



Minutes of the Regular Meeting of the Board of Trustees
Monday, February 13, 2017

A meeting of the Cuyahoga Arts & Culture (CAC) Board of Trustees was called to order at 3:44 pm in the Miller Classroom at the Idea Center at Playhouse Square, 1375 Euclid Avenue, Cleveland.

The roll call showed that Trustees Mark Avsec, Joe Gibbons, Steve Minter and Charna Sherman were present. It was determined that there was a quorum.

Motion by Trustee Gibbons, seconded by Trustee Avsec, to adjourn into executive session to discuss personnel matters relating to employment, promotion, and compensation of a public employee or official. No discussion. Vote: Avsec: aye; Gibbons: aye; Minter: aye; Sherman: aye. The motion carried.

Executive session ensued.

(Trustee Garth arrived at 4:00 pm.)

At 4:17 pm a motion was put forward by Trustee Gibbons, seconded by Trustee Avsec, to adjourn executive session and resume the public meeting. No discussion. Vote: all ayes. The motion carried.

Trustee Gibbons addressed other trustees and asked if they would be willing to allow for comments on all CAC-related topics, not just those pertaining to this meeting's agenda, to be voiced at the first public comment section of the meeting.

Trustee Sherman added in agreement that it would be worthwhile in the future to revisit the structure of Board meetings, in order to make them more interactive for attendees.

Also in attendance were: CAC staff: Karen Gahl-Mills, executive director; Jill Paulsen, deputy director; Roshi Ahmadian; Meg Harris; Jessica Kayse; Dan McLaughlin; Jake Sinatra and Nicole Thomas.

1. PUBLIC COMMENT ON MEETING AGENDA ITEMS

The following made public comment on general items related to CAC work, as well as the 2018 grant programs discussion, item #5 on the agenda:

Mr. Soul (Cuyahoga County resident), Sadie Stewart (Cuyahoga County resident), Laura Paglin (past Creative Workforce fellow), Liz Maugans (past Creative Workforce fellow), Barbara Bachtell (Broadway School of Music and the Arts), Raymond Bobgan (Cleveland Public Theatre), George Brant (past Creative Workforce fellow), Toni Chandler (Cuyahoga County resident), David Shimotakahara (past Creative Workforce fellow), Martha Loughridge (SPACES).

2. EXECUTIVE DIRECTOR'S REPORT

Ms. Gahl-Mills welcomed attendees to CAC's first Board meeting of 2017. She thanked ideastream's President and CEO Kevin Martin for hosting the meeting. Mr. Martin addressed the Board and attendees and thanked CAC for its support of ideastream in the past few years.

Ms. Gahl-Mills continued with her remarks. Addressing the attendees, she explained that there is no Board discussion or action on funding for artists at this meeting, but she provided an update on the topic: Ms. Gahl-Mills noted that following the Board's affirmation of a set of principles to guide and funds to support a new direction for artist funding at the December meeting—which will include elements like flexible funding and the ability to share funding with lots of artists—the staff has begun the initial program development work. She noted that the agency has had many informal conversations with artists, both those who have participated in CAC funding in the past and those who have felt left out of the process. Ms. Gahl-Mills continued that groups of African American artists have been organizing, and that she, and Trustees Garth and Gibbons met with a small group at St. Luke's Foundation last week at their request, to hear their concerns and get a sense of what they need from CAC. She noted that the agency has also been talking with other funders and doing some internal research about other programs that it might learn from. She mentioned that staff has also heard from several organizations in the community who want to help CAC find the way forward, and that she thanks them for their interest.

Ms. Gahl-Mills noted that what CAC has determined won't surprise attendees: to design a program that is both responsive to the community and aligned with CAC's values, the agency needs to talk to artists and residents alike. CAC is committed to learning more about the artists in our community and what would feel like help to them. She declared that CAC needs to make some of those connections and learn more before it goes too much farther. So, she said, staff is planning to convene groups of residents and artists in a listening session format, to begin to better understand the landscape.

Ms. Gahl-Mills thanked Raymond Bobgan of Cleveland Public Theatre, who has been talking with CAC about putting together some sort of community committee to help advise the process. She explained that CAC needs community voices around the table as it does this work, and that Mr. Bobgan's partnership will help the agency be successful.

Ms. Gahl-Mills continued that CAC is managing toward bringing something for Board approval at the September meeting, which is the rough timeline it outlined in December. The agency will have more to share in April, though again, it is likely that this won't be on the meeting agenda. Meanwhile, she explained, CAC will continue to welcome feedback, either at this meeting in the public comment session at the end, or via calls or emails.

Ms. Gahl-Mills turned her attention to the other items on the agenda, explaining that in the executive session that concluded a few minutes prior, the Board discussed compensation for the staff. This, she noted, is regular CAC business, and the Board will have the chance to approve a personnel report at the end of today's meeting that recaps the action items that result from that session.

Ms. Gahl-Mills continued that today's meeting centers on a discussion about CAC's 2018 project support and operating support grant programs. She mentioned that staff is not recommending major changes to the core programs or to the criteria, but it is recommending a change to grant award amounts for project support that reflects our reduced revenue environment. CAC staff also looks forward to exploring a potential simplification of the GOS panel process. She described this simplification in more detail: noting that this is CAC's 10th year of service – and with that maturity comes a level of confidence in the organizations that CAC funds – she explained that staff is suggesting to consider not putting GOS organizations through a panel who have been with CAC for the past few cycles. Ms. Gahl-Mills continued

that CAC staff would, of course, still welcome new applicants to the GOS program, and that it will run a panel to evaluate their applications as it has in the past. The team, she continued, has done great thinking about all of this, and that it looks forward to the discussion and appreciates all the comments raised so far.

Ms. Gahl-Mills concluded that CAC is also asking the Board to approve a minor renovation to its office space. She reiterated that as the agency matures, and as staff provides more technical assistance to groups and invites more to meetings in its office, it needs more meeting space, and that the HVAC unit in the office is on its last legs. She noted that the Board will hear more in the administrative matters section of the agenda later in the meeting. She asked the Board if they had any questions.

3. FINANCE REPORT

Ms. Harris gave a report on Cuyahoga Arts & Culture's finances.

2016

Revenue. Final, unaudited tax revenue for 2016 was \$14,767,137. Revenue for the year was \$232,863 (1.55%) below forecast. Tax collections were 7.63 below receipts in 2015. This represents a steeper year-over-year decline than we have typically had in the recent past. While this decrease is substantial, recall that in 2015 we saw no decrease in the tax over 2014. If we look at the change in tax revenue over the two-year period it is 3.6% per year, which is in line with normal year-over-year decreases in revenue. Investment revenue was \$221,557 for the year, exceeding forecast by \$101,557. Of note, the 2016 budget included \$100,000 related to the grant received from the NEA and matching funds committed by the Group Plan Commission. This revenue was deferred to 2017 along with the associated expenses.

Expenditure. Final, unaudited expenditures for FY2016 were \$16,248,895. This figure is \$407,105 under budget for the year. This is a result of several factors in addition to the deferment of the \$100k expense discussed above and includes open positions early in 2016, reduced expenses related to the panel review from the use of an online panel and lower than budgeted spending on the community planning which concluded last year. The draw from the reserve in 2016 was \$1,260,202, which was \$175,798 lower than anticipated.

Annual Audit. The Local Government Services division of the Ohio Auditor of State began work on CAC's GAAP conversion for 2016 in early January and will finish the conversion in February. We expect the annual audit to begin in March and to conclude by May 31.

2017 YTD

Revenue. Tax revenue through January 31 was \$1,257,349. This figure is \$71,479 (6.03%) above forecast and 28% above revenue for the same period in 2016. Interest revenue through January was \$3,800. This figure is below forecast by \$13,800 due to timing of interest payments generated by investments.

Expenditure. Cash expenditures through January were \$1,143,051. This figure is below the budgeted amount of \$1,789,617 primarily due to the timing of grant payments. Please note the expenditure figure varies from the financial statements because we recognized, or accrued, the full amount of grant awards for 2017 in January. We will draw down the balance sheet account as we remit payments to our cultural partners.

Trustee Gibbons asked if CAC is still comfortable with a 3.6% decline. Ms. Harris responded yes, since there has been no evidence to suggest that the decline will not remain the same. She added that smoking levels are continuing to decline, and that the Governor is proposing to increase the tax, which will both factor in this 3.6% decline.

Trustee Gibbons asked if there are any data to show how a tax increase will affect revenue. Ms. Harris responded yes, a similar increase in taxes had happened before and resulted in lower cigarette sales and revenue for CAC. Ms. Gahl-Mills added that the only thing to expect at the moment is some volatility.

Trustee Minter thanked Ms. Harris for her continuously thorough recap of CAC's finances.

4. CONNECT WITH CULTURE

Mr. McLaughlin addressed the Board and highlighted the work of CAC's 38 new cultural partners in 2017.

Trustee Minter asked how much funding each of those projects receive from CAC. Mr. McLaughlin explained that as Project Support II recipients, all these organizations receive up to \$5,000 for their respective projects.

5. DISCUSSION

Preview of 2018 Operating Support and Project Support

Ms. Paulsen provided a preview of the staff's areas of exploration for the 2018 operating support and project support grant programs. She reiterated that the majority of both programs will remain unchanged, and that the goal of today's conversation is to discuss staff's early exploration for a few potential new approaches. Staff, she continued, will take the Board's advice and questions and work until the April meeting to bring to them the new set of program guidelines for their vote. In summary, General Operating Support will remain a two-year cycle but will be affected by CAC's reduced revenue. There will also be reductions to the Project Support program in 2018. The other important aspects of both programs, including the funding criteria, use of CDP, minimum score necessary and panelist selection process will remain the same as the previous cycle (she noted that, similar to 2017 funding, PS II will have an online panel, and PS I and GOS will have in-person panels). Ms. Paulsen mentioned that the goal of the Project Support program is to grow the number of projects funded, and a commitment to helping applicants get through the process successfully. She concluded that staff will also recommend process improvements to expand customer service, technical assistance and outreach to more applicants, guided by the agency's values of connection, trust, equity and service.

Mr. McLaughlin reiterated that CAC remains committed to offering its two main grant programs, but will do so with reduced revenue. He mentioned that staff anticipates recommending a smaller overall allocation to the GOS program at the November Board meeting, which is consistent with CAC's allocation policy and the allocation in previous cycles. He continued that in order to maximize grant amounts in the Project Support I program, staff proposes two changes: 1) reducing the percentage of eligible arts and cultural expenses to 15% from the existing 20%; and 2) reducing the maximum grant amount to \$30,000 from the existing \$35,000. Ms. McLaughlin explained that the intent behind these proposed changes is to continue allowing CAC to make meaningful grants to PS I applicants, allow room for continued growth in the Project Support program, and acknowledge that CAC's annual revenue is declining.

Ms. Thomas further explained CAC's proposed change to the General Operating Support panel process: she asked the Board to consider the possibility of a panel-exempted core group of current GOS recipients. She noted that the rationale is to continue to grow existing relationships with more than 50 GOS cultural partners that have consistently been funded during the last 5 years, relying on the extensive knowledge gained through years of applications, reporting and one-on-one communications. Ms. Thomas continued that panel review would still be held for new applicants and current GOS recipients who have not received consistent CAC funding during the last 5 years. As such, GOS would remain open for all

qualifying applicants. She noted that panel exemption would be available for any group who has received GOS funding during the current and previous two GOS cycles (2015-17, 2013-14) or during the current GOS cycle (2015-17) and the previous two PS cycles (2013 and 2014). Ms. Thomas concluded that such a process is practiced by peer organizations such as the Ohio Arts Council and other national funders.

Mr. McLaughlin added that in order to continue growing the applicant pool, CAC staff is planning to offer greater technical assistance. He outlined some of these new approaches: increase the number of “office hours” sessions, which were piloted last year and well-received; offer new times/locations for application workshops, based on feedback from applicant survey; offer new, hands-on technical assistance during the eligibility check process, recognizing that our online system has been a barrier for some applicants; and extend the length of time that the eligibility check can be submitted.

Trustee Avsec mentioned that it was helpful to know that other national funders have the proposed practices in place. He asked how much it costs to hold a panel and whether cost has been a factor in the proposal to eliminate panel for certain GOS applicants. He also asked how CAC staff will hold organizations accountable without a panel process in place.

Ms. Paulsen and Ms. Harris responded that panel only costs around \$20,000-\$25,000, and so cost was negligible and not a main driver of the proposed changes.

Ms. Thomas added that within CAC’s current process, there are various levels of reporting in place that allow CAC staff to hold organizations accountable to what they have outlined in their applications. She mentioned that CAC staff also regularly holds site visits to cultural partner organizations and has continuous conversations with them to ensure that the agency is aware of said partners’ work.

Ms. Paulsen noted that CAC staff currently allows for alternate payment schedules for those organizations that may have fallen behind on their agreements with CAC.

Ms. Gahl-Mills mentioned that once an organizations sets goals in their applications, it will be held accountable to those goals in the reporting stage. The goal of this proposed change is to simplify the panel process, knowing that organizations will still be required to set goals and keep to them.

Trustee Garth asked about new applicants and whether they would have an easy onramp into the process, and whether they will be helped to understand the formula and the ways their application will be ranked throughout the process. She also asked if it is possible for larger organizations to help smaller ones with their applications.

Mr. McLaughlin responded that CAC staff holds multiple workshops once the application is open, but will be adding additional technical assistance opportunities this year to be more hands-on with applicants. He added that staff will help applicants submit their materials and will walk them through the differences between the two program, how to move from one to the other, and other related topics.

Ms. Paulsen noted that staff will tag-team such workshops and meetings to ensure that applicants are aware of the available opportunities and which best fits their needs.

Trustee Gibbons asked whether there is a financial motivation for the changes proposed to the Project Support program to add more applicants to the pool.

Ms. Paulsen responded that the goal of the Project Support program is to grow the number of projects funded, which is why CAC staff is proposing the changes outlined.

Trustee Gibbons asked if there is a financial motivation for the changes proposed to the GOS program.

Ms. Thomas responded that the goal of eliminating panel for some organizations is not financially motivated on the part of CAC, but to simplify the process for applicants. As the process stands, the General Operating Support program has 90% retention rate, while allowing new organizations to enter the pool as well. She noted that 56 out of 58 current GOS recipients would be exempt from panel under the proposed change.

Ms. Paulsen added that things are a bit different in the Project Support program, where historically panel makes it more difficult for some organizations to get through the process successfully. But in the GOS program, where retention is so high, it will be highly surprising for an organization to not get through. As such, CAC feels that it is hard to be fair to an organization's entire work and history in one moment during a panel meeting, when CAC has existing relationships with these organizations and fully understands their inner workings.

Trustee Minter mentioned that he is impressed at the rationale for the proposed changes. He continued that the issue at hand is really one related to the allocation of funds and formula to determine grant amounts. He added that most GOS groups have been consistent over the years, but what has changed has been CAC's sense of its community and its commitment to be more inclusive. He noted that CAC should make the PS allocation such that it will allow for more groups to participate. He concluded that the funds need to come from somewhere, and that growing the PS program will have implications for the GOS allocation and formula. He asked CAC staff what the new GOS allocation is and if staff is proposing any changes to the formula.

Trustee Sherman recapped her understanding of panel: she mentioned that it seems as though panel helps to determine for a new organization/project application whether it meets the criteria for funding, but once the same organization has applied multiple times and successfully worked with CAC over the years, panel does not add any additional value to CAC staff's determination. She posed whether it would be fruitful to have a panel process to help CAC at certain junctures to determine the overall funding and its allocation among the programs. Given CAC's goals of growth within programs and its evolving views of arts and culture, she asked if a panel could determine whether the balance between the two programs is correct.

Trustee Sherman continued that to this day she and the Board have heard countless complaints about panel from cultural partners, and that she is now surprised to hear a few comments that panel helps the cultural partners' legitimacy. She added that this is not just a problem that organizations have; she continued that having transparent and independent input would be helpful to reassess the overall spread of CAC's funding.

Ms. Paulsen mentioned that the allocation for each cycle is voted on and approved in the November Board meeting.

Ms. Gahl-Mills explained that, per CAC's allocation policy, the majority of funding need to be made available for General Operating Support, and that the Project Support program needs to grow in numbers. This policy, along with CAC's other policies, will be revisited for the annual meeting in April. She mentioned that staff is not looking to make any changes to the formula that determines grant amounts at this time.

Trustee Garth noted that CAC should not simply discuss the issue of equity, but make real moves in that directions and needs community input to do so.

Trustee Gibbons asked how staff will continuously evaluate organizations if they begin to slip.

Ms. Thomas responded that staff has an existing process in place that keeps organizations to certain agreements as outlined in their CAC grant agreement.

Trustee Gibbons noted that CAC should decide how an organization might lose their panel exemption, and what specific criteria or mechanisms are in place for accountability.

Trustee Minter asked how many organizations have had dramatic changes to their grants in the past.

Ms. Gahl-Mills noted that organizations shift in size every time, which is why CAC uses a three-year average of an organization's budget to determine their maximum grant amount. This ensures that one bad year does not equate a smaller grant. She added that all organizations in the General Operating Support pool are connected to each other, because of the way the formula determines grant amounts.

Ms. Paulsen added that if applicants are interested in the external validation that a panel would normally provide, CAC can still find ways to offer such feedback to organizations by having rolling reviews with outside experts.

Trustee Sherman noted that CAC could benefit from having an external panel as part of the process as well.

Trustee Minter echoed Trustee Sherman's remark and mentioned that perhaps the panel also evaluates CAC.

6. APPROVAL OF MINUTES

Motion by Trustee Gibbons, seconded by Trustee Minter, to approve the minutes from the December 12, 2016 Board meeting. Discussion: None. Vote: all ayes. The motion carried.

7. ADMINISTRATIVE MATTERS

Lease Amendment & Construction

Ms. Harris asked the Board to approve a lease amendment of \$132,854.75 for a three-year term effective no later than June 1, 2017. She explained that the amended lease will include an additional 490 square feet of office space, as well as an increase of the base rental rate (RSF) from \$12.25/RSF to \$14.05/RSF in year one and 14.30/RSF years two and three. The increase in RSF due to the scheduled replacement of the suite's HVAC system.

Ms. Harris also asked the Board to approve a contract for \$39,900 for build-out of new, adjacent office space and minor modifications to current office space.

Trustee Gibbons asked why a longer-term lease was not considered. Ms. Harris responded that staff would like the flexibility to revisit its offices in three years.

Motion by Trustee Gibbons, seconded by Trustee Avsec, to approve a lease amendment of \$132,854.75 for a three-year term effective no later than June 1, 2017 and a contract for \$39,900 for build-out of new, adjacent office space and minor modifications to current office space. No discussion. Vote: all ayes. The motion carried.

Approval of Personnel Report

Ms. Harris asked the Board to approve the Personnel Report before them.

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

8. PUBLIC COMMENT

Karen Lazar (Chagrin Arts) made a comment on the 2018 program discussion, item #5 on the meeting's agenda.

Next meeting: The next meeting will be held at 4:00 pm on April 17, 2017 at Ensemble Theatre.

9. ADJOURNMENT

Motion by Trustee Gibbons, seconded by Trustee Avsec, to adjourn the meeting. No discussion. Vote: all ayes. The motion carried. The meeting was adjourned at 5:57 pm.

Joe Gibbons, President, Board of Trustees

Attest:

Charna Sherman, Secretary, Board of Trustees