

MINUTES

Edmonds Public Facilities District Board of Directors Meeting February 24, 2022

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

EPFD Board Members Present

David Brewster, President
Ray Liaw, Vice President
Bill Willcock
Robert White

ECA Staff Present

Joseph McIalwain, Executive Director
Gillian Jones, Associate Executive Director
Lori Meagher, Director of Finance and Operations
Katherine Smith, Development Coordinator

EPFD Board Members Absent

Suzy Maloney

City Staff Present

Dave Turley, Finance Director (Ex-Officio)

ECA Board Members Present

David Schaefer President
Rick Canning, Secretary/Treasurer

Other Guests Present

Susan Paine, City Council Liaison

1. Call to Order

Board President Brewster called the meeting to order.

2. Land Acknowledgement

Board Member Willcock read the Land Acknowledgement statement.

3. Board President's Comments

Board President Brewster commented February is Black History Month. Although it is great to devote time to Black history during February, there should be a focus on the history of Persons of Color all year long. There have been a lot of events this month related to Black History Month and those will be ongoing. The ECA's programming speaks to that as well as the work being done by the board and staff related to equity and vision.

4. Consent Agenda

- EPFD Board Meeting Minutes – January 27 and February 11, 2022
- EPFD Disbursement Report – January 2022

Board President Brewster recognized Ms. Meagher for the new format of the disbursements.

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

5. Old Business

- **Prior Action Items Review**

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

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

6. PFD Board Business

- **Board Designated Fund Policy – Discussion**

Board President Brewster relayed this was discussed at the Admin & Finance Committee and needs a final review by Mr. Mclalwain. Mr. Mclalwain explained in the future, not all revenue from sales tax will be allocated to debt service like it has been in the past. As those funds are accumulated, priorities will be identified regarding how those funds are invested and spent over time. The intent is for the policy to be simple and flexible while putting safeguards in place for the board to control how those funds are used after operating expenses and debt service are met. Once the policy is in place, further discussion will be necessary regarding how to collect, organize and prioritize expenditures.

Mr. Canning said this is a fairly common practice in not-for-profits that have extra cash, setting aside funds for future capital or maintenance needs. There will be a significant amount that will not be needed for operations or debt service in the coming year. Ms. Meagher will monitor and make recommendations about moving funds into that account. If budget projections are accurate, he estimated the recommendation could be to move \$700,000 - \$900,000 to that account by year end.

Questions and discussion followed regarding how often recommendations to move funds would be made to the board, a suggestion to monitor the balance and develop a quarterly schedule, developing internal processes to prioritize operational and capital projects and presenting them to the board, the role of the Steering Committee, and revising the language to remove the Admin & Finance Committee providing a recommendation. The revised policy will be presented to the board at next month's meeting.

- **PFD Board Bylaws – Discussion**

Mr. Mclalwain will confirm the status of review by legal counsel. Bylaws will be presented at the next EPFD board meeting.

7. Inclusion & Accessibility, Education & Outreach

- **Equity Statement – Update**

Ms. Meagher explained the Equity Statement Task Force was charged with looking at the equity statement again and providing individual revisions. It was then agreed to seek an outside consultant to review the statement and provide a recommendation on best practices regarding finalizing it. Michelle Osborne, who has worked with the organization in the past, was selected and she will meet with the task force to finalize statement.

Mr. Mclalwain reported he met with Michelle Osborne and her colleague Nora, a retired nonprofit leader, who are working with him on his role as a leader in the organization with regard to equity work and development of the equity statement. He relayed their comments that the fact that the organization is going through the process matters, has value and there is no deadline. He thanked the committee and task force for their work.

- **APAP 10/20/30 REDI Pledge – Update**

Ms. Meagher advised she is still working on this and hopes to have more information next month.

8. Finance, Facilities & Operations

- **Finance Reports – DRAFT December 2021, January 2022**

Mr. Canning reviewed the December 2021 Statement of Revenue, Expenses and Changes in Net Position (Income Statement), advising he is assisting Ms. Meagher due to the staffing shortage in finance. He highlighted interest savings as a result of the new bonds, debt refinancing expense, adjusted depreciation due to extending the life of the building, sales tax revenue, vacation liability, revenue for presented events, yearend actual compared to budget, impact of SVOG on contributions, and bad debt expense.

Mr. Canning reviewed the December 2021 Statement of Net position (Balance Sheet), highlighting categories of cash, receivables from other governments, accounts payable, unearned ticket revenue, current portion of long-term debt, debt obligation to the City of Edmonds for 2021 and 2012 bonds, the loan payable to the City of Edmonds, pension liability, total liabilities, and net position.

Mr. Canning reviewed the January 2022 Income Statement, highlighting expenses, operating revenues including presented events, rentals, concessions, advertising, historic preservation fee, contributions and operating grants. He highlighted expenses including payroll.

Mr. Canning reviewed the January 2022 Balance Sheet and the Cash Flow Projections by Month, highlighting ticket sales related to future periods and ticket revenue collected in the prior year, county ARPA funds, target reserve for operations, debt service payments, cash flow reconciling items, transfers to Board Designated Funds for capital assets and major maintenance, and ending cash all funds. He and Ms. Meagher will reconcile the cash flow projections as monthly financials are completed. He described how the report reflects the ARPA funds from the county.

Questions and discussion followed regarding how capital projects will be prioritized, how deposits into the Board Designated Fund will be approved, whether there is value in paying off the bank loan and/or City loan early, and discussing repayment of the City loan with the Council Finance Committee.

- **Update: Capital Revenue & Expense – Tier 2 for 2022**
- **HR Update – Search Process**

Ms. Meager relayed an offer is being finalized for the Director of Education and Community Outreach. Phone interviews were conducted with Director of Development candidates and three are moving ahead to panel interviews. The Marketing Coordinator position is still open. The Accountant position was posted last week. She will provide an update on final candidates next month.

- **Cellular Lease Agreement/Process – Update**

Mr. Mclalwain reported the consultant, Terabonne, was to able secure an increase in the rent and is working on the agreement, design process, connections to the building, etc. Terabonne speculates there may be space for additional rental/lease opportunities in the future. He anticipated the annual revenue from rooftop cell agreements would increase from approximately \$20,000 to nearly \$50,000 and possibly higher with additional leases, a great new passive revenue stream. He thanked Board Member Willcock for finding Terabonne who is based in

Edmonds. Board Member Willcock said it is unclear when the revenue will begin due to logistics related to installation. The 40-year lease includes an annual 2-3% escalator.

- **Solar Project, Commerce Grant – Update**

Board Vice President Liaw relayed Facilities Manager Kahlini Kahaiali'i applied for a Department of Commerce grant for a rooftop solar project. The grant was awarded for 50% of the proposed project budget, but questions arose regarding proceeding with the project. The total project budget in the proposal and reflected in the financial statements is about \$467,000, a sizeable investment. The rate of return on the project is approximately 17-18 years so it is long term investment. This project raised the question of when does the EPFD Board have approval over capital projects. The more immediate question is whether the board is interested in investing in this project and whether using the Snohomish County LTAC grant for the match is the best use of those funds.

Board Vice President Liaw continued, the project budget is built on a procurement method that provides funds to the vendor who assisted ECA staff with writing the grant proposal. She recently assisted a public agency with a rooftop solar project who did a low bid versus a direct contract method due to the cost savings of a low bid process. If the board did decide to invest in this project, she was unsure the direct contract method was best. The Department of Commerce grant requires the project be constructed with 18 months of award (approximately May/June 2023) and she was unsure if that could be extended.

Questions and discussion followed regarding estimated electrical savings, amount of the ECA's current electric bill, community engagement via promotion of a solar project, financial considerations, communicating with the Department of Commerce about potential changes to the project, partnership with the vendor who helped write the grant, life of the system, maintenance costs, whether installation of cellular antennas and/or a solar project would impact work on the roof, and the opportunity to offset some of the cost via fundraising or other grants.

Board Vice President Liaw recommended scheduling a discussion about the project at the next meeting to determine if the EPFD Board wants staff to pursue it. Board President Brewster recommended it be presented in the form of a business case.

9. **Executive Report / Steering Committee**

- **Vision Process – Update**

Mr. McIlwain advised there has been no progress on the vision process; he will continue working on it as time is available.

- **Boys & Girls Club Partnership Exploration**

Mr. McIlwain reported the Boys & Girls Club is interested in exploring creation of space on the ECA campus for their and ECA/EPFD's use. ECA staff met with the Boys & Girls Club staff and board and asked them to provide a written statement regarding what they are looking for. He shared their draft statement with Board President Brewster and Vice President Liaw who raised several questions. Another meeting is scheduled on March 3rd. He will keep the board updated as they learn more.

- **Board Professional Development – Fundraising Workshop**
 - Tuesday, March 8 @ 5:30 pm – EPFD Board Participation Encouraged

Mr. McIalwain reported a series of presentation and discussions are scheduled at ECA Board meetings and he encouraged EPFD board members to attend. The first workshop is March 8th; the packet includes dates for future workshops.

Mr. McIalwain requested the EPFD/ECA discussion with the Finance Committee be moved to the April meeting. Mr. Turley said he would ask the chair.

(Board Member White left meeting at 9:00 p.m.)

10. Philanthropy

- **Board 1-on-1 Meetings – Joe & Gillian**

Mr. McIalwain reported meetings are going well; Ms. Jones joined him for many of the meetings and they are nearly complete. He thanked board members for taking time to meet with him.

- **Center Stage – May 4, 2022**

Development Coordinator Katherine Smith advised Center Stage will be held in person on May 4th. Center Stage is an event where sponsorships are secured for the upcoming season's performances to help present them as well as raise money for education and outreach programs. The reception will be held in the lobby and the remainder of the event held in the theater instead of on the stage. Invites will be going out soon.

- **General Update**

Mr. McIalwain reported the Development Report presented to the Philanthropy Committee was included in the packet.

11. Marketing & Business Development

- **Ticket Sales Update**

Mr. McIalwain advised the packet includes an ticket sales update. Ms. Jones pointed out the increase in ticket sales this month due to patrons' increased comfort level with returning to the theater. She recalled last month there was quite a difference between tickets sold and actual attendance; that gap is narrowing and last night's show was sold out with none of the gaps in seating seen in earlier performances. She was feeling cautiously optimistic that the trend will continue.

- **Social Media Marketing, Survey Results**

Board President Brewster reported Liz and Kendall are promoting future shows on Facebook and Instagram using videos of featured artists to build audiences. There have been a lot of positive comments on the audience surveys that are emailed to attendees, both regarding the artistic experience as well as the ECA's checking vaccine cards, ID, etc., especially from older segments of the population.

- **Focus on Events – Eileen Ivers, Glenn Miller Orchestra**

Board President Brewster relayed the Marketing Committee is looking at shows with lower than expected ticket sales.

12. Programming / Outreach

- **Season Planning – 2022-2023**

Ms. Jones reported she is working on season planning for 2022-2023. Eleven performances are confirmed and there are numerous offers out. The season is coming together and teasers will be shared as it gets closer to Center Stage.

- **Outreach Activities**

Ms. Jones reported a group of Edmonds-Woodway High School students will open the Glenn Miller Orchestra performance, collaborate with the artists, and perform one of the final songs with the orchestra on stage. An free outreach event is planned at the Waterfront Center with Masters of Hawaiian Music the morning after their sold out performance at the ECA at the end of March. Mariachi Reyna, who will perform at the ECA in April, will include a mariachi student group from Mt. Vernon performing with the artist on stage. The mariachi group is helping to market the performance.

- **Summer Camps**

Ms. Jones reported final details will be worked out by the end of month. The ECA is partnering with UW Bothell on two STEM + arts camps as well as a new summer camp in partnership with Dandelion Drama to have theater camps for students with disabilities.

- **Summer Presentations**

Ms. Jones advised the ECA will be holding a series of summer presentations. Building on last year's successes, performances will include smaller scale events in the parking lot and touring artists on the stage.

13. New Business

- **Snohomish County PFD Board Meeting – Thursday, April 21, 2022 @ 3 pm**
 - **Location: Edmonds Center for the Arts**

Mr. McIalwain encouraged board members to attend if they are free and interested; it is an opportunity to meet Snohomish County PFD board members and members of other PFD boards.

14. Adjourn

The meeting was adjourned at 9:13 a.m.

Next EPFD Board Meeting: Thursday, March 24, 2022 - 7:30 AM

ACTION ITEMS:

1. Check on legal counsel's review of revised EPFD bylaws
2. Board Designated Fund Policy
 - a. Revise language to remove Admin & Finance Committee providing a recommendation
 - b. Present at March meeting for review and approval
3. Provide update regarding APAP 10/20/30 REDI pledge at March meeting
4. Present business case regarding solar project at March meeting and discuss whether it is something the Board wants staff to pursue
5. Reschedule presentation to City Council Finance Committee from March to April