



Minutes of the Regular Meeting of the Board of Trustees
Monday, February 10, 2014

1. CALL TO ORDER

A meeting of the Cuyahoga Arts & Culture (CAC) Board of Trustees was called to order at 4:00 pm in the Miller Classroom at the Idea Center at PlayhouseSquare, 1375 Euclid Avenue, Cleveland.

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

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

Motion by Trustee Charboneau, seconded by Trustee Minter, to approve the minutes from the board meeting held on December 9, 2013. 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.

3. EXECUTIVE DIRECTOR'S REPORT

Ms. Gahl-Mills welcomed board members and attendees and gave an overview of the meeting's agenda. She stated that the board would discuss planning for CAC's Project Support and General Operating Support grant programs in 2015, including input gathered from cultural partners. The board and attendees will also hear presentations from Kirsten Ellenbogen, president and CEO of the Great Lakes Science Center, and Eileen Stanic, Vice President and Senior Relationship Manager of Baird Public Investment Advisors.

4. CONNECT WITH CULTURE

Kirsten Ellenbogen, president and CEO of the Great Lakes Science Center, made a presentation on that organization's status and plans for the future.

Trustee Feldman asked how Great Lakes Science Center communicates to visitors the value of CAC funding. Dr. Ellenbogen responded that the science center includes CAC's logo on all materials they produce and in many locations in the museum. She expressed Great Lakes Science Center's appreciation for CAC funding, especially since many foundations are doing away with unrestricted funding. She stated that she also makes sure Great Lakes Science Center's board members understand the value of CAC funding to the organization.

Trustee Minter asked what surprised Dr. Ellenbogen when she started at the Science Center. Dr. Ellenbogen replied that she was surprised that the board and staff were not more diverse, and that she is implementing plans to correct that. She praised local leadership, particularly among the cultural community, which she said comes together on important issues, ranging from deciding whether to stay open during recent severe weather, to an informal group of science education providers to the Cleveland Metropolitan School District on how to better pool resources and serve students better.

An audience member asked how the Science Center's plans would affect inner city dynamics in Cleveland. Dr. Ellenbogen replied that Mayor Jackson is taking the issue very seriously. The Science Center is looking at outreach programs that were canceled several years ago. They operate summer camps in the community. They are working with organizations like Esperanza to supplement their work in the community. They are also looking at how to make more of their on-site CMSD school. They have found that many students chose to go to that school because it seemed like a safe place to go to school.

5. FINANCE REPORT

Ms. Harris gave a report on Cuyahoga Arts & Culture's finances. She provided an overview of the organization's financial results for 2013, stating that CAC had \$16,719,606 in excise tax revenue for the year. This figure is \$700,606 or 4.4% over forecast and .44% below receipts in 2012. Ms. Harris stated that CAC's investment income for the year was \$59,142 which exceeded forecast by \$24,142. Ms. Harris stated that unaudited expenditures for 2013 were \$17,253,105 which was under budget by \$287,360. She added that as the result of higher than forecast revenue and lower than budgeted expenditures, the draw on the cash reserve was \$469,399 rather than the budgeted \$1,486,464.

Ms. Harris stated that the Local Government Services division of the Ohio Auditor of State began work on CAC's GAAP conversion for 2013 in early January and is expected to finish the conversion in February. The annual audit is expected to begin in early March.

Ms. Harris next reported on January revenue stating that tax receipts for January 2014 were \$1,441,567. This figure is \$51,242 above forecast. Interest revenue in January was \$10,283. This figure exceeds the monthly forecast by \$4,358. Cash expenditures for January were \$705,159. This figure is slightly under the budgeted \$729,597 due to accrual adjustments from 2013.

Ms. Harris stated that the Audit and Finance Committee meeting scheduled for January was rescheduled for February 26. At this meeting, the committee will review, discuss and make recommendations on CAC's Internal Financial Control Policies and Procedures.

6. REPORT FROM BAIRD PUBLIC INVESTMENT ADVISORS

Eileen Stanic from Baird Public Investment Advisors gave a report on the investment performance of CAC's inactive monies, managed by Baird since 2012.

Trustee Minter asked why having interest from investments matters to CAC. Ms. Gahl-Mills responded that investing the dollars give CAC more flexibility, allowing it to be invested in administrative costs, Creative Culture Grants and other flexible purposes.

Trustee Minter commented that, through the audit and finance committee, CAC has benefited from the advice of terrific investment advisors, as well as Baird. Ms. Gahl-Mills commented that CAC's audit and finance committee meetings are open to the public, and members of the community are welcome to attend.

7. BOARD DISCUSSION – 2015 GRANT PROGRAM PLANNING

Ms. Paulsen began a discussion on planning for CAC's 2015 grant programs (see [Memo](#)). She stated that CAC will be seeking to make minor revisions to its existing grant programs, rather than major shifts. As a public funder, CAC plans to stay focused on public benefit and retains its commitment to financial responsibility. She stated that application timelines and eligibility criteria would remain largely the same as in 2013. She stated that in recent weeks, CAC staff had assembled large, small and mid-sized organizations receiving General Operating Support for listening sessions that included CAC staff and board members.

Trustee Charboneau stated that he attended two of the three meetings and found them to be very informative. He stated that his impression was that participants appreciated the opportunity to speak candidly about the General Operating Support grant program. He heard that they like that score matters, and that they appreciate the two-year funding cycle. He heard executive directors say that they appreciate that CAC also acts as a steward, offering organization-building tools, workshops and trainings, such as the Nonprofit Finance Fund office hours offered in 2012.

Trustee Minter stated that he also attended two of the three meetings and agreed that they were very helpful. He heard cultural partners say they received great value from the Nonprofit Finance Fund sessions, not just to help with their application to CAC, but that it helped them to strengthen their organizations. He heard that cultural partners want to know more about CAC's panel process, including how panelists are selected. He heard that cultural partners understand that public benefit is important and should have the greatest weight of the funding criteria. He also commented that CAC's staff's preparation for the meeting was very helpful for the trustees and the organizations as well.

Trustee Minter stated that he has observed that CAC is on the forefront in connecting public funding to public benefit, and that other organizations around the country are taking note and using CAC as an example of how this is done well.

Trustee Feldman stated that she was glad that Trustee Minter and Trustee Charboneau were able to attend the sessions, and regretted that she was unable to attend due to scheduling conflicts, but appreciated hearing the outcomes in this setting.

Ms. Paulsen summarized the 2015 program planning memo provided to the board in advance of the meeting, which outlined early staff thinking on modest adjustments to the 2015-16 General Operating Support and 2015 Project Support grant programs.

Trustee Minter asked whether planned work with Nonprofit Finance Fund in 2014 would be similar to what was offered to applicants in 2012. Mr. Hernandez responded that CAC staff was working to provide similar offerings in 2014, including one-on-one conversations between cultural partners and Nonprofit Finance Fund that were meant to be helpful beyond the application to strengthen the organizations.

8. BOARD ACTION

Approval of Contract with Helicon Collaborative

Ms. Harris asked the board to consider approving a contract with Helicon Collaborative to research, evaluate and report on the public value of the arts and the role its cultural partners play in providing that value as described in the memo provided by Ms. Paulsen. The contract is not to exceed \$72,000.

Motion by Trustee Minter, seconded by Trustee Charboneau, to approve the contract with Helicon Collaborative in an amount up to \$72,000. No discussion. Vote: all ayes. The motion carried.

Authorization to Enter Into Agreement with Suite 1300, Inc. - Neighborhood Connections

Ms. Harris asked the board to consider authorizing CAC's executive director to enter into an agreement with Neighborhood Connections in an amount up to \$85,000. Ms. Harris stated that CAC would continue its work with Neighborhood Connections to providing more grassroots funding opportunities in the cities of Cleveland and East Cleveland.

Motion by Trustee Minter, seconded by Trustee Charboneau, to authorize CAC's executive director to enter into an agreement with Neighborhood Connections in an amount up to \$85,000. No discussion. Vote: all ayes. The motion carried.

9. PUBLIC COMMENT

There were no public comments.

Next meeting: The next meeting will be held at 4:00 pm on April 21, 2014 at the Center for Innovation and Growth at Baldwin Wallace University.

10. MOTION TO MOVE INTO EXECUTIVE SESSION

Motion by Trustee Charboneau, seconded by Trustee Minter, to move into executive session to discuss personnel matters and staff compensation. No discussion. Vote: Minter: aye; Charboneau: aye; Feldman: aye. The motion carried.

11. MOTION TO CONCLUDE EXECUTIVE SESSION

Motion by Trustee Charboneau, seconded by Trustee Minter, to conclude executive session. No discussion. Vote: Minter: aye; Charboneau: aye; Feldman: aye. The motion carried.

12. MOTION TO APPROVE PERSONNEL REPORT

Ms. Feldman stated that the board had received a personnel report to review and approve.

Motion by Trustee Charboneau, seconded by Trustee Minter, to approve the personnel report. No discussion. Vote: all ayes. The motion carried.

13. ADJOURNMENT

Motion by Trustee Minter, seconded by Trustee Charboneau, to adjourn the meeting. No discussion. Vote: all ayes. The motion carried. The meeting was adjourned at 5:28 pm.

Sari Feldman, President, Board of Trustees

Attest:

Matthew Charboneau, Secretary, Board of Trustees



MEMORANDUM

Date: February 10, 2014
To: CAC Board of Trustees
From: CAC Program Team: Deputy Director Jill Paulsen; Program Managers Stacey Hoffman & Jesse Hernandez; and Program Associate Jake Sinatra
Re: Update on 2015-16 General Operating Support and 2015 Project Support Guidelines

Executive Summary: At its February meeting, staff and Board will discuss the policies and strategy underlying Cuyahoga Arts & Culture’s next cycle of grant guidelines (2015-16 General Operating Support and 2015 Project Support). There will be NO ACTION taken at the February meeting. Board feedback on February 10 will inform staff work, leading to the presentation of and potential approval of the policies that shape the 2015-16 General Operating Support and 2015 Project Support guidelines at the April meeting.

Background

At the September 2013 board meeting, staff presented early-stage issues central to the development of the 2015-16 General Operating Support and 2015 Project Support guidelines and applications. In the spirit of continuous improvement, we outlined a plan to review our current assessment of applicant eligibility, financial health and public benefit to determine if there should be any substantive changes for 2015. See the [memo](#) for further detail. While important, none of these issues are of a policy nature. Rather, they are questions requiring operational decisions.

Progress Update

In the five months since the September meeting, CAC staff members conducted research, consulted with experts and held listening sessions with our cultural partners to further understand these issues and make recommendations for both grant programs. What follows is an update on key these findings.

Public Benefit

How are our cultural partners engaging their community in their work? How do we know? And are applicants able to demonstrate their public benefit in our applications and reports? How can we further clarify what we mean by “public benefit” so organizations can be successful not only in our application process but also in their ability to serve residents?

Findings

Our grant recipients have varying abilities to understand, embrace and demonstrate their public benefit – how they connect with their community – in applications and reports. CAC must focus on this issue since it is core to our mission of “strengthening community.”

Recommendations

- While we will make slight adjustments to the specific wording of application questions for 2015, Public Benefit will remain the most heavily weighted funding criteria, in line with our mission.
- We have begun working with the Helicon Collaborative; see the memo in this Board packet. Pending Board approval of an additional contract at the February meeting, CAC will continue working with these experts to further define and measure the public benefit concept in our General Operating Support and Project Support guidelines; the results of Helicon's research will improve our application questions.

Panel Structure

Do our cultural partners understand the panel process? Is there a more effective way to conduct our panels? How can we decrease the workload for panelists?

Findings

Most applicants see panel review as a learning opportunity; participation in CAC panels doubled last year, due to over 600 visitors listening to our live online audio feed. That noted, applicants often remain unclear about important panel processes (e.g. panelist training and applicants' ability to correct panelist errors). We have room for improvement in how we communicate with our applicants leading up to, during and after panel. From surveys, we have also learned that some panelists underestimate the amount of work it takes to thoroughly evaluate all applications.

Recommendations

- The panel process is core to how CAC operates; well-run panels enable us to stay true to our values of transparency and impartiality. We will continue conducting open, live-streamed public panels.
- In response to feedback, we will consider technical solutions to ease panel workload (simpler applications, more panelists) and set clear expectations for new panelists. In addition, we will improve communications with cultural partners so they better understand our panelist recruitment, training and evaluation process.

Financial Health

How are the financial health indicators (measuring operating performance, risk tolerance and financial trajectory) that we used for the 2013-14 General Operating Support application working?

Findings

CAC's work in 2011-12 with the Nonprofit Finance Fund was very valuable, both in their assistance to create our financial health indicators and the personalized financial consulting services they offered our cultural partners during the last application process. Conversely, feedback from cultural partners indicated they were often unclear on the calculations that led to their financial health scores.

Recommendations

- We remain committed to measuring our General Operating Support applicants' financial health. The stronger our cultural partners are, the better they can serve residents. In response to cultural partner feedback, we recommend only minor refinements to the financial indicators for the 2015-16 General Operating Support cycle, so that they more

cleanly and clearly measure applicants' cash-on-hand (working capital) and knowledge of their own financial health.

- We will also recommend once again offering Nonprofit Finance Fund consulting services to applicants; we anticipate bringing a contract recommendation before the Board in April.

Eligibility and Technical Issues

How are our eligibility criteria keeping pace with the changing arts and cultural landscape (definitions, emergence of new arts business models, etc.)? How should we factor decreasing tax receipt and investment revenue into the structure of our grant programs (grant amounts, shift to “score mattering” and alignment between programs, etc.)?

Findings

While several of the largest organizations expressed a desire to return to a “pass/fail” application where score does not matter, the vast majority of organizations clearly want score to matter in all future application cycles. They value the opportunity to earn more money by submitting exceptional applications. In addition, we determined slight inconsistencies between our two programs in how eligible grant amounts are determined; minor modifications can bring this into alignment for 2015.

Recommendations

- We will continue with the “score matters” policy in 2015; this has been our practice with Project Support for many years and the shift to align General Operating Support to this policy in 2012 reinforces our desire to strengthen the sector.
- CAC strives for alignment across its programs. For 2015, we anticipate making minor adjustments to Project Support to ensure that organizations do not become overly reliant on CAC to sustain their operations.
- Finally, external research reaffirmed our understanding of the definition of “natural science and natural history,” two fields outlined in our section of the State code. We will conduct focused outreach to organizations that fall into these categories to ensure maximum participation in our grant programs.

Next Steps

Board feedback on February 10 will inform staff work, leading to the presentation and potential approval of the policies that shape the General Operating Support and Project Support guidelines at the April meeting. The guidelines will reflect the recommendations outlined above. Upon Board approval in April, staff will finalize the application questions and open the 2015 application process to our cultural partners by June 1, 2014.