Minutes of the Regular Meeting of the Board of Trustees  
Monday, December 10, 2012

A meeting of the Cuyahoga Arts & Culture (CAC) Board of Trustees was called to order at 3:08 p.m. in the Smith Studio at the Idea Center at PlayhouseSquare, 1375 Euclid Avenue, Cleveland, Ohio.

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

A motion was put forward 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: all ayes. The motion carried.

Executive session ensued.

At 3:58 p.m., a motion was put forward by Trustee Johnson, 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 p.m. in the Smith Studio of the Idea Center.

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

1. EXECUTIVE DIRECTOR’S REPORT

Ms. Gahl-Mills welcomed guests and made a report to the board. In her remarks, Ms. Gahl-Mills stated that the meeting’s purpose was mainly administrative and provided some highlights of the agenda for the audience.

2. APPROVAL OF MINUTES

Trustee Charboneau moved to approve the minutes from the November 19, 2012, board meeting. Trustee Minter seconded the motion. No discussion. Vote: all ayes. The motion carried.

3. FINANCE REPORT

Ms. Harris gave a report on Cuyahoga Arts & Culture’s finances. She stated that receipts for 2013 are higher than projected. Tax revenue receipts to-date are $15,475,358, $661,598 ahead of budget. She
reported that CAC currently has $13 million invested in STAR Plus and has seen a return of $3,202 in just five weeks.

4. CONNECT WITH CULTURE

Ms. Gahl-Mills introduced Jerry Wareham, president and CEO of ideastream, who made a brief presentation about ideastream’s mission and activities. Ms. Gahl-Mills introduced Liz Maugans of Zygote Press, who played a video about Zygote and made a brief presentation about Zygote’s current activities and reported on the CAN Journal, a collaborative effort between local visual arts organizations, artists and galleries, to produce a quarterly print journal highlighting the visual art sector in the Cleveland area.

5. BOARD ACTION

Approval of Agreement with Neighborhood Connections

Ms. Paulsen reviewed the board memo regarding the proposed agreement with Neighborhood Connections (see Neighborhood Connections Memo). The memo proposes a one-year service agreement of $75,000 to Suite 1300 Services, Inc., an affiliate of the Cleveland Foundation, to support grassroots arts and culture activity in Cleveland and East Cleveland neighborhoods in 2013. Ms. Paulsen stated that, if approved, the investment would help CAC to achieve our stated vision to “create vibrant and energetic neighborhoods infused with culture.” She stated that the program is structured to provide small grants – up to $5,000 – to neighborhood-based programs that don’t already receive funding through Cuyahoga Arts & Culture’s other grant programs. She stated that these small grants would allow CAC to fund neighborhood-based projects that wouldn’t necessarily be housed under a traditional 501(c)(3) organization.

Trustee Minter asked who serves as Neighborhood Connections’ executive director. Ms. Paulsen stated that Tom O’Brien is the current executive director, and that he leads a skilled team of professionals. She stated that in addition to their grantmaking, the organization also does network-building work.

Trustee Johnson moved to approve the contract with Neighborhood Connections. Trustee Charboneau seconded the motion. No discussion. Vote: all ayes. The motion carried.

Trustee Minter stated that in his experience at the Cleveland Foundation, reaching into the community through organizations such as Neighborhood Connections was instrumental in helping to spread the word about the Cleveland Foundation’s work in the community.

Approval of CAC Operating Budget for 2013

Ms. Gahl-Mills provided a summary of the proposed operating budget for Cuyahoga Arts & Culture in 2013 (see 2013 Operating Budget Memo). Trustee Minter asked about the line item related to contingency for rent in 2013. Ms. Harris stated that CAC has received rent free of charge through an arrangement between PlayhouseSquare, Cuyahoga County and Cuyahoga Arts & Culture. The County provides a subsidy to PlayhouseSquare for which they receive the use of limited office space. The County has allowed Cuyahoga Arts & Culture use this space. The agreement between PlayhouseSquare and the County expired in 2012 and a new agreement has not been finalized. Because of this, CAC does not currently have a lease and therefore it is responsible for CAC to budget for a contingency in the event we would need to pay rent in the space we occupy.
Trustee Minter asked Ms. Harris to comment on the $91,850 for evaluation and research which was present in the 2012 operating budget and not present in the proposed 2013 operating budget. Ms. Harris stated the amount in 2012 reflected the service contract with the Community Partnership for Arts and Culture (CPAC). That contract was terminated in 2012, and CPAC applied for and will receive funding through CAC’s General Operating Support grant program in 2013-14.

Trustee Minter moved to approve Cuyahoga Arts & Culture’s 2013 Operating Budget. Trustee Charboneau seconded the motion. No discussion. Vote: all ayes. The motion carried.

Approval of Employee Handbook Revisions
Ms. Harris gave a summary of the proposed revisions to Cuyahoga Arts & Culture’s employee manual. Trustee Charboneau moved to approve the revised employee manual. Trustee Minter seconded the motion. No discussion. Vote: all ayes. The motion carried.

Approval of Internal Financial Controls Policy and Procedures
Ms. Harris gave a summary of the proposed revisions to the Internal Financial Controls Policy and Procedures. Trustee Minter moved to approve the Internal Financial Controls Policy and Procedures. Trustee Charboneau seconded the motion. No discussion. Vote: all ayes. The motion carried.

Approval of Capitalization, Depreciation and Retirement of Property and Equipment Policy
Ms. Harris stated that this was a new policy for CAC and provided an overview of the policy. Trustee Johnson moved to approve the Capitalization, Depreciation and Retirement of Property and Equipment Policy. Trustee Charboneau seconded the motion. No discussion. Vote: all ayes. The motion carried.

Approval of Aetna Flexible Spending Account Resolution
Ms. Harris gave a summary of the Aetna Flexible Spending Account Resolution. Trustee Minter moved to approve the Aetna Flexible Spending Account Resolution. Trustee Charboneau seconded the motion. No discussion. Vote: all ayes. The motion carried.

Approval of Personnel Report
Ms. Harris stated that the board had received a Personnel Report. Trustee Johnson moved to approve the Personnel Report. Trustee Charboneau seconded the motion. No discussion. Vote: all ayes. The motion carried.

Approval of Contract with Pew Charitable Trust
Ms. Harris gave a summary of recent and upcoming contracts, as follows:
- Cuyahoga Arts & Culture has entered into a contract with Epstein Design Partners to design various marketing materials.
- CAC has entered into a contract with Survey & Ballot Systems to create and manage the online voting system for the Creative Culture Grants program.

She stated that since these contracts are for less than $10,000, they do not require board approval.

Ms. Harris stated that CAC proposes a two-year contract with Pew Charitable Trust for the Ohio Cultural Data Project for $35,000 each year. Trustee Charboneau moved to approve the contract with Pew Charitable Trust. Trustee Minter seconded the motion. No discussion. Vote: all ayes. The motion carried.
Trustee Minter asked staff for a brief report on the Creative Culture Grants program. Mr. Hernandez reported on the process that staff used to select Survey & Ballot Systems to create and manage the online voting systems for the Creative Culture Grants program. Ms. Paulsen stated that the deadline to apply for the program is Thursday, December 13, at 4:30 p.m., and that there are about 12 applications currently active in CAC’s online application system. She stated that CAC expects to see about 10-15 proposals submitted, each of which will have 2-5 partner organizations. Ms. Gahl-Mills stated that CAC is pleased to see some unusual partnerships resulting from this program already.

6. PUBLIC COMMENT

None.

7. ADJOURNMENT

Trustee Charboneau made a motion to adjourn the meeting. Trustee Johnson seconded the motion. No discussion. Vote: all ayes. The motion carried. The meeting was adjourned at 4:46 p.m.

Next meeting: Monday, February 25, 2013, at 4:00 p.m., in the Smith Studio at the Idea Center at PlayhouseSquare, 1375 Euclid Avenue, Cleveland, Ohio.

Sari Feldman, President, Board of Trustees
Attest:

Matthew Charboneau, Secretary, Board of Trustees
Executive Director’s Report
Regular Meeting of the Board of Trustees
10 December 2012

Today’s meeting is centered primarily on one strategic issue: the approval of the 2013 operating budget.

Our operating budget brings our priorities to life for the coming year. With it, we make concrete our plans for the future by putting resources behind our objectives. (Our team’s objectives for 2013 follow this memo.)

You’ll notice that we have, once again, allocated more resources toward programs than in prior years, even at a time of shrinking revenues. We have, once again, efficiently allocated our administrative expenses such that we will have what we need to carry out our work. And we have made provision for some new work, specifically through a proposed contract with Neighborhood Connections, that will allow us to bring our vision of neighborhood-based grantmaking better into focus.

One might ask why we are proposing a budget in which expenses exceed revenues. After all, we actually provide financial incentives for our cultural partners to do just the opposite. Why, then, do we not seemingly play by our own rules?

While it is true that we are proposing a deficit budget, it is also true that our Spending Policy dictates that all tax revenues that we receive are expended on our grant programs. Our administrative expense is drawn from our reserve, a reserve that has grown by over $1.3 million since 2010 thanks to sound fiscal management by our team. So it is more appropriate to say that, in 2013, our grant program expenses will run a small deficit, offset by growth in our cash reserve, and our administrative expenses will continue to be limited to less than 10% of our total operating expense. The budget before you represents an appropriate level of fiscal discipline, combined with adherence to CAC’s spending policy, and I look forward to discussing it with you during our meeting.

Also in the materials for today’s meeting, you will find:

⇒ A recommendation for an agreement with Neighborhood Connections for 2013, representing a pilot, neighborhood-based grantmaking strategy in Cleveland and East Cleveland that aims to grow our footprint with arts and culture activity that we are not currently reaching;
⇒ An update on our grant program activity post-award announcement, including a snapshot of a current PS partner, TOPS Swingband;
⇒ Details about CAC’s efforts in the community and how we are leveraging social and traditional media to get the word out about our work; and
⇒ Our YTD financial results.

Thank you, as always, for your thoughtful attention to the matters before the Board. Best wishes to you and yours for a happy and healthy holiday season.
Memorandum

Date: December 5, 2012
To: CAC Board of Trustees
From: Jill M. Paulsen, director of grant programs
Re: Recommendation: Neighborhood Connections partnership to support grassroots arts and cultural activities in Cleveland and East Cleveland neighborhoods in 2013.

Board Action Requested
At the December 10 meeting, we look to the board to approve a one-year service agreement of $75,000 to Suite 1300 Services, Inc., an affiliate of the Cleveland Foundation, to support grassroots arts and culture activity in Cleveland and East Cleveland neighborhoods in 2013. If approved, the investment will help CAC to achieve our stated vision to “create vibrant and energetic neighborhoods infused with culture.”

Background: Partnering with Neighborhood Connections
In an effort to address the portion of CAC’s vision noted above, staff spent 2012 building a relationship with another local grantmaker committed to helping create vibrant and energetic neighborhoods: Neighborhood Connections. As the Board may be aware, Neighborhood Connections is the small grants program of the Cleveland Foundation, housed in the Foundation’s 501c3 incubator, Suite 1300 Services, Inc. Its resident-led program awards grants ranging from $500 to $5,000, two times a year, to more than 100 grassroots projects, a portion of which are arts and culture-related. Applicants need not be 501c3 organizations; unincorporated block clubs and resident groups are encouraged to apply. Since its inception in 2003, Neighborhood Connections has invested over $5 million in more than 1,600 projects. For more information on the program, visit: www.neighborhoodgrants.org

To further understand the grassroots grantmaking model, CAC staff met with the Neighborhood Connections team, participated in their trainings and spoke with grant recipients and committee members. Despite the structural differences of our programs (CAC’s public panels vs. Neighborhood Connections’ resident-led grant committee), we shared the goal to help build stronger neighborhoods. Instead of replicating an arts-specific version of this model for ourselves, CAC quickly determined that it made financial and human capital sense to partner with Neighborhood Connections to “purchase” their services, directing CAC funds to expanded arts and culture projects. Following months of planning, staff requested the proposal that is now before the Board for funding consideration.

Request
Suite 1300 Services, Inc., on behalf of Neighborhood Connections, requests $75,000 from Cuyahoga Arts & Culture. Funds would be used to support grassroots arts and culture activity in Cleveland and East Cleveland neighborhoods in 2013. The Neighborhood Connections project is comprised of two components:
Micro-Grants for Arts and Culture Projects. CAC funds ($60,000) would support grassroots arts and cultural activities designed by and for residents of Cleveland and East Cleveland neighborhoods. Grants would range from $500 to $5,000 and be determined by a committee of residents. This grantmaking structure and geographic footprint builds off Neighborhood Connections’ existing work, but will significantly increase the funding available for arts and culture-specific projects. Potential CAC-funded projects may include: neighborhood walking tours, intergenerational sewing clubs, community gardens, informal dance and music classes and outdoor concerts. Funds would only support projects and organizations that do not already receive CAC operating or project support grants.

Desired Outcome: A minimum of 12 grassroots arts or culture projects, that would not have otherwise occurred, receive funding and are successfully completed.

Capacity Building and Community Organizing. In addition to micro-grants, a portion of CAC funds ($15,000) would support informal trainings, community organizing and network building activities for residents that receive CAC funds for their arts and culture projects. This component ensures that residents are prepared to manage their CAC-funded projects. Neighborhood Connections would also use the funds to develop a “toolkit” to help groups learn from one another and replicate successful arts and culture projects across neighborhoods.

Desired Outcome: Residents will come together, share their experiences and learn from one another to develop successful arts or cultural projects, all of which contribute to stronger and more vibrant neighborhoods.

If approved, CAC will work with Neighborhood Connections to officially launch the project in early 2013, using the spring and summer to market the expanded grant program, and CAC’s participation, to residents. Micro-grants will be awarded in the fall of 2013 and capacity building trainings will follow soon after.

Recommendation
Staff recommends that the Board approve a one-year service agreement of $75,000 to Suite 1300 Services, Inc., an affiliate of the Cleveland Foundation, to support grassroots arts and culture activity in Cleveland and East Cleveland neighborhoods in 2013. The pilot project merits support for four reasons:

1. A partnership with Neighborhood Connections is aligned with CAC’s board-approved vision to “help create vibrant and energetic neighborhoods infused with culture.”
2. By funding Suite 1300 Services, Inc. (itself, a 501c3 and the incubator of Neighborhood Connections), CAC conforms to the regulations in the Ohio Revised Code, while creatively allowing public funds to benefit informal, grassroots programs.
3. The capacity-building component of this request will ensure that CAC funds are properly stewarded.
4. This partnership introduces CAC to a new constituency of residents not likely affiliated with our current grant programs. This will help CAC accomplish our goal of greater brand awareness in the local community.

Pending board approval, CAC staff will work closely with Neighborhood Connections to evaluate the success of the 2013 partnership. If the project gains traction and meets its goals, CAC should be open to future requests.
Memorandum

Date: 5 December 2012
To: CAC Board of Trustees
From: Karen Gahl-Mills, Executive Director and Meg Harris, Director of Administration
Re: 2013 Budget Appropriation

Summary
At the December 10 board meeting, Trustees will be asked to allocate the 2013 operating budget for CAC in the amount of $17,540,464.

Objectives
Our objectives in creating the operating budget for 2013 are:
1. Increase our investment in arts & cultural programming, even at a time of declining revenue, while staying true to our spending policy.
2. Continue to invest in raising CAC’s public profile, both through our internal and external communications plans.
3. Invest appropriately in staff, to encourage employee retention.
4. Ensure that 2013 team objectives are expressed through the operating budget.

Rationale
At our November 19 board meeting, the board received a memo that detailed a set of budget priorities for 2013 (see attached) in conjunction with a set of objectives for the year.

Based on the revenue projections calculated by the Levin School of Urban Affairs at Cleveland State University and internal analysis by staff of cigarette tax revenue trends, we project that our excise tax revenue will be approximately 3.5% lower in 2013 than in 2012 at $16,054,000.

We anticipate that our expenses, detailed below, will be approximately $17,540,464: $16,511,654 for grant payments and program expenses and $1,028,810 for administrative expenses. Recall that our Spending Policy calls for expending all current annual revenues on grant programs while utilizing the reserve for annual operating costs. Additionally, cumulative interest revenue, which is held in the reserve funds, will be used to fund grants made to units of government, totaling $223,655.

While this expenditure creates a planned deficit for 2013, that deficit is in line with our spending policy and is balanced by increases to the reserve due to surpluses of $525,985 and $696,129 in 2010 and 2011. Additionally, we anticipate that the planned deficit of $835,778 for 2012 will not be realized, allowing us to plan additional expenditures for 2013 without detrimental effects on CAC’s financial stability.

The appropriation summary that follows demonstrates our adherence to the objectives stated above. We will increase total arts & cultural expenditures 2.0% compared to the budget for 2012. Our G&A expenses will increase by 4.0%. This increase relates directly to contingency budgeting for rent payments, the inclusion of depreciation in the budget and a line item for investment fees from our investments with Baird Public Investment Advisors. We continue to adhere to CAC’s spending policy by investing the majority of our funds in the General Operating Support grant program and by limiting our administrative expenses to less than 10% of our annual grantmaking budget.
Appropriation Detail
1. Arts & Cultural Programming (94.0%)
   a. Salaries, Wages and Benefits
      This category includes 100% of the salary for the director of grant programs, two program managers, a program associate as well as 25% of salary for the director of administration and communications manager. This budget area will increase by approximately 16% over 2012 figures. The increase consists of the addition of a program associate to the team as well as staff increases and other costs related to payroll expenses such as CAC’s share of OPERS contributions.
   b. Program Costs
      The expenditures in the category reflect a 57% increase from 2012. The program costs have been separated for 2013 to reflect panel review costs and program management costs as two distinct cost areas. In 2013, we are allocating additional resources in order to build a robust and cross-program Learning Agenda. Included in the Learning Agenda are convenings of the arts and cultural sector and workshops for general operating support and project support cultural partners. These new expenses are offset by the elimination of the service contract with CPAC and the savings from hosting only Project Support panels in 2013. Additionally, for 2013 we will recommend funding of a community-based grants program, via a service agreement, administered by Neighborhood Connections (see memo in your board packet).
      Again included in this area are direct costs associated with running the grant programs such as fees associated with the Cultural Data Project and the Grants Online grant application and reporting system.
   c. Grants
      This represents GOS, PS and Special Initiative (SI) grants. Overall grant funding will increase 1.5% over 2012 levels. The funding allocations for the GOS, PS and SI programs have already been approved by the board. The GOS grant program saw a slight decrease in funding allocation, in alignment with the reduced tax revenue we have seen year over year. Project Support grant funding will increase for 2013 due to the successful outreach and expansion of both the Project Support I and II grant programs. Within the SI category, funding has been budgeted for the continued support of the Creative Workforce Fellowship (CWF) program, administered by CPAC, the Creative Culture Grants program and CAC’s continued sponsor-level support of The Cleveland Orchestra’s Public Square concert.

2. General and Administrative (4.0%)
   a. Salaries, Wages and Benefits
      G&A staff salaries include the executive director and 75% of the salary for director of administration and the communications manager. Pay increases for non-program staff in 2013 are included in this figure.
   b. Facilities, Supplies, Equipment
      This category will increase in expenditure by nearly 100% primarily due to budgeting contingency funds to cover rent for our office. This category also includes additional investment in staff professional development and increased travel and associated costs for the executive director’s travel associated with external affairs.
   c. Professional Fees
      This category contains fees for legal services, public relations, advertising and design, operational evaluation, and accounting/financial services. Expenditures for 2013 will be reduced by 26% in 2012, primarily due to the elimination of the service agreement with CPAC.
**Action Requested**

We ask that Trustees approve the 2013 operating budget in the amount of $17,540,464. We look forward to answering your questions at the December 10 board meeting.