

# MINUTES

## Edmonds Public Facilities District Board of Directors Meeting January 25, 2018

The Edmonds Public Facilities District Board meeting convened at 7:28 a.m. in the Edmonds Center for the Arts Green Room, 410 4<sup>th</sup> Avenue North, Edmonds.

### **EPFD Board Members Present**

Mike Popke, President  
Larry Ehl, Vice President,  
Marla Miller  
Patrick Mulva  
Kevin McKay

### **ECA Staff Present**

Joseph McIalwain, Executive Director  
Matt Keller, Director of Operations  
Karen Crowley, Development Director

### **City Staff Present**

Scott James, Finance Director (Ex-Officio)

#### **1. Call to Order**

Board President Popke called the meeting to order.

#### **2. Board President's Comments - None**

#### **3. Approval of Minutes**

- PFD-ECA Retreat Minutes 12/09/17

BOARD MEMBER MCKAY MOVED TO APPROVE THE MINUTES OF DECEMBER 9, 2017.  
BOARD MEMBER MILLER SECONDED THE MOTION. MOTION CARRIED UNANIMOUSLY.

- PFD Special Meeting Minutes 12/14/17

BOARD MEMBER MULVA MOVED TO APPROVE THE MINUTES OF DECEMBER 14, 2017.  
BOARD VP EHL SECONDED THE MOTION. MOTION CARRIED UNANIMOUSLY.

#### **4. Approval of Disbursements**

- **Approval of Modified Disbursement Reports May – September 2017**

Mr. Keller reviewed modifications made to voucher numbers due to the omission of service fees, changes to the format and correction of spelling errors in the May – September 2017 disbursement reports.

- **October 2017**

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

#### **BOARD MEMBER MULVA MOVED TO APPROVE OCTOBER:**

1) EPFD DISBURSEMENTS OF VOUCHERS #13980-14073,14075-14119	\$338,811.35
2) ECA DISBURSEMENTS OF VOUCHERS #51098-51126	\$ 50,730.19
3) TRANSFER OF FUNDS:: ECA TO EPFD OF VOUCHER #51127-51130	\$198,000.00

4) TRANSFER OF FUNDS: EPFD 1 <sup>ST</sup> SECURITY DEBT SERVICE OF VOUCHER #	\$	.00
5) TRANSFER OF FUNDS: ECA TO EPFD 1ST SECURITY DEBT SERVICE VOUCHER #14074	\$	30,000.00
6) BOND DEBT SERVICE: TO CITY OF EDMONDS PAYMENT - 2012	\$	.00
BOND PAYMENT – 2008	\$	.00
7) LGIP TRANSFER TO 1 <sup>ST</sup> SECURITY DEBT SERVICES	\$	.00
8) RESERVE 1 <sup>ST</sup> SECURITY TRANSFER TO OPERATIONS	\$	.00
9) FACILITY RESERVE 1 <sup>ST</sup> SECURITY DISBURSEMENT VOUCHER #3005	\$	60.00
<b>TOTAL</b>		<b><u>\$617,601.54</u></b>

BOARD VP EHL SECONDED THE MOTION. MOTION CARRIED UNANIMOUSLY.

- **November 2017**

Board Member Mulva relayed the Admin/Finance Committee reviewed the disbursements and recommend approval.

**BOARD MEMBER MULVA MOVED TO APPROVE NOVEMBER:**

1) EPFD DISBURSEMENTS OF VOUCHERS #14120-14213	\$	595,897.78
2) ECA DISBURSEMENTS OF VOUCHERS #51131-51145	\$	9,337.24
3) TRANSFER OF FUNDS:: ECA TO EPFD OF VOUCHERS #51146-51147	\$	70,000.00
4) TRANSFER OF FUNDS: EPFD 1 <sup>ST</sup> SECURITY DEBT SERVICE OF VOUCHER #51148	\$	150,000.00
5) TRANSFER OF FUNDS: ECA TO EPFD 1ST SECURITY DEBT SERVICE VOUCHER #9018	\$	.00
6) BOND DEBT PAYMENT: TO CITY OF EDMONDS PAYMENT - 2012 VOUCHER #9018	\$	345,146.25
BOND PAYMENT – 2008 TO US BANK ST PAUL VOUCHER #9019-9020	\$	286,785.00
7) LGIP TRANSFER TO 1 <sup>ST</sup> SECURITY DEBT SERVICES VOUCHER #8054	\$	193,000.00
8) RESERVE 1 <sup>ST</sup> SECURITY TRANSFER TO OPERATIONS	\$	.00
9) FACILITY RESERVE 1 <sup>ST</sup> SECURITY DISBURSEMENT VOUCHER #3006	\$	45.00
<b>TOTAL</b>		<b><u>\$1,650,211.27</u></b>

BOARD MEMBER MILLER SECONDED THE MOTION. MOTION CARRIED UNANIMOUSLY.

- **December 2017**

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

**BOARD MEMBER MULVA MOVED TO APPROVE DECEMBER:**

1) EPFD DISBURSEMENTS OF VOUCHERS #14214-14289	\$285,204.99
2) ECA DISBURSEMENTS OF VOUCHERS #51149-51160	\$ 5,895.30
3) TRANSFER OF FUNDS:: ECA TO EPFD OF VOUCHERS #51161-51163	\$ 59,633.41
4) TRANSFER OF FUNDS: EPFD 1 <sup>ST</sup> SECURITY DEBT SERVICE	\$ .00
5) TRANSFER OF FUNDS: ECA TO EPFD 1ST SECURITY DEBT SERVICE	\$ .00
6) BOND DEBT SERVICE: TO CITY OF EDMONDS PAYMENT - 2012	\$ .00
BOND PAYMENT – 2008 TO US BANK ST PAUL	\$ .00
7) LGIP TRANSFER TO 1 <sup>ST</sup> SECURITY DEBT SERVICES VOUCHER #8055	\$ 26,000.00
8) DEBT SERVICES 1 <sup>ST</sup> SECURITY TRANSFER TO OPERATIONS VOUCHERS #9021-9023	\$ 51,010.00
9) FACILITY RESERVE 1 <sup>ST</sup> SECURITY DISBURSEMENT VOUCHER #3007	\$ 15.00
<b>TOTAL</b>	<b><u>\$400,758.70</u></b>

**BOARD VP EHL SECONDED THE MOTION. MOTION CARRIED UNANIMOUSLY.**

**5. PFD Board Business**

- **Boiler Control System – Update**

Mr. Keller reported savings were discovered via the use of existing computer equipment. Installation of a data drop to allow remote access to the boiler system and staff training is scheduled to begin in February. He responded to questions regarding identification and training of key staff, and potential cost savings.

**6. Executive Report / Steering Committee**

- **Emeritus Board**

Mr. McIalwain explained the Steering Committee has been discussing creation of this board and the Board Development Committee has discussed the board's initial population. Jack Loos will be nominated and is presumed to be the inaugural chair. Mr. McIalwain displayed a list of past board members and identified individuals under consideration for the Emeritus Board. He relayed the initial criteria was past leadership roles and members that have served full terms. Formal nominations will be made in February/March. The EPFD has previously approved the Emeritus Board description. The intent is a relatively small number of members initially, a mix of EPFD/ECA Board membership, not term limited, not a decision-making body but a way to remain connected and support ECA. Emeritus Board members would be invited to social gatherings and interact with current boards and could mentor new board members.

Mr. McIalwain recognized the Board Development and the Steering Committees for developing the Emeritus Board. Board President Popke reported a timeline has been developed and the first meeting is scheduled in July.

**7. Administration & Finance**

- **Draft Year-End Financials – FY 2017**

Mr. Keller reviewed the draft year-end financials advising he is working with Finance to reconcile final numbers. The Admin/Finance Committee reviewed the reports and recommend approval. He highlighted positive movement in ticket sales and rentals, steadily increasing concessions, limited impact of the roofing project on rentals (gym not usable in April), operating expenses and efforts to identify efficiencies.

Mr. McIalwain highlighted the shortfall in private contributions in 2017 for operations. Early indications are 2018 contributions are headed in the right direction and he commended board members for their annual contributions. Development Director Karen Crowley has contacted several donors and sponsors to secure commitments before she retires at the end of this month. The February 22 event will play huge role in ECA's future; he hoped 40-45 people/25 giving units would attend with the goal of raising \$150,000-\$200,000. He was confident the organization would reach its 2018 fundraising goal; this event is intended to be in addition.

Mr. McIalwain responded to questions and discussion followed regarding accounting for the grant that covers a portion of Mr. Keller's position, ticket sales versus marketing expenses, and the social media strategy. Board suggestions included:

- Consider social media posts following events to celebrate success, thank artists, provide opportunity for people to comment on shows
- Promote a hashtag for each event
- Board President Popke offered Dan from his staff to assist the Marketing & Programming Committee with social media marketing

## 9. **Marketing & Programming**

- **Ticket Sales Report**

Mr. McIalwain highlighted tickets sold for recent shows. Discussion followed regarding percentage sold, percentage of comp'd tickets, and shows with targeted marketing. Board Member Miller suggested the target market for Cantus – “Discovery of Sight” is college and church choirs.

- **2008 Bond Refinancing – Update**

Mr. McIalwain relayed a decision was made not to make a presentation to the Council Finance Committee due to one committee member’s concern. The PFD can approach the Council directly via a request to the Council President to be on the agenda. Discussions are occurring with individual Councilmembers to explain the benefits of the City taking the lead on refinancing the bonds. He described the process of being scheduled on the Council agenda; he will notify the Board of the agenda date.

Mr. McIalwain reported he and Mr. Keller are meeting with bond counsel Monday to discuss what needs to be done to move forward as quickly as possible if the matter is not scheduled on the agenda in a timely manner or if the Council decides it not want to be involved. Board Member Mulva recommended the matter be scheduled on the Council agenda as soon as possible as the benefit of refinancing is eroding over time. Board Member Miller recommended inviting Rob Shelley, Piper Jaffray, to participate in the meeting with bond counsel. She also recommended building a calendar at that meeting.

Anticipating there may be allegations that the EPFD Board cost the taxpayers money by waiting, Board VP Ehl recommended documenting in writing that the EPFD Board has been ready to proceed with bond refinancing and delayed to pursue a partnership with the City. Board Member Miller recommended also including why the EPFD did not participate when the City’s financial adviser and Mr. James suggested refinancing when the City did.

Discussion followed regarding who will make the presentation to City Council, the process for being scheduled on the Council agenda, determining a date certain for the EPFD to move forward if there is not a decision from the City, partnering with the City on the Contingent Loan Agreement (CLA), and how the sales tax extension impacts the CLA.

- **Sales Report and Analysis**

## 8. **Development**

- **Resource Development Report**

- **Legacy Giving**

Development Director Karen Crowley described the ad-hoc Planned Giving Committee and focus groups held to gather additional input. She highlighted working assumptions and the

recommendation to establish an endowment fund owned by the ECA Board with a predetermined percentage of unrestricted gifts placed into the endowment and into operating. If the EPFD Board agrees with that recommendation, policies will be developed.

Discussion followed regarding establishing a policy and process for making distributions from the endowment fund, potentially having the Admin/Finance Committee make a recommendation regarding distribution of funds and formal approval by ECA Board, preserving the corpus of the endowment, the purpose of the funds conform with public law because the EPFD is a public board, and establishing a policy for use of the distributions.

The EPFD Board supported moving ahead with policy development. The Board also agreed the endowment fund would be owned by ECA and to include language in the articles of incorporation regarding the funds going to a like-minded arts organization in the event the ECA dissolved. Mr. McIalwain advised Ms. Crowley will assist with developing endowment fund policies after her retirement.

Mr. Ehl commented on the reception prior to Lil Buck & Jon Boogz, recalling several people mentioned they were at the ECA for the first time.

#### **10. New Business**

- **January Staff Report – Questions, Comments**

#### **11. Executive Session**

- **Executive Director Performance Review**

At 8:48 a.m., the EPFD Board recessed to executive session regarding evaluation of a public employee. The executive session was anticipated to last 30 minutes with no action following. All board members were present.

#### **12. Adjourn**

The meeting was adjourned immediately following the conclusion of the executive session.

**Next EPFD Board Meeting: Thursday, February 22, 2018 - 7:30 AM**

#### **ACTION ITEMS:**

1. Consider social media posts following events to celebrate success, thank artist, provide opportunity for people to comment on shows
2. Promote a hashtag for each event
3. Board President Popke offered Dan from his staff to assist the Programming & Marketing Committee with social media marketing
4. Target market for Cantus – “Discovery of Sight” is college and church choirs
5. Invite Rob Shelley, Piper Jaffray, to participate in meeting with bond counsel
6. Create a calendar at meeting with bond counsel
7. Document in writing that PFD has been ready to proceed with bond refinancing and delayed to pursue a partnership with the City. Include why the EPFD did not participate when the City’s financial adviser and Mr. James suggested refinancing when the City did
8. Schedule presentation to City Council at their next meeting (February 6) regarding bond refinancing
9. Develop policies regarding endowment fund