



**Minutes of the Regular Meeting of the Board of Trustees**  
Monday, December 15, 2014

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A meeting of the Cuyahoga Arts & Culture (CAC) Board of Trustees was called to order at 3:31 pm in the Miller Classroom at the Idea Center at Playhouse Square, 1375 Euclid Avenue, Cleveland.

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

Motion by Trustee Charboneau, seconded by Trustee Minter, to adjourn into executive session for the purpose of discussing personnel matters and staff compensation. No discussion. Vote: Minter: aye; Feldman: aye; Charboneau: aye; Gibbons: aye. The motion carried.

Executive session ensued. [Eliza Wing arrived at 3:41 pm]

At 4:07 pm, a motion was put forward by Trustee Gibbons, seconded by Trustee Minter, to adjourn executive session and resume the public meeting. No discussion. Vote: all ayes. The motion carried.

Trustee Feldman called the public session to order at 4:07 pm in the Miller Classroom at the Idea Center.

Also in attendance were: CAC staff: Karen Gahl-Mills, executive director; Meg Harris, director of administration; Stacey Hoffman and Jesse Hernandez, program managers; Jennifer Schlosser, communications manager; and Jake Sinatra, program associate.

**1. APPROVAL OF MINUTES**

Motion by Trustee Minter, seconded by Trustee Wing, to approve the minutes from the November 24, 2014 board meeting. Discussion: None. Vote: all ayes. The motion carried.

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

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

Trustee Feldman stated that, during this time of year, she finds it important to reflect and appreciate the year and the work of friends and colleagues that contribute to the community. She stated that CAC's outstanding Board has been diligent in its duties, reflective of CAC's past and attentive to CAC's future. She stated that CAC has been most fortunate to have a talented and dedicated team that is led by Karen Gahl-Mills. Together they create opportunity and equity in the arts and cultural community that, she stated, is unparalleled in the nation. She stated that she felt fortunate to serve on the Board as the process to hire an Executive Director unfolded, and that the Board charged Karen to take CAC to a new place, to

go beyond processing grant applications and distributing funds. The Board charged Karen to do more, to be a true resource to the community and to increase equity of fund distribution and equity of access to arts and culture in the community. She stated that CAC's Board supports recommendations from the staff of CAC and appreciates the CAC staff for their commitment and guidance to ensuring transparency, objectivity and fairness in CAC's grantmaking process. She stated that this work is critical because it shows our residents that we take stewardship of their investment very seriously. She stated that the Board remains committed to ensuring that our taxpayers' investment in arts and culture is granted through a thorough process where our values are reflected in all that we do, actively working to prove value and integrity to our taxpayers. She stated that CAC's Board looks forward to continuing this work together in 2015 and wished everyone happy holidays.

### **3. EXECUTIVE DIRECTOR'S REPORT**

Ms. Gahl-Mills welcomed guests and made a report to the board. Ms. Gahl-Mills stated that the staff reports to the board represented a year-end wrap-up. She provided an update on the status of CAC's funding of individual artists moving forward. She stated that CAC has received a draft proposal to fund individual artists in 2015 and 2016, in the amount of \$400,000 per year for those two years. The proposal included 40 annual fellowships, each in the amount of \$15,000. She stated that CAC met with Megan Van Voorhis and Valerie Schumacher on December 8, and that CAC staff expect to move forward and bring a proposal to CAC's Board for approval at its meeting on February 9. She stated that CPAC's proposal is responsive to CAC's goals with the program, and that CAC looks forward to working with CPAC on this project.

Trustee Minter asked for more details about CAC's Cultural Liaison program. Mr. Hernandez stated that this year, in the second year of the program, CAC staff worked to allow the Cultural Liaisons to report more on their experiences, which gave CAC staff a better perspective on the events the Cultural Liaisons attended. The Cultural Liaison program helped staff to better understand the work of our cultural partners. With the information gathered, CAC made a concerted effort to give feedback to our cultural partners about the experiences. This year, CAC staff did additional training for the Cultural Liaisons. This work also led to the street team work at the AHA! Cleveland festival in August. Ms. Gahl-Mills stated that these Cultural Liaisons are essentially trained volunteers out in the community, extending CAC's reach. They help CAC learn more about our cultural partners than we would otherwise. Trustee Minter stated that it could be a good idea to recognize or feature these Cultural Liaisons on our website or social media.

### **4. FINANCE REPORT**

Ms. Harris gave a report on Cuyahoga Arts & Culture's finances. She provided an overview of the organization's financial results year-to-date, stating that CAC had \$14,536,842 in revenue through November 30, which is \$404,535 or 2.7% under forecast and 4.63% below revenue for the same period in 2013. Ms. Harris stated that CAC's investment income through November was \$79,286 which exceeded forecast by \$7,111. Ms. Harris stated that year-to-date cash expenditures were \$15,017,131 which is slightly under budget for the period and is a combination of the timing of payments and reduction in expenses.

Trustee Minter asked about the recent forecasting work that CAC undertook. Ms. Harris stated that CAC worked with CSU's Levin School to create forecasting models for CAC's revenue. CSU recommended doing a three-year lookback, which is how CAC estimated revenue for 2014.

## **5. CONNECT WITH CULTURE**

Ms. Gahl-Mills introduced Stacey Hoffman, program manager of the Project Support grant program. Ms. Hoffman provided an overview of arts and cultural programming occurring in unusual places throughout Cuyahoga County that CAC will fund in 2015. She highlighted the following: Aradhana Committee's Thyagaraja Festival; Cleveland Seed Bank's Sowing the Seeds of Community Resilience project; and University Hospitals' Arts for Wellness music therapy program.

Trustee Wing asked how the Cleveland Seed Bank's project fit in to arts and culture. Ms. Hoffman stated that CAC's definition of arts and culture includes nature and science. Ms. Gahl-Mills reiterated that in accordance with Ohio Revised Code 3381, nature and science programs fall under arts and culture for CAC.

Trustee Minter stated that he felt it was great that such a varied set of organizations apply for and receive CAC funding. Ms. Gahl-Mills stated that word is getting around the County about CAC funding, partially due to word of mouth, but also due to CAC staff's targeted outreach efforts.

## **6. BOARD ACTION**

### **Approval of CAC Operating Budget for 2014**

Ms. Gahl-Mills provided a summary of the proposed operating budget for Cuyahoga Arts & Culture in 2015 (see [2015 Operating Budget Memo](#)).

Trustee Minter said that the numbers presented assumed that a renewal levy would pass; he asked what would happen if it doesn't pass in 2015. Ms. Harris stated that if CAC's funding were not renewed by the end of the 10 years, CAC would stop collecting the revenue January 31, 2017. If this were to happen, CAC would still be able to make grants in 2017 and CAC would continue to make grants in alignment with CAC's Cash Reserve and Allocation Policies. Trustee Minter stated that the materials provided were very helpful, and it would be helpful to have another sheet showing what would happen if voters do not renew CAC's funding.

Trustee Gibbons commented that, although revenues are decreasing, the work of the staff does not decrease at all, and the staff is still undertaking a significant amount of work. He applauded the staff for their hard work. Ms. Gahl-Mills stated that, with CAC funding nearly 200 organizations, the work doesn't get smaller; if anything, CAC staff is doing more work with less. Trustee Feldman stated that the Board supports the budget, including the compensation for the staff.

Motion by Trustee Minter, seconded by Trustee Wing, to approve the appropriation of Cuyahoga Arts & Culture's 2015 Operating Budget. Discussion: None. Vote: all ayes. The motion carried.

## **7. ADMINISTRATIVE MATTERS**

### **Approval of Personnel Report**

Ms. Harris stated that the board had received a Personnel Report related to staff compensation.

Motion by Trustee Charboneau, seconded by Trustee Gibbons, to approve the Personnel Report. No discussion. Vote: all ayes. The motion carried.

### **Approval of Investment Policy**

Ms. Harris stated that, at the Audit and Finance Advisory Committee meeting held in October, the committee reviewed CAC's Investment Policy. She stated that there was one minor recommended revision to the policy, to extend the allowable investment maturity from three years to five years. The committee recommended making this change to allow flexibility in CAC's investment options.

Trustee Minter commented that, as the Board's representative to the Audit and Finance Advisory Committee, he was involved in the discussions leading to the recommended change to the Investment Policy and he supports the recommendation. Trustee Feldman stated that Ohio Revised Code ensures that CAC's investments are conservative, and CAC takes a very conservative approach with its investments accordingly.

Motion by Trustee Minter, seconded by Trustee Gibbons, to approve the updated Investment Policy. No discussion. Vote: all ayes. The motion carried.

### **Approval to Amend the AetnaFSA Section 125 Cafeteria Plan**

Ms. Harris stated that CAC would like to amend its Section 125 Cafeteria Plan to include language that permits the plan limits to increase with IRS statutory limits.

Motion by Trustee Charboneau, seconded by Trustee Wing, to approve the amendment to the Aetna FSA Adoption Agreement Item VI – Flexible Spending Account Elections, FSA section (a) to read: The maximum annual salary reduction amount an Employee may elect for any Plan Year will be equal to the IRS annual statutory limit. No discussion. Vote: all ayes. The motion carried.

### **Approval of Lease with PSC Bulkley Buildings LLC.**

Ms. Harris stated that Cuyahoga Arts & Culture will be entering into a lease agreement with PSC Bulkley Buildings LLC. for a five year period beginning on January 1, 2015. She stated that the annual amounts of the lease would be: \$31,500 in years one and two, \$32,156 in year three, and \$32,812.50 for years four and five. She added that the lease does have an early termination clause should it be needed.

Ms. Harris stated that, to-date, CAC has occupied its office rent-free from Playhouse Square due to a previous agreement with Cuyahoga County. CAC thanks Playhouse Square for that and is pleased to pay this favorable rate moving forward with the Board's approval.

Motion by Trustee Gibbons, seconded by Trustee Wing, to approve entering into a five year lease agreement with PSC Bulkley Building, LLC. No discussion. Vote: all ayes. The motion carried.

### **Approval of Contract with Melamed Communications**

Ms. Harris stated that Cuyahoga Arts & Culture has been working with Melamed Communications since October. She asked that the board approve a contract with the firm for the period of October 1-December 31, 2014 in the amount of \$12,000.

Motion by Trustee Minter, seconded by Trustee Charboneau, to approve a contract with Melamed Communications, LLC for the period of October 1-December 31, 2014 in the amount of \$12,000. No discussion. Vote: all ayes. The motion carried.

### **Approval of Contract with TRIAD Research Group**

Ms. Harris stated that Cuyahoga Arts & Culture has been working with TRIAD Research Group to conduct polling related to the general awareness of CAC and its activities. She asked that the board approve a contract with the firm in the amount of \$26,900.

Ms. Gahl-Mills stated that there are plans for TRIAD to make a detailed report to the Board on its findings at its meeting in February.

Motion by Trustee Wing, seconded by Trustee Minter, to approve a contract with TRIAD Research Group in the amount of \$26,900. No discussion. Vote: all ayes. The motion carried.

Trustee Charboneau asked Ms. Harris to clarify the length of the contract. Ms. Harris clarified that the contract was for the services surrounding the polling.

### **Approval of Contract with the Ohio Auditor of State**

Ms. Harris stated that Cuyahoga Arts & Culture will continue to work with the Local Government Services division of the Ohio Auditor of State for conversion and compilation services related to its annual audit. She stated that the Ohio Auditor of State had provided a three year contract for services in an amount up to \$4,000 per year.

Motion by Trustee Gibbons, seconded by Trustee Charboneau, to approve a three year contract with the Local Government Services division of the Ohio Auditor of State for conversion and compilation services related to the annual audit in an amount up to \$4,000 per year. No discussion. Vote: all ayes. The motion carried.

Trustee Feldman stated that she wished CAC's Board and staff, as well as all of those in attendance, a happy holiday season.

## **9. PUBLIC COMMENT**

There were no public comments.

Next meeting: The next meeting will be held at 3:30 pm on February 9, 2015 at the Idea Center at Playhouse Square in the Miller Classroom.

## **10. ADJOURNMENT**

Motion by Trustee Gibbons, seconded by Trustee Wing, to adjourn the meeting. No discussion. Vote: all ayes. The motion carried. The meeting was adjourned at 4:45 pm.

Attest:

\_\_\_\_\_  
Sari Feldman, President, Board of Trustees

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Steven Minter, Secretary, Board of Trustees



## MEMORANDUM

Date: December 15, 2014  
To: CAC Board of Trustees  
From: Karen Gahl-Mills, Executive Director and Meg Harris, Director of Administration  
Re: 2015 Budget Appropriation

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### Summary

At the December 15 board meeting, Trustees will be asked to allocate the 2015 operating budget for CAC in the amount of \$16,448,500.

### Objectives

Our objectives in creating the operating budget for 2015 are:

1. Continued investment in arts & cultural programming as guided by our [allocation policy](#).
2. Continued investment in raising CAC's public profile, leveraging the new website to feature cultural partners and their events, in order to have more frequent, bolder and more robust information about CAC and its importance to the residents of Cuyahoga County.
3. Invest appropriately in staff, to encourage employee retention.
4. Ensure that 2015 team objectives are expressed through the operating budget (see page 22).

### Rationale

At our November 25 board meeting, the board received a [memo](#) that detailed a set of budget priorities for 2015.

**Conservative excise tax revenue projections for 2015 are \$14,750,000.** This figure, which represents a 7.5% decline in revenue over 2014, takes into account the possibility of a statewide tax increase on cigarettes in 2015. We believe that a conservative projection is warranted given the nearly 5% decrease we have seen in revenue to date in 2014.

Interest revenue is forecast to be \$80,000 which is the same as in 2014. This is consistent with the recent returns from our current investment portfolio.

**We anticipate that our expenses, detailed below, will be approximately \$16,448,500:** a breakdown of \$15,761,632 for arts & cultural programming expenses and \$686,868 for general and administrative expenses.

The appropriation summary that follows demonstrates our adherence to the objectives stated above. The 2015 overall budget is reduced by over \$1.1 million from the 2014 budget. In accordance with CAC's [Cash Reserve Policy](#), we will plan to utilize approximately \$1.62 million from the cash reserve to fund the grantmaking and operations of CAC in 2015.

## **Appropriation Detail**

### 1. Arts & Cultural Programming (95.8%)

#### a. Salaries, Wages and Benefits

This category includes salaries for the deputy director, three managers, an associate as well as 25% of the salaries for the director of administration and communications manager. This budget area will increase by approximately 13% over 2014 figures. The increase is due primarily to the addition of a new staff person set for early 2015 as well as modest staff increases and other costs related to payroll and benefit expenses.

#### b. Program Costs

The expenditures in the category reflect a decrease from 2014 due to a variety of items including: the off-cycle for the General Operating Support program (we will not run a panel or work with the Nonprofit Finance Fund to offer financial health consultations); a decreased investment in the service agreement with Neighborhood Connections and; a reduction in fees for services associated with the Cultural Data Project. In 2015, we will refocus our efforts on providing a robust cross-program Learning Agenda in order to address the needs of our cultural partners in key areas. The 2015 Learning Agenda will include convenings of the arts and cultural sector and topical workshops for cultural partners based on feedback they have provided to CAC. Additionally, CAC staff will continue to commit time and resources to research and evaluate its programs.

#### c. Grants

This category represents grants made for general operating support, project support and other initiatives as approved by the Board. Overall, grant funding will decrease by 6.1% from 2014 levels. The funding allocations for the General Operating Support and Project Support and grant programs have already been approved by the Board. Within the category of Other Grants, funding has been budgeted for the previously approved sponsor-level support of The Cleveland Orchestra's Public Square concert in 2015 and the discussed commitment for the Creative Workforce Fellowship program.

### 2. General and Administrative (4.2%)

#### a. Salaries, Wages and Benefits

G&A staff salaries include the executive director and 75% of the salary for the director of administration and the communications manager. Modest pay increases for non-program staff in 2015 are included in this figure.

#### b. Facilities, Supplies, Equipment

This category will be nearly flat over 2014 expenditures despite the inclusion of rent which CAC will begin paying effective January 1. This category also includes continued investment in staff professional development including associated travel costs as well as costs associated with travel for external affairs related work.

#### c. Professional Fees

This category is flat with its allocation in 2014. Included in this area are fees for legal services; organizational planning; public relations/communications; marketing, design and advertising; investment management fees; and accounting/financial services.

## **Action Requested**

We ask that Trustees approve the 2015 operating budget in the amount of \$16,448,500. We look forward to answering your questions at the December 15 board meeting.