

MINUTES

Edmonds Public Facilities District Board of Directors Meeting October 25, 2018

The Edmonds Public Facilities District Board meeting convened at 7:30 a.m. in the Edmonds Center for the Arts Green Room, 410 4th Avenue North, Edmonds.

EPFD Board Members Present

Mike Popke, President
David Brewster
Kimberlee Armstrong

EPFD Board Members Absent

Kevin McKay
Larry Ehl, Vice President

ECA Staff Present

Joseph McIalwain, Executive Director
Matt Keller, Director of Operations

City Staff Present

Scott James, Finance Director (Ex-Officio)

ECA Board Members Present

David Schaefer, Secretary

1. Call to Order

Board President Popke called the meeting to order.

2. Board President's Comments

Board President Popke recognized Mr. McIalwain and Development Director Angela Neubauer for the work they did on the gala.

3. Approval of Minutes

- **EPFD Board Minutes September 27, 2018**

Item 10, change "discussed" to "discussion" in second paragraph.

BOARD MEMBER BREWSTER MOVED TO APPROVE THE MINUTES OF SEPTEMBER 27, 2018 AS AMENDED. BOARD MEMBER ARMSTRONG SECONDED THE MOTION. MOTION CARRIED UNANIMOUSLY.

- **EPFD Board Special Mtg Minutes – October 9, 2018**

BOARD MEMBER BREWSTER MOVED TO APPROVE THE MINUTES OF OCTOBER 19, 2018. BOARD MEMBER ARMSTRONG SECONDED THE MOTION. MOTION CARRIED UNANIMOUSLY.

- **EPFD Board Special Mtg Minutes – October 16, 2018**

BOARD MEMBER BREWSTER MOVED TO APPROVE THE MINUTES OF OCTOBER 16, 2018. BOARD MEMBER ARMSTRONG SECONDED THE MOTION. MOTION CARRIED UNANIMOUSLY.

4. Approval of Disbursements – September 2018

Mr. Keller relayed the Admin/Finance Committee reviewed the disbursements and recommended approval.

BOARD PRESIDENT POPKE MOVED TO APPROVE SEPTEMBER:

1)	EPFD (1012) DISBURSEMENTS OF VOUCHERS #15009-15071	\$255,296.23
2)	ECA (1005) DISBURSEMENTS OF VOUCHERS #51364-51382	\$ 15,922.34
3)	TRANSFER OF FUNDS:: ECA (1005) TO EPFD (1012) OF VOUCHERS #51383-51388	\$ 56,900.00
4)	TRANSFER OF FUNDS: ECA (1005) TO 1 ST SECURITY (1014) DEBT SERVICE VOUCHER #	\$.00
5)	TRANSFER OF FUNDS: PFD (1012)TO EPFD (1014) 1ST SECURITY DEBT SERVICE VOUCHER #	\$.00
6)	BOND DEBT PAYMENT: CITY OF EDMONDS – 2012 VOUCHER #	\$.00
	BOND PAYMENT – 2008 TO US BANK ST. PAUL	\$.00
7)	LGIP (1075) TRANSFER TO 1 ST (1014) SECURITY DEBT SERVICES VOUCHER #	\$.00
8)	DEBT SERVICES 1 ST SECURITY (1014) TRANSFER TO OPERATIONS (1012) VOUCHER #9045	\$ 20,000.00
9)	1 ST SECURITY RESERVE SAVINGS (1015) DISBURSEMENT VOUCHER #3016	\$ 5.00
10)	UNION BANK FACILITY SAVINGS (1060) - DISBURSEMENT VOUCHER #7062	\$ 15.00
11)	UNION BANK CHECKING (1010) – FACILITY ACTIVITY VOUCHER #	\$.00
	TOTAL	\$348,138.57

BOARD MEMBER BREWSTER SECONDED THE MOTION. MOTION CARRIED UNANIMOUSLY.

5. PFD Board Business

- **2008 Bond Refinancing – Update**

Mr. Keller reported Kutak Rock has updated the resolution to reflect is a taxable note and other minor language changes such as changing “bond” to “note.” City Council action on the bank loan documents is anticipated at their November 5 meeting.

- **PFD Board Meeting Schedule November & December 2018**

Mr. Mclalwain recommended due to holidays, moving the November meeting to November 29 at 7:30 a.m. and if the budget is approved at that meeting, canceling the December PFD meeting. Board Member Armstrong, who may not be available to attend on November 29th meeting, was encouraged to submit questions. The December 8 PFD/ECA Boards retreat will focus on completing the Strategic Plan as well as discussion regarding reconfiguration of the committee structure to align with Strategic Plan.

- **Board Endorsement for Submitting CDBG Application**

Mr. Mclalwain explained one of the priorities for CDBG grants, federal funds available from Housing and Urban Development, is removing barriers and making public spaces accessible. A previous CDBG grant funded renovation of the women’s restroom to make it accessible. The project that would be funded by this CDBG grant request is moving the sound mixing system. The system is currently located in the center of the theater which prevents crossover access and makes the center aisle unusable. The location of the sound mixing was designed to be ADA accessible seating before it was realized sound mixing would be necessary for all performances.

LMN Architects prepared a preliminary design and cost estimate to remove 7-9 seats behind the sound mixer, move the sound mixer back which allows crossover access, and add an ADA accessible seating position on one side of the booth. Opening the crossover access also restores access to Box B on the main level which has wheelchair accessible seating positions. This project opens three fully ADA accessible positions plus two transfer seats, a significant change in the percentage of accessible seating and remedies a safety and egress issue by allowing crossover access. It will also address frustration patrons sitting behind the sound mixer have expressed with the bright screens. Staff will also shield the screens. The preliminary estimate from LMN with design fees is \$48,000.

Mr. McIalwain summarized two of the seats that are lost are replaced by the ADA accessible positions; the net loss is 5-7 seats. He did not anticipate a loss of revenue. Staff will confirm that the seats lost as a result of moving the sound mixing system are not season subscribers' seats.

Mr. McIalwain advised PFD Board approval is necessary to submit the grant application.

BOARD PRESIDENT POPKE MOVED TO APPROVAL SUBMITTAL OF THE CBDG APPLICATION IN THE AMOUNT OF ROUGHLY \$48,000. BOARD MEMBER BREWSTER SECONDED THE MOTION. MOTION CARRIED UNANIMOUSLY.

- **Approval 2008 EPFD Bond Resolution - Amended**

Mr. Keller explained this resolution supersedes the previous resolution. He reviewed minor changes such as the additional of language that the note is taxable and the bank is responsible for taxes associated with the transaction, changing the term sheet to form of note and changing "bond" to "note." He requested Board approval of the resolution so the bond refinancing can move forward.

BOARD MEMBER ARMSTRONG MOVED TO APPROVE 2018-2 EPFD BOND RESOLUTION AS AMENDED. BOARD MEMBER BREWSTER SECONDED. MOTION CARRIED UNANIMOUSLY.

6. Inclusion & Accessibility

- **Update**

Board Member Brewster reported the committee has a strong partnership with the City's Diversity Commission, Commissioner Pat Valle is a member of the Inclusion & Accessibility Committee, and are seeking additional ways to partner on mutual goals. The committee continues to support the Commission's film series on the first Saturday of the month at the Edmonds Theater. The committee has finalized its vision/mission statement and SMART goals. The committee plans to make a concerted effort in every gathering to ensure that inclusion and accessibility are part of every discussion, action and board activity as it is a key aspect of the Strategic Plan.

Mr. McIalwain relayed the need for a concerted effort on identifying, developing, engaging and training, which includes board and staff training and partnering with the Diversity Commission. Discussion followed regarding outreach to identify a training process, opportunities to partner with Edmonds School District and/or Edmonds Community College on training, potential for more impactful training by combining resources, and ensuring the ECA's training needs are being addressed.

7. Marketing & Programming

- **Ticket Sales Report**

Mr. McIalwain relayed Board Member Brewster has been using this report to more deeply analyze sales and trends compared to other seasons. Board member Brewster relayed at a recent Programming & Marketing Committee meeting, a question arose regarding why ticket sales (numbers) trend ahead of ticket sale revenue. His analysis found it is a historic trend, which raises the question what factors affect that such as ticket comps, TeenTix discounts, or other show-specific opportunities. The committee also discussed A-list artist versus emerging artists that sell less and how those shows fit the ECA's mission, recognizing some of those shows create tension between revenue versus expenses. In view of the Strategic Plan, there is interest in creating measurable metrics around the type of shows, diversity of shows, and the balancing act between

shows to serve as wide an audience as possible. Mr. Mclalwain and Ms. Jones will continue to work on framing a season that balances those issues.

Discussion followed regarding the ticket vendor fee, the fee structure with current ticket vendor (Vendini), features the Vendini system offers, marketing of emerging artist shows, investing in future audiences, marketing outreach to schools, marketing plan to improve attendance at some shows, bringing artists into schools, and teacher receptions prior to show.

Mr. Mclalwain reviewed the Ticket Sales Report, highlighting sales for specific shows and advising sales are tracking close to last year. He anticipated the mid-season brochure will be published before Thanksgiving.

8. Development

- **Spotlight Gala - Debrief**

Mr. Mclalwain estimated revenue of \$400,000-450,000 which exceeded projections of \$380,000. He acknowledged Angela Neubauer and her team, the technical crew, front of house, the team member who shared his musical talent, the administrative team and volunteers. He thanked board members for attending and participating and Board President Popke for his remarks.

Board member comments included: improved sound this year, one of the best auctions have attended, well thought out, deliberate focus on offerings was strategic, good vibe, great procurement, estimate 25% had not attended the auction in the past, and a youthful crowd.

9. Executive Report / Steering Committee

- **October 2018 Staff Report – Questions, Comments**
- **Strategic Plan Update**
- **Personnel Update**

Mr. Mclalwain announced Development Director Angela Neubauer is leaving to take a position at Seattle Theater Group. The development field is a constantly changing and highly competitive market. It will be challenging to replace Ms. Neubauer and consideration will need to be given to salary levels. Discussion followed regarding the timing of filing the position, potential support staff for the Development Director, ECA operations support in the City's 2019 preliminary budget, and establishing a reserve.

- **Future Grant Applications**

Mr. Mclalwain explained Snohomish County Lodging Tax Advisory Committee distributes \$250,000 to the four PFDs via a competitive grant process. A \$125,000 grant request has been submitted to fund reconfiguration of the lobby and pantry, replacing the lobby carpet and adding a service position in the box office. LMN's estimate, received after the request was submitted, was \$135,000; the project can be modified if necessary. Last year the ECA was awarded \$125,000 for production and lighting equipment and the prior year the ECA received half the cost of the gymnasium roof repair.

10. Finance, Facilities & Operations

- **September 2018 Draft Finance Reports**

Mr. Keller reviewed the draft Statement of Revenue, Expenses and Changes in Net Position which have been reviewed by Admin & Finance Committee. He highlighted operating income and loss

compared to last year (Gala held in September in 2017). ECA Board Member Schaefer relayed the Admin & Finance Committee's concern with credit card balances. Discussion followed regarding whether the ECA operating funds proposed by the Mayor will remain in the City's approved 2019 budget.

- **August 2018 Final Finance Reports**
- **Draft Budget – Fiscal Year 2019**

Mr. Keller reviewed the draft budget, highlighting projected 2018 year end and 2019 budgeted amounts and described the process for departments developing their budgets. He anticipated the Board approving the budget at the November 29th meeting.

Discussion followed regarding capital expenditures paid out of the Facilities Reserve Expenses line item, revenue from the facility fee, where the \$100,000 donation is reflected, timeline for hiring a Development Director, the organization's fiscal year (January-December versus the season), and the artist presentation budget.

Mr. McIalwain advised the budget will scrubbed again once the Gala numbers are finalized and the impact of hiring a new Development Director is considered. He will email board members the budget prior to the next PFD meeting. It was suggested the draft budget be presented to the ECA Board at their November 13th meeting.

11. New Business

Board President Popke advised his term expires in June and suggested board members beginning thinking about candidates for the PFD Board. He encouraged going outside the organization and identifying new people. Mr. McIalwain recommended looking through the lens of diversity including the male/female balance, background, experience, etc. He described the application process which includes submitting an application, interview by the EPFD Board, EPFD Board recommendation to the City Council and formal appointment by the Council. Staff will post the opening in January.

12. Adjourn

The meeting was adjourned at 9:04 a.m.

Next EPFD Board Meeting: Thursday, November 29, 2018 - 7:30 AM
PFD & ECA Joint Board Retreat: Saturday, December 8, 2018 – 8:00 AM

ACTION ITEMS:

1. Amend September 27 minutes: Item 10, second paragraph, change “discussed” to “discussion.”
2. Approval of bank loan documents at November 5 City Council meeting agenda
3. Reschedule November meeting to November 29th at 7:30 a.m.
4. Confirm that seats lost as a result of moving the sound mixing system are not season subscriber seats
5. Present draft 2019 budget to ECA Board at their November 13th meeting
6. Schedule review and approval of 2019 budget at November 29th EPFD Board meeting
7. Post June opening on EPFD Board in January