

# MINUTES

## Edmonds Public Facilities District Board of Directors Meeting May 24, 2018

The Edmonds Public Facilities District Board meeting convened at 7:31 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  
Kevin McKay  
David Brewster

### ECA Staff Present

Joseph Mclalwain, Executive Director  
Matt Keller, Director of Operations

### City Staff Present

Dave Turley, Assistant Finance Director

#### 1. Call to Order

Board President Popke called the meeting to order.

#### 2. Board President's Comments

#### 3. Approval of Minutes – May 1, 2018

**BOARD VP EHL MOVED TO APPROVE THE MINUTES OF MAY 1, 2018. BOARD MEMBER MILLER SECONDED THE MOTION. MOTION CARRIED (4-0-1), BOARD MEMBER MCKAY ABSTAINED.**

#### 4. Approval of Disbursements – April 2018

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

#### **BOARD MEMBER MCKAY MOVED TO APPROVE April:**

1)	EPFD DISBURSEMENTS OF VOUCHER#14523-14607	\$236,201.78
2)	ECA DISBURSEMENTS OF VOUCHER #51224-51249	\$ 28,378.76
3)	TRANSFER OF FUNDS:: ECA TO EPFD OF VOUCHERS #51250-51253	\$ 42,000.00
4)	TRANSFER OF FUNDS: ECA TO 1 <sup>ST</sup> SECURITY DEBT SERVICE	\$ .00
5)	TRANSFER OF FUNDS: PFD TO EPFD 1ST SECURITY DEBT SERVICE	\$ .00
6)	BOND DEBT PAYMENT: TO CITY OF EDMONDS – 2012	\$ .00
	BOND PAYMENT – 2008 TO US BANK ST. PAUL	\$ .00
7)	LGIP TRANSFER TO 1 <sup>ST</sup> SECURITY DEBT SERVICES VOUCHER #8057	\$ 30,000.00
8)	DEBT SERVICES 1 <sup>ST</sup> SECURITY TRANSFER TO OPERATIONS VOUCHER #9031-9033	\$ 55,020.00
9)	FACILITY RESERVE 1 <sup>ST</sup> SECURITY DISBURSEMENT OF VOUCHER #3011	\$ 5.00
10)	UNION BANK FACILITY SAVINGS DISBURSEMENT #7055	\$ 15.00
	<b>TOTAL</b>	<b>\$390,620.54</b>

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

#### 5. PFD Board Business

- **New PFD Board Member – David Brewster**

Mr. Mclalwain welcomed new Board Member David Brewster.

- **ECA Board Candidate Appointments**

Mr. Mclalwain explained the agreement between the ECA and PFD Boards provides for the PFD Board to formally appoint ECA Board Members. The ECA Board unanimously recommends the four candidates: Christian Anderson, Norm Brown, Andy Cline and Jeanne Thorsen.

**BOARD MEMBER BREWSTER MOVED TO APPROVE THE APPOINTMENT OF CHRISTIAN ANDERSON, NORM BROWN, ANDY CLINE AND JEANNE THORSEN TO THE ECA BOARD. BOARD MEMBER MILLER SECONDED THE MOTION. MOTION CARRIED UNANIMOUSLY.**

Mr. Mclalwain recognized diversity is still an issue. The Board Development Committee is working on it.

- **Emeritus Board Candidate Appointments**

Mr. Mclalwain relayed the ECA Board voted to approve the creation of the Emeritus Board and to appoint the following as members of the first Emeritus Board: Ron Clyborne, Nancy Fleck, Susan Dunn, Jack Loos (Chair), Julie Long, John McGibbon, Bob Rinehart, and Terry Vehrs. He described the criteria for selecting members, advising these individuals qualify and are excited to participate.

**BOARD MEMBER MILLER MOVED TO APPROVE THE APPOINTMENT OF RON CLYBORNE, NANCY FLECK, SUSAN DUNN, JACK LOOS (CHAIR), JULIE LONG, JOHN MCGIBBON, BOB RINEHART, AND TERRY VEHR'S TO THE EMERITUS BOARD. BOARD PRESIDENT POPKE SECONDED THE MOTION. MOTION CARRIED UNANIMOUSLY.**

- **Fire Panel**

Mr. Keller described the need to make immediate upgrades to the ECA's fire panel. Staff is gathering quotes; an initial quote from Western Fire was \$33,000 - \$35,000; a quote from ADT was significant lower but further research is being done regarding what their quote included. A benefit of the new system is it is non-proprietary.

Discussion followed regarding what the fire panel does, monitoring provided by the vendor, procuring the equipment separate from the install to save time and money, other vendors, why upgrading the fire panel was an emergency, how the need to upgrade the panel was discovered, the Facility & Operations Committee's recommendation to use the historic facility preservation fee to fund the upgrade, and policy thresholds for use of the historic facility preservation fee. Board Members Miller and Popke offered to refer other vendors to staff.

**BOARD MEMBER MILLER MOVED THAT STAFF BE DIRECTED TO WORK EXPEDITIOUSLY TO GET THE FIRE PANEL REPAIRED AND AUTHORIZE STAFF TO WORK WITH QUOTES, TO TAKE THE LEAST EXPENSIVE QUOTE FOR THE BEST QUALITY AND DUE TO THE EMERGENCY, APPROVE THE USE OF THE HISTORIC FACILITY PRESERVATION FUND. BOARD MEMBER BREWSTER SECONDED THE MOTION. MOTION CARRIED UNANIMOUSLY.**

## **6. Executive Report / Steering Committee**

- **April Staff Report – Questions, Comments**
- **PFD Board Recruitment Process – Interviews: June 7**

Mr. Mclalwain relayed interviews will be conducted on June 7; there is currently one candidate. He described potential candidates he has contacted and efforts to expand the diversity of the PFD Board.

## **7. Finance & Operations**

- **Bond Refinance: Update with Roy Koegen**

Roy Koegen, Kutak Rock, explained interest rates in the public bond market did not result in significant enough savings for the refunding. He described other options that were considered such as financing via a county; discussions with Spokane and Stevens Counties were unsuccessful. He is hoping to meet with the Snohomish County Treasurer today. The rate from a county is typically the LGIP plus 0.5%; Rob Shelley, Piper Jaffrey indicated a rate of 2.75% would result in a \$15,000/year savings.

Discussion followed regarding the lengthy process, unusual to have bond counsel marketing the PFD's credit, accurately communicating the PFD's "story" to potential creditors, role of a municipal adviser, information to share with Snohomish County regarding sales tax growth, the City's bond counsel, approval process if Snohomish County agrees to finance, bond call date, fixing the interest rate rather than basing it on LGIP, and next steps if Snohomish County declines to finance.

Mr. Koegen advised he will communicate with Mr. Mclalwain and Mr. Mclalwain will communicate with the PFD Board. Mr. Koegen requested his paralegal, Debbi Haskins, be included on all communications to him.

## **6. Executive Report / Steering Committee (Con't)**

- **Strategic Plan Update**

Mr. Mclalwain reported he and ECA Board Member Mike Rosen have reviewed the draft Strategic Plan and it will be returned to the Task Force for another review. He hoped to bring a final draft to the ECA and PFD Boards for final approval at individual meetings or a joint meeting in July/August. His goal was to finalize the plan by August so the 2019 budget could be based on the directives in plan. Shifts in the plan may warrant a reconfiguration of the committee structure to establish a Hosting Committee focused on the rental program that would consider whether rentals are covering costs, continuing to provide and possibly improve service to clients, redefining the relationship with partner organizations, etc. Another shift in the plan is research and development of programs, services and new revenue streams. He will provide ECA and PFD Board Members the draft Strategic Plan following the Task Force meeting.

## **8. Development**

- **CENTER STAGE - Results**

Mr. McIalwain thanked board members who attended and participated. He reported this year's Center Stage was the second most successful event in the ECA's history. The goal was \$185,000, the total generated was \$197,432 and a matching gift of \$2500 will bring the total to approximately \$200,000. Every show was sponsored and there were commitments for three mystery shows. He displayed a comparison of 2018 – 2014, noting 2016 (the 10<sup>th</sup> anniversary) was the most successful. He displayed sponsorships by show category, photographs of the event, contributions to education and outreach, and major gifts.

Mr. McIalwain displayed a 2018-2014 comparison of ECA and PFD Board Member investment at Center Stage, pointing out investments from members of both boards have dropped significantly. If that trend continues, it will result in a decrease in contributed revenue. Development has work to do to develop relationships with the community outside board support as well as having conversations with board members. He noted a minimum investment for board members has never been established; possibly that needs to be considered.

Discussion followed regarding former board members' donations now reflected in individual donors, corporate donations, adding the Emeritus Board as a category, the legacy giving policy and management of those funds, and new sponsors this year. The Board requested a comparison of development funds by donor category. It was suggested Center Stage communications start two months prior and include information regarding past sponsorships.

(Board VP Ehl left the meeting at 8:35 a.m.)

## **6. Executive Report / Steering Committee (Con't)**

- **PFD Allocation Process**

Mr. McIalwain reported following a presentation was made by Alan Dashen at the quarterly Snohomish County PFD meeting in April regarding his analysis of the four PFDs such as funds they receive, factors to consider in the allocation, etc., the Board requested additional information and analysis. A meeting of the PFD executive directors and a few board representatives followed where Mr. Dashen presented the same information. He contacted Mr. Dashen a week later and he indicated he was he prepared to give the Snohomish County PFD Board direction regarding how to allocate the funds. PFD Board Chair Steve Shelton confirmed the Board may make a decision at their July meeting.

Mr. McIalwain explained the allocation for 2027-2041 will be a percentage basis, but there will not be two tiers. The EPFD currently receives approximately 13% of the annual allocation from Snohomish County PFD in Tier 1 and 2. Discussion followed regarding the guaranteed payment from Tier 1 and fluctuation in Tier 2 based on actual receipts, impact on the EPFD's "credit story" of a combined allocation that is not guaranteed, funding of Future of Flight, and the total amount projected to be received by Snohomish County PFD and allocated to projects. The Snohomish County PFD's meeting is July 26 at 3:00 p.m. at Future of Flight is open to the public.

(Board Member Miller left the meeting at 8:44 p.m.)

## **7. Finance & Operations**

- **Final March 2017 Final Financial Reports**

Mr. Keller reviewed the Final March Financial Reports, advising the reports were presented to the Admin/Finance Committee and minor adjustments were made. Revenues versus expenses were unremarkable.

- **Draft Finance Reports – April 2018**

Mr. Keller reviewed the draft April Financial Reports, relaying expenses were slightly above revenue which is typical for this time of year.

Mr. Keller reviewed the Final April Financial Reports, pointing out receipt of additional rental income, grants and ticket revenue resulted in a net positive. May Finance Reports will include revenue from Center Stage and ticket sales for next season which begin May 30. He reviewed a comparison of 2017 to 2018. Mr. Mclalwain pointed out anomalies in the comparison due to the number of shows in April/May 2017 versus 2018 and the start of ticket sales in 2017 versus 2018. Mr. Keller highlighted the growth in rentals. Discussion followed regarding advertising and marketing expenses, not having presentations in June in the future due to conflicts with other events, and crafting marketing expenditures for each show.

Mr. Mclalwain acknowledged a PFD Board member is needed on the Admin/Finance Committee and suggested that be considered in PFD Board interviews. He offered to ask ECA Board Member David Schaefer to represent the Admin/Finance Committee at PFD Board meetings in the short term. Mr. Keller said the Final April Finance Reports will be presented to the EPFD next month.

- **Audit Update**

Mr. Keller reported the auditor has completed their site work and is working on miscellaneous items. The feedback on financial statements and reporting has been positive. The auditor mentioned potentially skipping the accountability audit next year to save time and money and give staff time to draft policies to respond to recommendations and exit items in this audit. Both audits would then be conducted in 2019 and then potentially transition to a 2-year cycle. Board Member McKay suggested if that occurs, having a discussion about internal auditing.

- **Roof Update**

Mr. Keller reported he is working with Snohomish County to reimburse the City for bridge loans. Mr. Mclalwain reported on the roof celebration which included a tour of the roof. The flashing cap still needs to be installed. The total cost was \$299,000 plus tax and contingency.

## **8. Development (Con't)**

- **Resource Development Report**

Mr. Mclalwain relayed he and David Schaefer are meeting with Councilmember Mesaros today regarding ECA staff's research of how performing art centers and PFD Districts are supported by their cities with the goal of beginning a discussion with the City regarding how they could provide long-term annual support of EPFD. It will be important to determine the appropriate approach, the story and the ask. He noted there are a variety of different partnerships and arrangements between entities and their cities. Other cities provide operating funds to the entity, acknowledging the return on investment from the economic development the venue provides. ECA is the only performing arts center in the region that owns its own building. Discussion followed regarding the

need to shift the City's perspective of the PFD from a cost center to a revenue center and the ECA as an asset to the community.

- **Give Big/Annual Campaign**

Mr. Mclalwain relayed this is the last year of Give Big. The ECA received \$6,400 this year.

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

Board Member requested a Save the Date be sent out to ECA and PFD Board Members that includes a note regarding the limited space and requesting RSVPs as soon as possible.

## **9. Marketing & Programming**

- **Ticket Sales Report**
- **Sergio Mendes**
- **Season Preview! – May 30 @ 5:30 (Current subs), 7:00**

Mr. Mclalwain encouraged board member to attend. The event will include an updated "This is ECA" video. Approximately 250 RSVPs have been received; he anticipated a full house.

## **10. New Business - None**

## **11. Adjourn**

The meeting was adjourned at 9:15 a.m.

**Next EPFD Board Meeting: Thursday, June 28, 2018 7:30 AM**

### **ACTION ITEMS:**

1. Inform new ECA Board candidates that the PFD Board approved their appointment
2. Provide Mr. Koegen the PowerPoint prepared by Rob Shelley, Piper Jaffrey
3. Include Paralegal Debbi Haskins on communications to Mr. Koegen
4. Provide ECA and PFD Boards the draft Strategic Plan following the Task Force meeting
5. Possibly schedule a joint ECA/PFD Board meeting regarding the Strategic Plan
6. Finalize the Legacy Giving Policy and management of those funds
7. Provide board members a comparison of development funds by donor category
8. Suggestion: Start Center Stage communication two months prior and provide information regarding past sponsorships
9. Consider the need for a PFD Board member on Admin/Finance Committee in interviews
10. Ask ECA Board Member David Schaefer to represent the Admin/Finance Committee at PFD Board meetings in the short term.
11. Present Final April Finance Reports to the PFD Board at June meeting
12. If auditor approves a 2-year audit cycle, discuss internal auditing
13. Send out save date for Gala to board members that includes a note regarding the limited space and requesting RSVPs as soon as possible.