

MINUTES

Edmonds Public Facilities District Board of Directors Meeting August 2, 2018

The Edmonds Public Facilities District Board meeting convened at 7:33 a.m. in the Edmonds Center for the Arts Green Room, 410 4th Avenue North, Edmonds.

EPFD Board Members Present

Mike Popke, President
Larry Ehl, Vice President (via phone)
Kevin McKay
David Brewster
Kimberlee Armstrong

ECA Staff Present

Joseph Mclalwain, Executive Director
Matt Keller, Director of Operations

City Staff Present

Scott James, Finance Director (Ex-Officio)

ECA Board Members Present

David Schaefer, Treasurer

Other Guests Present

Tom Mesaros, City Council Liaison

1. Call to Order

Board President Popke called the meeting to order.

2. Board President's Comments - None

3. Approval of Minutes

- PFD Board Minutes – June 28, 2018

BOARD MEMBER MCKAY MOVED TO APPROVE THE MINUTES OF JUNE 28, 2018. BOARD MEMBER BREWSTER SECONDED THE MOTION. MOTION CARRIED UNANIMOUSLY.

- PFD Board Minutes – Joint Board Session – July 10, 2018

BOARD MEMBER BREWSTER MOVED TO APPROVE THE MINUTES OF JULY 10, 2018. BOARD MEMBER MCKAY SECONDED THE MOTION. MOTION CARRIED UNANIMOUSLY.

4. Approval of Disbursements – June

Mr. Keller relayed the Admin/Finance Committee reviewed the disbursements and recommend approval. Discussion followed regarding the process for PFD Board approval, expenditure trends, and the Admin/Finance Committee's continuing discomfort with credit card balances.

BOARD MEMBER MCKAY MOVED TO APPROVE JUNE 2018:

1)	EPFD DISBURSEMENTS OF VOUCHER #14719-14846	\$512,435.65
2)	ECA DISBURSEMENTS OF VOUCHER #51286-51304	\$ 66,739.16
3)	TRANSFER OF FUNDS:: ECA (1005) TO EPFD (1012) OF VOUCHERS #51305-51306	\$ 24,000.00
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 #14847	\$ 79,203.98
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 #	\$ 81,500.00
9)	1 ST SECURITY RESERVE SAVINGS (1015) VOUCHER #3013	\$ 5.00
10)	UNION BANK FACILITY SAVINGS (1060) - DISBURSEMENTS VOUCHER #7058-7059	\$ 10,599.50
11)	UNION BANK CHECKING (1010) – FACILITY ACTIVITY VOUCHER #4992	\$ 10,584.50

TOTAL	<u>\$785,067.79</u>
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BOARD MEMBER BREWSTER SECONDED THE MOTION. MOTION CARRIED UNANIMOUSLY.

5. PFD Board Business

- **Election of Officers**

Mr. McIalwain relayed both Board President Popke and Vice President Ehl's have offered to continue. This is Board President Popke's final year on the PFD Board which will mean a transition in leadership as well as the selection of a new board member. He encouraged the Board to begin thinking about candidates for the PFD Board.

BOARD MEMBER MCKAY MOVED TO APPROVE OFFICERS AS FOLLOWS: MIKE POPKE AS PRESIDENT AND LARRY EHL AS VICE PRESIDENT. BOARD MEMBER BREWSTER SECONDED THE MOTION. MOTION CARRIED UNANIMOUSLY.

Mr. McIalwain relayed the City's Finance Director Scott James, an ex-officio member of the Board, is the PFD Treasurer.

- **Allocation of Revenue from Snohomish County PFD**

- Allocation Percentage, Resulting Projected Revenue

Mr. McIalwain explained at the Snohomish County PFD meeting, Alan Dashen who was contracted by the Snohomish County PFD to do an analysis and provide a recommendation regarding an allocation method for revenue collected by Snohomish County PFD 2027-2041, presented three scenarios with no specific recommendation. Following discussion, the Snohomish County PFD Board approved a motion to extend the Tier 2 allocation percentages from 2027 through 2041 which results in Edmonds PFD receiving just under 22% of the total revenue stream during that timeframe. Assuming a 3.6% average sales tax growth, that equates to \$16.5 million which is in addition to the direct rebate the EPFD receives from the State, estimated at \$8-9 million.

- Update to Inter-local Agreement

The decision regarding the allocation requires the inter-local agreement between the EPFD and Snohomish County PFD be revised to reflect that change. Foster Pepper will represent the EPFD in the update of the inter-local agreement. The inter-local agreement may require approval by the City Council.

(Board VP Ehl discontinued participation in the meeting at 7:55 a.m.)

Discussion followed regarding estimated annual revenue based on 3.6% growth, Boeing's relationship with the Future of Flight, impact of refinancing the 2008 bonds, and concern with continuing to fund the Future of Flight.

- **Refinancing of 2008 Bond Issue – Progress Report**

Mr. McIalwain relayed U.S. Bank's letter of interest to refinance the 2008 bond issue with two options regarding the term (7 and 8.5 years). Staff requested a quote regarding a 10 year term. Staff contacted First Financial about refinancing the 2008 bond at a lower interest rate. Discussion followed regarding additional interest with an extended term versus interest on the outstanding loan to the City. repayment of the City loan, and discussing specifics of the refinance in executive session.

- **Approval of Updated Purchasing Policies**

Mr. Keller explained the revisions were the result of feedback from the auditors; the policies align with City practices, streamline purchasing thresholds and make the policies more user friendly. A quick reference guide directs staff to relevant sections in the purchasing manual. The updated

policies have been reviewed by the Admin/Finance and Facilities & Operations Committees as well as the EPFD Board; the Admin/Finance Committee recommends approval.

BOARD MEMBER MCKAY MOVED TO APPROVE THE UPDATED PURCHASING POLICY AND THE QUICK REFERENCE GUIDE. BOARD PRESIDENT POPKE SECONDED THE MOTION. MOTION CARRIED UNANIMOUSLY.

- **Approval of Updated Safety Manual**

Mr. Keller explained Labor & Industries visited during the roof construction and strongly requested an update of the policies and a response to questions by August 15. The template of the manual was provided by L&I with the addition of regulations related to theater safety. The Facilities & Operations Committee participated in updating the manual and recommend approval as well as updating the manual at least annually as regulations change.

BOARD MEMBER BREWSTER MOVED TO APPROVE THE UPDATED SAFETY MANUAL. BOARD MEMBER MCKAY SECONDED THE MOTION. MOTION CARRIED UNANIMOUSLY.

6. Executive Report / Steering Committee

- **July 2018 Staff Report – Questions, Comments**
- **Strategic Plan Update**
 - Outcomes from Joint Board Meeting
 - Recap of Follow-up Meeting – Strategic Task Force July 31

Mr. McIlwain reported relevant feedback from the joint board meeting was incorporated into the Strategic Plan and ECA Board Member Mike Rosen is finalizing the document. Leads were assigned in partnership with a staff member to develop draft SMART goals. The plan and goals will be presented to the ECA and PFD Boards once that effort is complete. Committees that are directly responsible for components of the plan will also have an opportunity to assist with developing SMART goals. A couple plan components do not have logical committees such as hosting. The Steering Committee will be discussing how to transform the committee structure to more clearly meet the needs of the new Strategic Plan. A draft summary of the goals is being prepared and will be included in the fall patron program.

7. Finance, Facilities & Operations

- **June 2018 Draft Finance Reports**

Mr. Keller reviewed the draft June finance reports, highlighting revenue and expenses 2018 compared to 2017 and upcoming performances and their impact on finances. The Admin/Finance Committee reviewed the reports and recommend approval. Discussion followed regarding how the \$100,000 bequest will be reflected in future financial reports, contributions that are attributable to one-time events, the summer campaign that replaced the spring appeal, the donor's intent for the \$100,000 bequest, and the need to complete the legacy giving program.

- **May 2018 Final Financial Reports**

The Board reviewed draft May 2018 financial reports at the last meeting.

- **Fire Panel Update**

Mr. Keller reported parts have been ordered and will be installed when received, likely in August. The 50% down payment has been made from the Facilities Preservation Fund and the final payment will be made from the same source.

8. Development

- **Resource Development Report**

An updated report will be provided at the next EPFD Board meeting.

- **Annual Campaign**

Mr. Mclalwain reported the annual campaign is underway; results will be provided at the next Board meeting.

- **Spotlight Gala (October 20) – Planning and Procurement**

Mr. Mclalwain reported planning is underway; menu tasting and selections occurred yesterday. The formal invitation will be mailed shortly. Procurement is progressing; the next step is tables. He urged board members to work with him on organizing/purchasing a table. Information regarding organizing a table was distributed to board members and will be provided to non-board members who host tables.

9. Marketing & Programming

- **Ticket Sales Report**

Mr. Mclalwain reported the season performed very well compared to last season; summer engagements are lagging. He reported on marketing and ticket sales for specific shows, sponsors for mystery shows, and artists under consideration.

- **Special Engagements '18-19**

See above.

- **Season Planning – '19-20**

Mr. Mclalwain reviewed the schedule for the Western Arts Alliance conference that Director of Programming Gillian Jones and he will be attending the last week of August in Las Vegas. He will be voted in as vice president of WAA Board at their annual meeting during the conference; he will serve a 2-year term followed by an opportunity to serve as the president.

10. New Business

Board Member Brewster reviewed an opportunity presented to the Inclusion and Accessibility Committee by Donny Griffin, "Lift Every Voice," related to MLK Day on January 21, 2019 in partnership with the ECA. The event will include activities for the community, on-stage performances, discussions, an educational component, etc.

Board President Popke encouraged board members to contact Mr. Mclalwain about organizing an auction table and to procure unique auction items. Discussion followed regarding expectations of board members related to auction tables and procurement, and challenges with the ECA providing child care.

11. Adjourn

The meeting was adjourned at 9:07 a.m.

Next EPFD Board Meeting: Thursday, August 23, 2018 – 7:30 AM

ACTION ITEMS:

1. Provide at the next meeting:
 - Results from the annual campaign at the next Board meeting
 - Updated Development Report
2. Distribute table organization information to non-board members who host tables