

MINUTES

Edmonds Public Facilities District Board of Directors Virtual Online Meeting January 28, 2021

The Edmonds Public Facilities District Board virtual meeting convened at 7:32 a.m. via Zoom.

EPFD Board Members Present

David Brewster, President
Ray Liaw, Vice President
Suzy Maloney
Bill Willcock
Greg Hinton

ECA Staff Present

Joseph McIalwain, Executive Director
Matt Keller, Director of Operations

Other Guests Present

Adrienne Fraley-Monillas, City Council Liaison

ECA Board Members Present

David Schaefer Vice President

1. Call to Order

Board President Brewster called the meeting to order.

2. Land Acknowledgement

Board Member Hinton read the Land Acknowledgement statement.

3. Board President's Comments

Board President Brewster wished everyone a Happy New Year and hoped all had had a pleasant, safe holiday season and were continuing to stay safe. He reported receiving his first vaccine which is one step closer.

4. Consent Agenda

- **EPFD Board Meeting Minutes – 12-03-20**
- **EPFD Disbursement Report – October 2020**
- **EPFD Disbursement Report – November 2020**

Board President Brewster relayed the disbursement reports were approved in yesterday's Admin & Finance Committee meeting.

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

5. Old Business

- **Prior Action Items Review**

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

6. PFD Board Business

- **Financial Services Agreement – Piper/Sandler Approval 2012 Bond Refi**

Mr. Keller reported Piper/Sandler updated the date of approval to January 28, 2021 and with regard to the liability limitations, inserted “no liability in excess of \$750,000.” The EPFD’s attorney, Matt Hendricks, has reviewed the agreement.

BOARD MEMBER WILLCOCK MOVED TO APPROVE THE FINANCIAL SERVICES AGREEMENT WITH PIPER/SANDLER. BOARD VP LIAW SECONDED THE MOTION. MOTION CARRIED UNANIMOUSLY.

- **2021 Operating Budget – Revision Schedule**

Mr. Keller reported this was discussed at the Admin & Finance Committee meeting. New assumptions from yearend and 2021 will be incorporated into a new scenario budget which will be presented to Admin & Finance in February with a final draft presented at their March meeting. The Board requested staff present the draft at the February EPFD Board meeting and the final at the March meeting.

11. Finance, Facilities & Operations

- **Finance Report – December 2020 DRAFT**

Mr. Keller reviewed the Statement of Revenue, Expenses and Changes in Net Position (Income Statement), relaying overall it had been a successful financial year. In the 2020 to 2019 comparison, revenue loss and expenses nearly matched. The overall operating loss in 2020 was less than 2019; however, as the ECA was not operating, its mission was not being accomplished. He described payroll savings due to the shared work program and limiting hourly staff, significant reduction in theater expenses, and development department revenues that exceeded goal. The financial statements have been reviewed by the Admin & Finance Committee.

Questions and discussion followed regarding supply expenses higher than budget due to purchasing COVID-related materials, financials indicating how well-managed the organization has been during this crisis, and appreciation to Mr. Mclalwain, Mr. Keller and the entire team for reaching this acceptable bottom line in a very challenging year.

- **Cash Management – Jan-June 2021**

Mr. Keller displayed projected income for January-February 2021 to illustrate how the organization will weather the next six months:

Bank balance	\$150,000
Snohomish County PFD Tier 2 first payment	\$130,000
Snohomish County LTAC large fund	\$100,000
City of Edmonds	\$50,000
Hazel Miller	\$50,000
Snohomish County PFD Tier 1	\$30,000
State of Washington	\$25,000
Rental revenue	\$40,000
Rooftop wireless lease	\$20,000
Snohomish County LTAC small fund	\$14,000

City of Edmonds LTAC grant	\$6,000
Total	\$465,000

Mr. Keller explained \$20,000 of the rental revenue is related to a Coast Guard hearing. He reviewed the Current A/P and Monthly Expense Projections, summarizing there is sufficient revenues to maintain the organization into the summer months. An additional Tier 2 payment could be received mid-year. Questions and discussion followed regarding a suggestion to establish benchmark and goals for income beyond the summer projection, the Hazel Miller Foundation grant, and a taskforce discussing streaming and subscription revenue opportunities.

- **SBA Opportunities: PPP & SOS Update**

Mr. Keller explained he has been in communication with the Small Business Administration (SBA) regarding the Payroll Protection Program (PPP). The PFD applied last year but was not awarded due to the EPFD's municipal incorporation status. Although it seemed new language might open the PPP to destination and marketing organizations, his contact at SBA indicated the current rules still apply, it is open to 501(c)(3) and was expanded to 501(c)(6) organizations (such as the Chamber of Commerce) so the EPFD still does not qualify. Other opportunities include the Save Our Stages Act and Shuttered Venues Operators grants which would allow the organization to recoup 45% of total earned revenue. The SBA is in the process of developing application criteria; his contact at SBA will keep him informed about the rules and he will apply if the EPFD is eligible.

Questions and discussion followed regarding the timeline for the application process, phased application process by percentage of revenue lost, comparison of with other government-owned performing arts centers (PAC), coalition formed by commercial PACs that did not include venues owned and operated by government agencies, venues owned by a city or district that have a management agreement with a for-profit agency to operate the venue who qualify for PPP, anticipation the EPFD will not qualify under any SBA program, and hope that some federal aid will be provided for small government entities.

- **Streaming Equipment Update**

Mr. Keller thanked CCF, Barclay Shelton and other private donors who assisted; to date the \$40,000 cost of purchase and installation of streaming equipment has been donated. The order has been submitted and once all the equipment has been received, the stage crew will install and test the equipment. He anticipated it would be installed by the end February.

Mr. Mclalwain reported at the request of the Hosting Committee and staff, he is preparing a business plan regarding the expense to operate the equipment to determine how much to charge rental clients and when the ECA presents, how much to add to budget to cover the expense and how that affects ticket prices and sponsorship levels.

- **Theater Project Update**

Mr. Keller reported the construction passed final inspection last week. The only remaining item is carpet which is on backorder due to COVID. The final invoice will be processed this week and submitted to HUD for reimbursement. This project provides access from one side of the theater to the other and provides additional accessible seating in the center of the house. Mr. Mclalwain offered to schedule a time for board members to look at it.

8. Executive Report / Steering Committee

- **Executive Director's Annual Performance Review**

Board President Brewster reported the Steering Committee is in the process of completing the Executive Director's annual performance review; a second conversation is scheduled this afternoon. Discussion followed regarding the annual performance review.

- **Long Term Vision and Planning**

Mr. McIalwain recalled at the December 2018 ECA/PFD board retreat, a Strategic Business Plan was approved and the Steering Committee was asked to develop a plan for establishing a long term vision. COVID derailed that process but the Steering Committee has been trying to work on it while managing other issues facing the organization. The Steering Committee is holding a meeting on this specific subject matter next week to develop materials and direction that can be presented to both boards.

9. Marketing & Business Development

- **CRM Migration, New System (Audience View)**

Mr. McIalwain reported the customer relationship management and fundraising systems will soon be combined into one system, Audience View, after the previous ticketing company, Vendini, was acquired by Audience View. The new system has great opportunities but presents some challenges with regard to the way the organization has done business in the past particularly with packages and subscriptions. Jim Kristian, the marketing team and the development team will be working on this over the next several months.

- **Subscription/Package Program Ideation**

Mr. McIalwain reported the Marketing & Business Development Committee's discussion of ideas from the board retreat regarding subscriptions and package development expanded into possibilities for new programs and services. Ideas related to subscriptions and packages will be pursued by the marketing team and ideas related to programming will move to a recently formed programming taskforce led by Gillian Jones. The committee discussed memberships development, creating new series, what happens to the 5+ and 8+ packages, etc.

Board President Brewster said the discussion at the committee included several new people and resulted in approximately 50 ideas. The programming taskforce is meeting next week to discuss streaming performance ideas as well as other ways of developing additional revenue. As the streaming equipment will be installed by end of February, this effort is critical to understand what can be offered to touring managers/artists and rental clients and to have a business plan in place for those opportunities.

Mr. McIalwain explained once the programming taskforce meets and reviews ideas specific to new program development, use of the streaming equipment, etc., estimates regarding revenue potential can be provided to the board next month.

- **Website Redevelopment - Update**

Mr. McIalwain explained the website redesign has become very difficult to manage in real time due to the way it was built; updates require staff contact someone outside the organization which then takes 24 hours to update. An individual on the Marketing & Development Committee with

that skill set has offered to assist with updating the website. He was hopeful that would happen within the next six months due to the individual's other commitments.

10. Programming

- **WE SPEAK Spoken Word Event – Recap**

Mr. Mclalwain reported WE SPEAK is the only event the ECA has produced since the closure. He reported the event broke even with expenses and revenue of \$18,000 each, a lot of sponsorship and grant support was required as ticket revenue was approximately \$2,200 for the 180-185 households who attended. He invited feedback on the experience event.

- Overall a very powerful event
- Liked seeing established young poets reciting their works
- Valuable event particularly given the time of year and mood of the nation
- Gentleman from Canada was too long
- Two young poets' work was inspiring
- A lot of people talking about it for days afterward, recommend do this type of event again
- Capturing the onstage feeling of live performance was much more engaging than the videoed professional poets
- Interactivity of chat box, similar to Center Stage, made me feel connected to other people and more like something happening in real time
- Felt more homegrown and engaged in a live performance, replicating what we all want to experience in person
- Recommend using streaming equipment to capture the live experience

Mr. Mclalwain reported the taskforce will be discussing whether there is enough power in the live, in-person streaming experience when not everyone feels comfortable coming to theater, to do a combination of watching a live experience from home while others watch in real time. He agreed the interaction and connection with the community via the chat box was what made Center Stage successful and added to the success of the Gala experience..

- **Streamed Events: Pink Martini, Jeff Daniels – Recaps**

Mr. Mclalwain reviewed 2020/21 Activities: The Financials:

1. Partner livestreams

Artist	Date	Tickets Issue	Terms	Ticket Revenue
Taj Mahal	11/17/2020	52	\$2/ticket	\$104
Darlene Love Holiday Show	12/05/2020	35	20%	\$245
Natalie MacMaster & Donnell Leahy	12/19/2020	96	30%	\$720
Pink Martini, <i>Good Riddance 2020</i>	12/31/2020	208	20%	\$741
Jeff Daniels, <i>Alive and Well ENOUGH</i>	01/15/2021	73	25%	\$405
Terrance Simien & The Zydeco Experience, <i>Mardi Gras Mambo</i>	02/13/2021	TBD	25%	TBD
Total				\$2,215

2. WE SPEAK Festival

Revenue

Ticket Sales:	\$2,610
Sponsorship:	\$7,000
Grant support:	\$8,500
Day-of donations:	\$400

Total: \$18,510

Mr. Mclalwain explained from a financial standpoint, these experiences were not big wins, but also not big expenditures. The taskforce will review whether marketing dollars can be appropriately leveraged to increase the return on investment. He has heard anecdotally that people watching were having a great time.

Discussion following about not overspending on marketing, the value of engagement and keeping the brand alive, tickets representing households so likely more than one person watching, patrons potentially not having the ability to sit close together in venues for some time, artists looking at live-streaming and other ways to stay connected with their audience and opportunities to take advantage of that as presenter.

- **Streamed Events: New Opportunities**

Mr. Mclalwain reported the taskforce will be discussing new opportunities; he anticipated having thoughts and ideas to present to the board next month

11. Hosting

- **Leveraging Livestream Capability**

Mr. Mclalwain reported the Hosting Committee met last week; new members have been added who are interested in leveraging the livestreaming and how to bring back partners and rental clients when that is safe to do.

Board VP Liaw said the committee is discussing opportunities that the ECA would not normally be able to accommodate due to performances such as the Coast Guard hearing, small weddings with the opportunity to livestream etc. She looked forward to a joint meeting with the Marketing Committee in February. Current rental tenants are using the facility to the fullest extent the rules allow. Mr. Mclalwain reported he went to the ECA yesterday and was glad to hear some activity in the gymnasium.

- **Exploration of Retreat Ideas/Outcomes**

12. Philanthropy

- **Resource Development Report, Year-End Results**

Mr. Mclalwain reviewed:

Development - Projected Yearend Revenue 2020	
All donations through 11/30/2020	\$942,545.11
Year-end campaign (as of 1/7/21)	\$33,635.52
Giving Tuesday (2,000 in Nov report)	\$7,145.00
ArtsWA 2 nd grant	\$5,000.00
Working Washington Grant	\$12,500.00
Leadership gifts (Popke & Teal families)	\$150,000.00
Other revenue	\$2,985.00
Livestream Equipment Campaign	\$37,458.00
City & County LTAC funds (amount TBD)	\$25,000.00
TOTAL PROJECTED	\$1,216,268.63

2020 Budget Goal (updated in July 2020)	\$1,069,500.00
Projected venue over updated goal	\$146,768.63
2020 budget goal (original)	\$1,170,000.00
Projected revenue over original goal	\$46,268.63

Mr. Mclalwain acknowledged Christina Kourteva, Katherine Smith and the Philanthropy Committee for their efforts, particularly as the City and Rick Steves have reduced their support. The Philanthropy Committee will be considering ideas from retreat to generate new ideas and make decisions regarding fundraising. For example Center Stage usually takes four months to plan; if that event does not happen this year, decisions will need to be made regarding how to replace that revenue. It will be difficult to generate enough earned revenue to take pressure off fundraising and contributions. The biggest focus is major gifts because the ECA does not have a sophisticated major gift program.

Discussion followed regarding how to get better at major gifts, who does it well, who to learn from, next steps to get there, development teams in larger organizations that are divided into categories, the ECA having only one person doing all the development work during the first decade and now two people, the difficulty finding the right people who have all those skill sets, and how to create a major gift program.

- **Current Grant Requests**

Mr. Mclalwain reported on grant request to the Hazel Miller Foundation, the NEA, the Edmonds Arts Commission and Hubbard Foundation.

- **Reschedule – Ken Jennings Event (from 2019 Gala)**

Mr. Mclalwain advised this was a buy-in from 2019 Gala; Ken Jennings, a past Jeopardy champion and the host of Jeopardy, has agreed to do an online Q&A and presentation and to sign copies of his book in advance. Board President Brewster explained the event is March 25th and has been totally sold. The books will be donated by the Edmonds Book Shop and delivered along with a bottle of wine to all the participating household.

- **Exploration of Retreat Ideas/Outcomes**

13. **Inclusion & Accessibility**

- **Staff Racial Equity Training – 1/28**

Mr. Mclalwain reported equity training has been conducted for both boards which key director level staff have also participated in. Today is the first equity training for ECA staff and will be moderated by Michelle Osborne. Ms. Osborne also did a similar session for volunteers. This is the beginning of a long journey, work that is ongoing.

- **Development of Equity Statement – Process, Timeline**

Mr. Mclalwain reported the I&A Committee met last week, their key priority is development of an overarching equity statement that will be incorporated into policies and procedures, statements from the stage, written materials on the website and in programs, and action steps.

Board President Brewster relayed one of the reasons an equity statement is important is a lot of sibling venues and organizations are doing similar work and identifying themselves as places where these values are important and making it part of their brand. The other area where this will have some impact is in relations with artists; more and more artists are including equity qualifications in their riders. In the past, for example riders may have specified a type of candy, they now may state nongender restrooms, wheelchair accessible dressing rooms, etc.

Mr. McIalwain relayed the reconfiguration of the theater created a new wheelchair accessible position in the center of the house. The organization is taking baby steps and although it may feel like it is moving too slow, strides are being made. He was proud of the team and excited for the organization moving in this direction.

14. New Business

15. Adjourn

The meeting was adjourned at 9:03 a.m.

Next EPFD Board Meeting: Thursday, February 25, 2021 - 7:30 AM

ACTION ITEMS:

1. Provide EPFD Board an update on the 5-year financial plan (carried forward from previous months' action items)
2. Present draft scenario budget that incorporates year end assumptions to PFD Board at February meeting and final at the March meeting
3. Present thoughts and ideas regarding opportunities for streamed events
4. Provide estimate of revenue potential for new streaming equipment