



Minutes of the Annual Meeting of the Board of Trustees

Monday, April 12, 2010

The Annual Meeting of the Cuyahoga Arts & Culture (CAC) Board of Trustees was called to order at 3:08 p.m. in the Conference Room at the Idea Center at Playhouse Square, 1375 Euclid Avenue, Cleveland, Ohio.

The roll call showed Trustees Chris Coburn, Vickie Eaton Johnson and Steven Minter to be present. It was determined that there was a quorum.

Also in attendance were: CAC Staff: Karen Gahl-Mills, executive director, Meg Harris, director of administration; Achala Wali, director of grant programs; Donnie Gill, grant program coordinator; and Stacey Hoffman, grant program coordinator.

1. APPROVAL OF MINUTES

Motion by Trustee Coburn, seconded by Trustee Minter to approve the minutes of the March 8th, 2010 Regular Meeting of the Board of Trustees. Discussion: None. Vote: All ayes. Motion carried.

2. OATH OF OFFICE

Cuyahoga County Administrator, James McCafferty, administered the oath of office to Matthew Charboneau and Christopher Coburn. Each trustee affirmed that he would honestly, faithfully and impartially perform the duties of the office. Mr. Charboneau and Mr. Coburn will serve terms through March 31, 2013.

Mr. Minter asked Mr. Charboneau to share a little bit about himself.

Mr. Charboneau stated that he was involved in the arts both personally and professionally. In his professional role at COSE Arts Network he works to help offer professional development resources, education and networking events, benefits programs and business savings to those in the creative industries.

**Ms. Feldman arrived at 3:18 pm*

An appreciation of retired trustee David Bergholz occurred. Mr. Minter thanked Mr. Bergholz for his service to CAC over the past three years.

3. ELECTION OF OFFICERS

Mr. Minter stated that Trustees Feldman and Johnson served as the nominating committee for the election of officers.

Motion by Trustee Johnson, seconded by Trustee Feldman to elect Steven A. Minter to the position of President of the Board of Trustees for the 2010-2011 term. Discussion: None. Vote: All ayes. Motion carried.

Motion by Trustee Johnson, seconded by Trustee Feldman to elect Christopher Coburn to the position of Vice President of the Board of Trustees for the 2010-2011 term. Discussion: None. Vote: All ayes. Motion carried.

Motion by Trustee Johnson, seconded by Trustee Feldman to elect Vickie Johnson to the position of Secretary of the Board of Trustees for the 2010-2011 term. Discussion: None. Vote: All ayes. Motion carried.

4. BOARD DISCUSSION

Mr. Minter suggested that the Board had some work to do and some decisions to make. The first discussion would center on the tax revenue projections; Chris Coburn was asked to lead the charge on this topic.

Mr. Coburn presented the following information to the Board:

- Actual tax receipts for the 2007-2009 timeframe were examined against CAC's predictive model in order to check the accuracy of the model.
- In general, receipts are decreasing between 6.5% and 7% each year, in alignment with the predictive model.
- A more robust model may be needed as the declining trend may level off at some point –the State Department of Taxation may be able to provide additional information for future forecasting.

Mr. Coburn continued stating that in looking ahead, CAC is trying to predict tax receipts for 2010, which will impact the 2011 grant cycles. Mr. Coburn reiterated that a more robust model may be needed, but in general, it is predicted that receipts will be down to approximately \$17.4 million from \$18.2million in 2009. He continued, stating that it is predicted that 2010 could be the first year that CAC's expenses and revenues are nearly equal. In 2011, it is projected that there will be \$600k less to put toward 2011 grant programs than has been allocated for the current year's programs. In 2012, there could be another \$900k less, with total receipts down to \$16.3million.

Mr. Coburn provided context for CAC's current expenditures of funds. In 2009, 86% of CAC's expenditures were put toward the general operating support program, approximately \$15million. Overhead expenses were 4% and the remainder went to project support and special initiative grants. Mr. Coburn noted that overhead expenses will most likely not decrease over time. Finally, Mr. Coburn said that CAC collected tax receipts in the first year of operations, 2007, which effectively

are in reserve. It is estimated that CAC's total assets available at 12/31/10 will be just over \$22 million.

A discussion ensued regarding the declining revenues in relation to the tobacco tax. Included in the discussion was the possibility of CAC exploring alternative funding sources for the future in order to stabilize its annual revenues, either in addition to, or in conjunction with the current funding source.

A discussion also ensued regarding the current declining funding and its direct relationship to the determination of future allocations to CAC's grant programs. Discussion points were:

- The current grantmaking level is not sustainable without reducing the reserve
- Organizational funding goals should be considered when making future grant program allocations
- A percentage model could be used in determining grant program allocations to guide future allocations as revenues vary
- The Board should determine what amount of reserve should be maintained by CAC

Ms. Gahl-Mills asked the Board to think about how decisions would be made, and posed several questions for consideration:

- How will CAC decide what the priorities are? Which programs are most important?
- How will CAC determine which programs are important? What is the criteria that should be used?
- What will happen if we do not address the declining revenue stream and its implications?
- We have a reserve. Why do we have this and what will happen to these dollars?

Mr. Minter stated that in considering all of these points, the question of whether CAC is funding quality or quantity may be asked. Mr. Minter continued saying that in determining the priorities of funding priorities, CAC should define what operating support means and what is included in project support.

Mr. Coburn stated that the approach used and the transparency of the Board would determine their success.

5. EXECUTIVE DIRECTOR REPORT

Ms. Gahl-Mills stated that she was very pleased with the slate of officers that the Board had just approved. She thanked Mr. Minter for agreeing to stay on as president for the next year.

Ms. Gahl-Mills continued, informing the Board that staff was busy processing GOS grant applications, preparing to convene the grants panel in May, and beginning to accept Intent to Apply submissions for the 2011 Project Support grant program.

Ms. Gahl-Mills informed the Board that she had been out building relationships with CAC's partner organizations. Since February 1st, she had completed 50 visits with leaders of CAC's arts and cultural partners, concentrating first on our general operating support recipients of all sizes. She thanked the staff for providing her with critical background information to help prepare her for

these visits. She also thanked Tom Schorgl for including her (and CAC) in many events, invitations, and conversations about the future of the arts sector.

Ms. Gahl-Mills moved on to discuss one of her priorities that included increasing CAC's visibility in the community. Recently CAC has been featured in *Crain's*, *The Scene*, on WCPN, at the Film Festival, and in the *Plain Dealer*, both on the arts and editorial pages. She thanked Joanie O'Brien and Jeff Rusnak at R Strategy Group for their continued efforts on CAC's behalf.

Ms. Gahl-Mills referred to a project that was being undertaken that would directly address measuring the impact of our work on the economy, quality of life, and on education. With the Ohio Cultural Data Project in hand and with the research expertise of CPAC, some data-based conclusions about the impact of our work will be drawn. Those conclusions will be woven into the stories that will be captured in the 2010 report to the community.

Ms. Gahl-Mills presented some issues that were being raised regularly, the first regarding the economic retrenchment of the past 18 months. This has caused organizations of all sizes and disciplines to rethink their activities and reduce their expenses. In general, the amount of artistic "product" that is being delivered to the community seems to be unchanged. There are few organizations that have eliminated core programs or services in response to the economic climate; instead, most are finding ways to continue their level of service with reduced staffing, reduced budgets, and increased use of volunteers. While this is admirable, it also raises a concern as we move forward, as one wonders how long organizations can continue to "muddle along" within significant budget constraints before their artistic product begins to suffer, or how they will respond to changes in their external environment while operating within those same constraints.

Ms. Gahl-Mills continued, stating that many organizations had seen significant increases in individual giving, membership, and attendance, even in a down economy. Additionally, there is a lot of collaboration taking place between many organizations. The collaborative spirit is alive and well in Cuyahoga County, and our arts and cultural partners do believe that working together, they can have more impact and serve more citizens than working alone.

Ms. Gahl-Mills also commented on the amount of arts education activity taking place across the community. Organizations large and small understand that connecting with students of all ages is an important way to demonstrate the public benefit that they provide.

Ms. Gahl-Mills presented three initial conclusions to help guide our thinking over the coming months, as we think about what's next:

1. Our general operating support grants are a critical source of support for nearly all of our grant recipients. In a funding environment that is still volatile, particularly from an institutional giving perspective, do we need to consider maintaining the level of funding going toward the general operating support program, even in a time of shrinking receipts?
2. Activity and impact are not the same thing. Results matter. How do we begin to track and measure results throughout all of our grant programs, not just activity?
3. Given the amount of arts education activity that is currently taking place, do we need to consider developing a grant program that specifically supports this work?

6. DIRECTOR OF ADMINISTRATION REPORT

Finances and Operations

Ms. Harris summarized financial statements through March 2010. She stated that revenue collected through March was \$4,146,236. This figure was \$21,291 above the budgeted amount. Interest revenue totaled \$2,456 through March. Expenditures during this period were within budgeted figures. The current StarOhio daily yield rate is .1%.

Ms. Harris stated since the last meeting Board meeting in March, she had met with Scott Morgan, Finance Director and Fiscal Officer of the Cuyahoga County Public Library, regarding appropriate options for diversifying CAC's investments. Mr. Morgan provided an outline of CCPL's investments as well contact names at several banks providing these investments. Ms. Harris said that she also exchanged messages with Terry Maltarich, the investment officer for Cuyahoga County's funds, and he confirmed that CDARS are a good investment vehicle, particularly for smaller entities such as CAC.

Ms. Harris added that she and Ms. Gahl-Mills met with representatives from two banks to learn more about the CDARS program. The return on CDARS investments currently is .55%, 1.3%, and 2% for one, two and three year terms respectively. All CDARS investments are fully FDIC insured. Ms. Harris said that the challenge with CDARS is limited current availability in terms of dollar limits of investments. This can change by the week but in the short-term does pose a challenge to CAC in regards to diversifying investments.

Ms. Harris stated she and Ms. Gahl-Mills are mapping out a plan to move a portion of the money currently in StarOhio to CDARS programs at two different banks over the next several weeks.

Ms. Harris stated that CAC has contracted for offsite back-up to supplement the on-site back-up of computer data. The offsite back-up will be integrated into CAC's process this Wednesday.

Mr. Minter asked how much was spent in the 2009 Project Support grant program on units of government.

Ms. Harris replied that approximately \$125,000 was granted to units of government.

7. GRANT PROGRAM UPDATES

General Operating Support (GOS)

Ms. Gill reported that 72 GOS applications had been received and were being processed. There were no major problems to date.

Ms. Wali commented that she was very pleased with the application process.

Project Support (PS)

Ms. Hoffman informed the Board that eight Intent to Apply forms had been submitted for the Project Support grant program; four of those were new applicants to CAC.

Ms. Hoffman stated that three outreach workshops were scheduled for the PS grant program for late April and early May.

8. CAC/CPAC – RESEARCH INITIATIVES

Ms. Wali reported on the Ohio Cultural Data Project (OCDP). This will be a powerful tool in demonstrating the impact of CAC’s funding on the community at large. By demonstrating impact, we can justify our significant investment to date to the community and make the case for continued funding in 2016.

Ms. Wali informed the Board that statewide, 364 organizations had created accounts. All 72 GOS applicants have entered data profiles into the database. Current GOS grantees are completing the input of their third year of financials.

Kristin Tarajack, Community Partnership for Arts and Culture (CPAC), presented plans for their research project to demonstrate the impact of CAC funding. To establish CAC’s impact, data will be drawn from the Ohio Cultural Data Project (OCDP) on indicators directly related to the three key campaign messages of Issue 18; education, the economy and quality of life. CPAC staff, in deliberation with CAC staff, selected OCDP indicators based on CAC’s expressed priority areas for demonstrating its impact included geography, attendance/participation, inclusion, employment and education.

Public Comment

None.

Next Meeting

The next regular meeting of the CAC Board of Trustees is Monday, May 10, 2010 at 3:00 p.m. in the Second Floor Conference Room of Idea Center.

Motion by Trustee Feldman, seconded by Trustee Johnson to adjourn. Discussion: None. Vote: All ayes. Motion carried. Meeting adjourned at 4:30 p.m.

Steven A. Minter, President, Board of Trustees

Attest:

Vickie Eaton Johnson, Secretary, Board of Trustees