

## Cuyahoga Arts and Culture

### Minutes of Meeting of Board of Trustees

Tuesday July 10, 2007, 10:00 am

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A regular meeting of the Cuyahoga Arts and Culture (CAC) Board of Trustees was called to order at 10:00 a.m. in the Second Floor Conference Room of the Ideacenter Building at 1375 Euclid Avenue, Cleveland, Ohio. The three Trustees of the CAC Board were in attendance: Steven Minter, Santina Protopapa and David Bergholz.

Executive Director Catherine Boyle introduced the CAC staff, who were all in attendance. Shari Johnson is the new Administrative Assistant. Andrew Revy is working part-time staff as Grants Assistant and part-time as Graduate Student Intern from Cleveland State University. Achala Wali is the Director of Grants Programs, and Meg Harris is Director of Administration.

#### 1. Approval of Minutes

Trustee David Bergholz moved to approve the Minutes from the June 12, 2007 Meeting. Trustee Protopapa seconded the motion. On roll call vote, Trustees Bergholz, Minter and Protopapa each voted yes.

#### 2. Finance and Audit Advisory Committee Charter

President Minter stated that it was important to establish a Finance and Audit Advisory Committee, which would help ensure public confidence and integrity in the financial management of Cuyahoga Arts and Culture (CAC).

President Minter also stated that Ohio Revised Code, Chapter 3381 states that the Executive Director is the fiscal officer, shall maintain all financial records, shall have the care and custody of the funds of CAC and shall deposit and invest the funds in accordance with the applicable laws of the State and the investment policy adopted by the Board of Trustees. Therefore, the Executive Director must serve on the Advisory Committee but the Director of Administration can serve as the staff resource person to the Advisory Committee.

President Minter added that he along with ED Boyle and Meg Harris prepared a draft Charter for the Finance and Audit Advisory Committee. Resumes are now being accepted for consideration for appointment to this Advisory Committee, and CAC is hoping for candidates with public finance experience. Trustee Bergholz stated that the proposed charter appeared thorough. Trustee Protopapa asked for clarification on how soon the Advisory Committee would meet. President Minter remarked that it would meet as soon as possible, after CAC board action approval.

Trustee Bergholz moved to approve the draft Charter for the Finance and Audit Advisory Committee. Trustee Protopapa seconded the motion. On roll call vote, Trustees Bergholz, Minter and Protopapa each voted yes.

### 3. Executive Director Update

Fund Balance. ED Boyle explained that CAC now has accounting software and a board-appropriated budget, so there will be monthly reports at each board meeting for review. She asked Meg Harris, Director of Administration, to review CAC's Fund Balance through 6/30/2007 with the Board. Ms. Harris explained that the total cigarette tax revenue for CAC is higher (\$8.0 million) than forecast year-to-date (\$6.2 million), due to CAC receiving funds earlier than had been expected from the state each month, and the February floor stock tax continuing to accrue. CAC received notice of \$3.4 million in revenue in June 2007, which is accounted for on the balance sheet, and received these funds on July 10, 2007. The figure includes revenues from the February floor stock tax.

The operating expenses year to date (\$340,000) are slightly under budget (\$348,000), which can be accounted for in part by a delay in hiring staff as planned. The largest expense to date has been a disbursement to Cleveland Orchestra for the annual Concert on the Square. Additionally, the rent for CAC Office space is \$5.00/yr, not the original expected \$1.00/yr.

Ms. Harris noted that she is still isn't comfortable accurately forecasting future months' revenue based on the information CAC has at this time.

President Minter asked if there is an impending back charge from Cuyahoga County for ED Boyle's salary for her time at CAC before CAC was operational? ED Boyle stated that it was her understanding that CAC would not be billed for her salary, but she will confirm that with the County Administrator.

Trustee Bergholz moved to acknowledge receipt of the Fund Balance report. President Minter seconded the motion. On roll call vote, Trustees Bergholz, Minter and Protopapa each voted yes.

Records Retention. ED Boyle explained that CAC just received the anticipated Memorandum from Legal Counsel Barbara Hawley detailing Public Records Law and what CAC needs to do to be in compliance with the law. ED Boyle asked the Board to table discussion regarding the contents of the Memo until the next Board of Trustees meeting in September, due to the fact that the memo is lengthy and detailed and was received only hours before this meeting. The Board agreed to table discussion until its next meeting.

General Operating Support (GOS) and Project Support (PS) Grants. Trustee Protopapa opened up the discussion by stating she did not think there was enough time

between the workshops and the cut off date for the draft review to allow smaller organizations to be prepared for the draft review. President Minter stated that there are two drop-dead dates: August 24, 2007 when the applications are due, and July 31, 2007, which is the last day for draft review. President Minter requested that CAC staff consider extending the July 31 deadline for draft review if it were necessary to accommodate all the organizations that would like a draft review. ED Boyle assured him that CAC staff would not deny any draft reviews, as long as they the organization was in contact with CAC before July 31.

Trustee Protopapa asked about the draft review process. ED Boyle explained that an applicant organization should make an appointment and submit a completed application at least five days in advance of the scheduled review to Achala Wali, Director of Grant Programs. Ms. Wali and CAC staff will allot 30-45 minutes to each draft review, giving the applicant feedback on the content, clarity and completeness of the application.

Trustee Bergholz added that it seemed that most organizations probably wouldn't need too much counsel because there are quite a few competent grant writers out there. Kathleen Cerveny of the Cleveland Foundation noted that there is a lot of anxiety out in the community because the GOS grant will only be offered every three years and that she expects most of the organizations will seek a draft review.

Trustee Bergholz stated that he was inherently sympathetic to all applicants; however if there is a deadline, it should be met. President Minter noted that the one deadline CAC cannot be flexible on is final submission by 5:00 pm on August 24, 2007.

ED Boyle stated that there are ongoing discussions between CAC and CPAC regarding the number of panels and the number of panelists needed for the GOS public Grant Application Review. CAC has two options. Option 1 is to have two panels in two different weeks, with one panel reviewing applications from organizations with small-to-medium size budgets and the other panel reviewing applications from medium-to-large size organizations. Option 2 is to have one larger panel reviewing all of the applicants in a one-week period where small-medium and medium-large size organizations would be reviewed separately, but by the same panelists.

ED Boyle expressed concern about Option 1, in that different panels could grade applicants very differently, and if CAC were to choose Option 1, she felt strongly that some panelists serve on both panels to ensure continuity with the assignment of points. Trustee Protopapa stressed the need to be sure that the panels are comprised of peers. Trustee Bergholz asked how the Ohio Arts Council (OAC) does their panels, and whether there are separate panels for different sized organization groupings. Megan Van Voorhis, Senior Director at Community Partnership for Arts and Culture (CPAC) stated that OAC has one panel per grant program as did Cuyahoga County's ACE Grant Program. She added that with one panel, one lead reader would be assigned to each application by medium/discipline and a second reader by organization budget size. Achala Wali added that a large number of arts and cultural organizations fall under the \$1 million mark and

that CAC is concerned that the potential applicants do not fall neatly into two groups of small-medium and medium-large, therefore suggesting that one panel might be better. Trustee Bergholz agreed, stating that it makes a strong argument for one larger panel reviewing all the applications. Kathleen Cerveny added that this was consistent with how the National Endowment for the Arts (NEA) approaches this issue.

ED Boyle asked the Trustees for their counsel on this issue, and explained that CAC was expecting approximately 100 applications for GOS. President Minter stated that since it seems a majority of organizations and potential applicants fall under \$1.5 million budget size, that one panel would perhaps be optimal. Megan Van Voorhis added that one panel with different lead readers would lend itself to consistency. ED Boyle added that CPAC was assembling a list of potential panelists from outside the region.

ED Boyle moved the discussion to Project Support (PS) grant, stating that CAC staff is working hard to have the PS grant guidelines and application posted no later than October 1, 2007 with the applications being due on February 1, 2008.

ED Boyle stated that PS grants will be open to not only arts or cultural organizations, but to Cuyahoga County based not for profit organizations that have a history of arts or cultural programming or activities. However, CAC's goals are not yet clearly defined as to the purpose of the PS grant program, whether these grants should specifically be a focus on arts education, cultural tourism and/or research and development, all of which were outlined in the original County's Investment Models.

Trustee Bergholz suggested that CAC should be inclusive of more organizations with broader eligibility than the GOS grants. The County's ACE grant program was specifically focused on Economic Development. ED Boyle stated that the Issue 18 campaign focused largely on the benefits of arts and cultural education for children and that perhaps there should be some inclusion of that component in CAC grants. Trustee Protopapa agreed, and noted that a capacity development component would be beneficial for many smaller organizations. Trustee Bergholz commented that capacity development was an area that the existing local foundation community already assists with and that CAC's PS grants should be more broadly focused. Kathleen Cerveny added that she believes the missing element in other project grants available to local organizations is a stress on "public access"

President Minter stated that 'cultural tourism' would need to be defined better if it was to be a component of CAC's PS grant program. President Minter suggested getting feedback on the PS grant guidelines.

The grant conversation concluded with a discussion of the Ohio Revised Code language about limitations on the grant making as outlined in Section 3381.17. The law reads:

...a regional arts and cultural district by action of its board of trustees shall make annual grants to support the operating or capital expenses of such of

the arts or cultural organizations located within the territory of the district as the board of trustees shall determine; provided, however, that not more than ten per cent of the amount granted in any calendar year shall be granted to arts and cultural organizations that are not qualifying arts or cultural organizations”.

President Minter asked for clarification of the statement “not more than ten percent of the amount granted...shall be to...arts and cultural organizations that are not qualifying arts or cultural organizations.” ED Boyle stated that she had consulted Legal Counsel Barbara Hawley about this. Ms. Hawley advised that Ohio Revised Code Section 3381.01 contains a definition of “arts or cultural organization” and a definition of “qualifying arts or cultural organization” and that those definitions have to be followed when they are used throughout Chapter 3381. She explained that a “nonqualifying arts or cultural organization” is an organization that meets all of the criteria in the definition of “arts or cultural organization” but does not meet all of the additional criteria in the definition of “qualifying arts or cultural organization.” The difference is chiefly the age of the organization and the permanence of its base of operations in the County. In all instances a grant recipient must satisfy the criteria in the definition of “arts or cultural organization.”

The specific definitions are as follows:

“Arts or cultural organization” means (1) any corporation, organization, association, or institution that: (a) provides programs or activities in areas directly concerned with the arts or cultural heritage; and (b) is not for profit and whose net earnings may not lawfully inure to the benefit of any private shareholder, member or individual, or (2) any arts or cultural councils that are not for profit and whose net earnings may not lawfully inure to the benefit of any private shareholder, member or individual.”

“Qualifying arts or cultural organization” means any arts or cultural organization whose income is exempt from federal income taxation, has been in existence for at least three years or is a successor to an arts or cultural organization which had been in existence for at least five years, and has a permanent and viable base of operations within an arts and cultural district.”

ED Boyle added that it is not mandated that CAC set aside ten percent for non-qualifying arts or cultural organizations, but rather that if CAC chose to give grants to non-qualifying arts or cultural organizations it could not, by law, grant more than ten percent of the annual cigarette tax collections of those organizations.

ED Boyle continued saying that she did not believe this was an issue the Trustees need to deliberate at this time as the Trustees can choose to be more restrictive than the law but cannot be less restrictive. The CAC Trustees, through the powers vested in it by Ohio law, and through careful consideration, approved the Bylaws, which state that the grant funds should be used for purposes outlined in the County Commissioner’s adopted

“Investment Models”, as those Models “are amended in order to comply with ORC Chapter 3381.” The Investment Models outline that the majority of funds would be allocated to General Operating Support (GOS) for not-for-profit arts or cultural organizations located in Cuyahoga County that meet the GOS eligibility requirements and are approved through the Grant Application Panel Review process.

ED Boyle added that she hopes the newly formed Finance and Audit Advisory Committee will assist with the projecting of tobacco tax revenues over the next three years so that the CAC Trustees can comfortably approve an allocation for both GOS and PS Grants. President Minter stated that a policy decision regarding this issue needs to be made very soon. President Minter also informed his colleagues that he, ED Boyle and Tom Schorgl, CEO of CPAC, recently met with Legal Counsel Barbara Hawley to discuss eligibility for CAC’s PS Grants, and that the intent is to have as large and diverse group of applicants as possible.

Contract for CAC website. ED Boyle provided the Trustees with a proposal from the Pavlish Group for creating a new website for CAC. She, with the assistance of M+R Strategic Services, accepted proposals and conducted a series of interviews with potential companies to recreate the CAC website and that Pavlish Group was the choice to perform the work. She noted that they were chosen for several reasons, namely that they run a small business located in the County, are reasonably priced and can get to work on the website right away and meet CAC’s goals of having a new website as soon as possible. ED Boyle asked that the Board approve the contract for the website. President Minter asked that the Pavlish Group proposal be attached to the Contract for the record.

Trustee Bergholz moved to approve the contract with Pavlish Group. President Minter seconded the motion. On roll call vote, Trustees Bergholz, Minter and Protopapa each voted yes.

#### 4. Additional Comments/Public Discussion

President Minter stated that the SFY 2008-09 Budget Bill passed, and that the CAC Board plans on becoming a 5-member board by October of this year. He said he plans to have conversations with the three County Commissioners to determine how they would like to proceed on appointing the two additional members. He noted that it would be beneficial to have the two new board members oriented and briefed as soon as possible, as the fall months will bring many key policy decisions for the CAC Board. Trustee Protopapa stated that if the Board, or anyone else, has candidate recommendations to pass them along to ED Boyle or to President Minter.

President Minter opened the meeting up to public comment. Ann Albano, Executive Director of The Sculpture Center, expressed her frustration in the GOS eligibility requirement to have an Independent Financial Review asked how she can get help with this matter, as she is concerned she will not be able to have this completed in time for the August 24 deadline. She also wanted to know why it was an eligibility requirement. ED Boyle responded that it is important for organizations to have


accountability and that this is the only way that CAC, a public entity, can verify an actual budget that would ultimately determine the amount of the grant for the organization. Achala Wali stated that the grant money is meant to increase stability within arts and cultural organizations therefore accountability is paramount. Trustee Bergholz added that CAC has to have accountability and he doesn't see any other way to accomplish this than with a certified financial audit or review. ED Boyle commented that CAC appreciates the public feedback in order to understand the needs of the arts and cultural organizations in this process. ED Boyle added that certain organizations may be better off applying for PS grants and taking the time to increase capacity and perhaps return in 2010 for the next round of GOS grants.

Trustee Bergholz made a motion to move to Executive Session to discuss CAC personnel matters. President Minter seconded the motion. On roll call vote, Trustees Bergholz, Minter, and Protopapa each voted yes.

There being no further business, the special meeting of the CAC Board of Trustees was adjourned at 11:50 am, June 12, 2007.

  
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President

Attest:

  
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Secretary