruit new panelists, a process that is well underway. We will also improve communications with cultural partners so they better understand our panelist recruitment, training and evaluation process.

The panel process is core to how CAC operates; well-run panels enable us to stay true to our values of transparency and impartiality. We will continue conducting open, live-streamed public panels. The Guidelines outline CAC’s panel process (GOS: pg. 24; PSI: pg. 39; PSII: 57).

### **Examining Eligibility and Technical Issues**

*How are our eligibility criteria keeping pace with the changing arts and cultural landscape? How should we factor decreasing tax receipt and investment revenue into the structure of our grant programs?*

### *Findings*

While several organizations expressed a desire to return to a “pass/fail” application where score does not matter, the vast majority of organizations clearly want score to matter in all future application cycles. They value the opportunity to earn more money by submitting exceptional applications. In addition, we determined slight inconsistencies between our two programs in how eligible grant amounts are determined; minor modifications can bring this into alignment for 2015.

### *Guidelines Changes*

- For 2015, we have made a minor adjustment to how we calculate the amount an organization can apply for in the Project Support I program. For the first time, we will back out our past CAC’s investments. This change is in alignment with how we treat General Operating Support organizations and helps ensure that organizations do not become overly reliant on CAC to sustain their operations. In addition, we will accept a review, in place of an audit, for organizations with budgets less than \$750,000.

We will continue with the “score matters” policy in 2015; this has been our practice with Project Support for many years and the shift to align General Operating Support to this policy in the 2013-14 cycle reinforced our desire to strengthen the sector.

### **Next Steps**

If the Guidelines are approved, CAC staff will proceed to refine the application questions, which are grounded in the Board-approved policy Guidelines. As a part of this process, we will continue to seek cultural partner feedback, resulting in the formal, public launch of our 2015 grant opportunities in late May. Additional key dates are as follows:

### **2015 Key Program Dates**



April 21	Board reviews and can approve policies in 2015 Guidelines
April – May	CAC finalizes application questions and creates online application
Late May	Complete Guidelines & Applications are available online
May 29	General Operating Support kickoff and application workshop
Ongoing	CAC provides technical assistance to applicants: workshops/ webinars/meetings
June 25	Eligibility Check Due - first step in formal application process
August 28	Applications due
October	CAC conducts panels General Operating Support: Oct 6-8; Project Support: Oct 20-23
November 24	Board may approve 2015 allocation and grants