

MINUTES

Edmonds Public Facilities District Board of Directors Meeting October 26, 2023

The Edmonds Public Facilities District Board hybrid meeting convened at 7:41 a.m. in the Edmonds Center for the Arts Green Room, 410 4th Avenue North, Edmonds, and via Zoom.

EPFD Board Members Present

Ray Liaw, President
Bill Willcock, Vice President
Suzy Maloney
David Brewster
Wayne Grotheer

ECA Staff Present

Lori Meagher, Interim Executive Director

Guests

Will Chen, City Council Liaison

ECA Board Members Present

David Schaefer, President

1. Call to Order

Board President Liaw called the meeting to order.

- Attendance of those attending in person for minutes.

2. Land Acknowledgement & Equity Statement

Board Member Brewster read the Land Acknowledgement Statement and the Equity Statement.

3. Board President's Comments

- **Agenda Review & Approval**

BOARD MEMBER BREWSTER MOVED TO APPROVE THE AGENDA. BOARD VP WILLCOCK SECONDED THE MOTION. MOTION CARRIED UNANIMOUSLY.

Board President Liaw reported November will include the Gala on November 17 and welcoming new ED Kathy Liu. She reminded board members to complete OPMA training and submit their certificate of OPMA training/refresher to Lexie Marsters.

4. Public Comment

There was no public comment.

5. Consent Agenda

- **EPFD Board Meeting Minutes: September 28, 2023**
- **EPFD Disbursement Report: September 2023**

BOARD VP WILLCOCK MOVED TO APPROVE THE CONSENT AGENDA. BOARD MEMBER MALONEY SECONDED THE MOTION. MOTION CARRIED UNANIMOUSLY.

6. Old Business

- **Prior Action Items Review**

Ms. Meagher reviewed progress on action items from the previous meeting and identified outstanding items (see Action Items below).

- **October Staff Report – Questions/Comments?**

Board members commended staff for all their hard work and for assembling a very informative report.

7. PFD Board Business

- **Resolution #2023-1 Appointment of Agent to Receive Claims for Damages**

Ms. Meagher explained the resolution authorizes appointment of an agent to receive claims for damages, a standard document required for liability insurance. Joe McIalwain was the previous agent so with his departure, the agent needed to be updated.

BOARD MEMBER BREWSTER MOVED TO APPROVE RESOLUTION 2023-1 AUTHORIZING APPOINTMENT OF LORI MEAGHER AS THE AGENT TO RECEIVE CLAIMS FOR DAMAGES. BOARD MEMBER GROTHEER SECONDED THE MOTION. MOTION CARRIED UNANIMOUSLY.

- **Executive Director Transition/Onboarding Update**

Ms. Meagher reported staff is preparing for Ms. Liu's arrival. At Ms. Liu's request, a meeting has been scheduled with department heads and staff. An onboarding plan has been developed in coordination with the Leadership Transition Team and the Steering Committee that will be shared with Ms. Liu for her feedback.

Board President Liaw reported ECA Board President Lindsay Geyer and she plan to meet with Ms. Liu on her first day to provide a formal welcome from the EPFD and ECA boards. Board presidents and vice presidents plan to meet with her to provide board level mentorship/support/guidance during the first 90 days and although the onboarding plan ends at 90 days, she hoped that small group could continue to work with Ms. Liu. A public event will be held in January. Councilmember Chen offered to meet with Ms. Liu on her first day on behalf of the City.

- **AWSPFD Conference**

Board Member Brewster reported on the conference held in Kennewick September 27-29. He will send board members a link to a Dropbox file with information from the conference.

- Edmonds, Lynnwood and Everett will cohost the conference in September 2024
 - Second or third week of September
 - Have received an offer for a sponsorship
- Presentations from parties pertinent to the PFDs' work and existence
 1. Lobbyist Jim Hedrick
 - a. Beginning discussions and engagement with legislators about extending legislation to 2051, the vision for the ECA campus, etc.
 - b. Legislature passed a bill in 2023 allowing 2 or more contiguous towns or counties with a PFD to build a second PFD. Wenatchee plans to form a second PFD
 - c. Forecasted increase in sales tax revenues
 - d. The 2021 tax rebate to PFDs totaled approximately \$40 million; the four PFDs in Snohomish County received the largest portion, \$7.5 million

- e. PFD needs to connect with Mr. Hedrick and begin forming a strategy to connection with legislators
- 2. Marc Greenough, bond counsel
 - a. Restrictions on bond issuance with and without voter approval (1/2% of assessed value bonds can be issued without voter approval, up to 1.25% of the assessed value requires voter approval)
- 3. Enduris, liability insurer
 - a. Trips and falls
 - b. Documenting any incidents
- 4. Department of Commerce
 - a. Will do a financial feasibility review whenever the PFD issues bonds
- 5. Auditor's Office
 - a. Reviewed the work they do for PFDs
- 6. Department of Tourism
 - a. Cited encouraging statistics that tourism is returning to 2019 levels
 - b. \$3 billion in tax revenue in 2021 from tourism
- 7. Architect & Design Build firm
 - a. Practices around designing and building facilities are moving away from design/bid/build process.
 - b. Under current process, an architect is hired to design a project which is sent out to bid, price is agreed upon and the process typically results in additional unforeseen costs.
 - c. With the new process, which many architects and builders support, is more collaborative; the client and architect work together and the contractor is brought in earlier in the process. Typically costs less, takes less time, and there is a happier client at the conclusion.
- 8. Lynnwood PFD
 - a. Presented their expansion plans which include a hotel, two multifamily buildings, retail and expanded convention center

Ms. Meagher commented on the presentation regarding the design/build process. The conference was a great experience and included a tour of Toyota Center and driving the Zamboni. It was interesting to hear from the other PFDs and their challenges, working together with the legislature, and ways PFD facilities benefit the state, county and city.

Discussion followed regarding funding for Lynnwood PFDs expansion, PFDs that are members of the AWSPFD (14 of the 20), unpaid association dues, Snohomish County PFDs taking on leadership of the organization, opportunity for stronger leadership of the organization, Snohomish County PFDs co-hosting next year's conference, and ability for PFD members to attend the conference. With regard to an action item at a previous meeting, Appointment of a PFD Member to the AWSPFD, Board Member Brewster expressed interest in continuing to represent the EPFD on the AWSPFD.

8. PFD Committee Reports

Board VP Willcock reported he participated in the Philanthropy Committee and Gala procurement; that team is on target for the upcoming Gala and he enjoys their energy and the work they are doing.

Board Member Maloney reported the Philanthropy Committee is focused on the Gala and are doing a terrific job. She looked forward to expanding the committee's focus after the Gala. She reported the 4th Avenue Committee has not met.

Board Member Grotheer reported the IDEA Committee is meeting next week. The Facilities and Operation Committee toured the building today. Mithun's work is delayed due to the intensive work on the ECA building that begins today.

Board President Liaw reported the Hosting Committee did not meet this month; the committee is working on a policy for the new McIalwain Equity Access Fund. Yesterday's Admin & Finance Committee meeting was primarily focused on the 2024 budget. Admin & Finance plans to review the procurement policies to incorporate a minor statutory amendment that takes effect next year and other internal changes related to authorizing contracts. Ms. Meagher will circulate the existing handbook/procurement policy so board members can familiarize themselves with it before changes are proposed. The Leadership Transition Team will be winding down in the next 1-2 months and will be documenting their process, lessons learned, etc.

Discussion followed regarding whether Ms. Liu's onboarding plan included opportunities for her to get to know the area in a more casual, informal way; introducing her to key community partners, volunteers, etc.; and possibly involving board members and/or key community members in helping Ms. Liu get to know the community.

9. Interim Executive Director Updates

- **Finance Update**

- ECA IRS Examination

Ms. Meagher reported the IRS examiner was on site for approximately 1.5 hours to verify the ECA is operating as a tax exempt organizations. The audit was triggered by the listing of donor advised funds on Form 990. The IRS's interpretation of donor advised funds is a donor contributes to a organization and identifies a specific purpose which the ECA calls restricted funds. Donor advised funds in QuickBooks are third party distribution such as an investment firm. That has been updated in QuickBooks and the ECA does not need to refile for 2020 or 2021 and staff is updating the system for 2022 and beyond. A second trigger for the examination was the IRS did not show the ECA filed a 1099/1096 return for 2020. She was able to locate it and provide it to the examiner. However, when she audited the 2020 vendors, she identified 6 additional 1099s that should have been issued. The examiner will verify that those need to be reissued. A third trigger for the examination was a 1099 was not issued to the CPA firm that prepared the 990. The examiner had no concerns and said the ECA was operating as a tax exempt organization. She responded to a question regarding whether there would be any impact on donors who use donor advised funds to make donations to the ECA.

- Grant Analysis

Ms. Meagher reported she is working with the grant writer on this analysis. Board VP Willcock requested it be circulated to the EPFD Board prior to the next PFD meeting.

- September Financials

Ms. Meagher reviewed the Financial Dashboard, income statement – key amounts, highlighting contributions revenue, rentals and presented event revenue; grant applications awaiting response. She reviewed operating expenses, highlighting presenting events and concessions, payroll and employee benefits, other operating expenses, and total surplus (loss).

- FY 2024 Budget – 1st Draft

Ms. Meagher presented the 2024 preliminary budget, highlighting opportunities, challenges and assumptions:

- Operating revenue and expenses
 - 39 presented events, 80% are booked or in final negotiations
 - FTEs increase slightly due to increased shows and rentals
 - Budget assumes 3% COLA for all staff and a few market adjustments based on a market analysis
 - Insurance premiums increased 9.5%, considering how to equitably compensate staff for that. Will be reflected in next budget proposal.

- Investing in resources such as calendaring software, possibly upgrading development software
- Consulting for strategic plan and IDEA initiatives
- Increase in audit fees
- Non-operating revenue and expenses
 - Implementation of GASB 87 (leases) and 96 (software subscriptions)
 - Interest on City of Edmonds operating loan will remain high at 5.6%
 - Capital expenditures - \$200,000 for estimated building upgrades

Questions and discussion followed regarding opportunity for increased rental income by adding FTEs and new software, support for increasing FTEs in Rental, impact of additional presentations on the production team and volunteers, increase in FTEs in 2024 compared to 2023, budgeting for a portion of the 5-year strategic plan in 2024, cost to mitigate mold in the building, whether \$200,000 for building upgrades identified in Building Condition Assessment will be adequate, and including an estimate in the budget for ongoing capital maintenance.

Ms. Meagher reviewed the 2025-2029 Future Years Projections, anticipating based on projections in the preliminary budget that the organization will begin operating in the black in 2029. Two debt services will be paid off in 2029. She will also prepare a 2025-2029 projection for each department.

Questions and discussion continued regarding average inflation for revenues and expenses, top three worries in the budget, a request to review the 2025-2029 projections again at the next meeting, timeline for approving the budget, board members sending questions to Ms. Meagher in advance of the November 30 meeting, and EPFD members attending Admin & Finance meetings when the budget is discussed.

- **Human Resources**
 - Hiring Update
- **Ticket Sales Update**
 - Season Analysis 22-23 to 18-19

Staff will provide an update at next month's meeting.

- **Development Update**
 - Gala

Ms. Meagher reported planning is going well and there are no concerns.

- Year-End

Ms. Meagher reported this will be done by the consultant grant writer so the development team can focus on the Gala.

(Board VP Willcock left the meeting at 9:04 am.)

10. **New Business**

11. **Adjourn**

The meeting was adjourned at 9:05 a.m.

Next EPFD Board Meeting: Thursday, November 30, 2023 - 7:30 AM

ACTION ITEMS:

1. November meeting

- a. 2024 budget
- b. Review 2025-2029 projections
- c. Ticket Sales Update
2. Prepare analysis of ticket sales'22-23 compared to '18-19
3. Create grant spreadsheet with analysis of available grants versus grants applied for and grants received. Circulate to EPFD Board prior to the next meeting
4. Create policy regarding use of funds in the Mclalwain Access Fund
5. Send Onboarding Plan to ED Kathy Liu for her feedback
6. Amend procurement policy to reflect statutory amendment taking effect in 2024 and internal changes related to authorizing contracts
 - a. Circulate existing procurement handbook/policy to EPFD Board so they can familiarize themselves with it before changes are proposed
7. Consider informal ways to introduce/welcome ED Liu to the community
8. Consider in the 2024 budget how to equitably compensate staff for increase in insurance premiums
9. EPFD board members invited to attend admin & finance committee meetings where 2024 budget will be reviewed. Notice admin & finance committee meetings as special EPFD Board meetings if a quorum of EPFD board members attend