

MINUTES

Edmonds Public Facilities District Board of Directors Virtual Online Meeting March 25, 2021

The Edmonds Public Facilities District Board virtual meeting convened at 7:33 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

City Staff Present

Dave Turley, Finance Director (Ex-Officio)

ECA Board Members Present

David Schaefer Vice President
Rick Canning, Board Member

Other Guests Present

Adrienne Fraley-Monillas, City Council Liaison

1. Call to Order

Board President Brewster called the meeting to order.

2. Land Acknowledgement

Board Vice President Liaw read the Land Acknowledgement statement.

3. Board President's Comments

Board President Brewster welcomed ECA Board Member Rick Canning to the meeting. Mr. Canning and ECA Board President Cheryl Foster have been tutoring ECA board members regarding ECA finances. His services are also available to any PFD board member interested in a deeper dive into the finances.

Recognizing there will be some turnover on the ECA board between now and the end of May, Board President Brewster advised he will be scheduling one-on-one conversations with each PFD board member to connect with them, discuss how they fit in the organization, and answer any concerns.

4. Consent Agenda

- **EPFD Board Meeting Minutes – 2-28-2020**
- **EPFD Disbursement Report – February 2021**

Mr. Keller advised the disbursement report was approved by the Admin & Finance Committee.

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 1 & 2 below).

6. **PFD Board Business**

7. **Finance, Facilities & Operations**

- **Finance Report – February 2020 DRAFT**

Mr. Keller reviewed the Statement of Revenue, Expenses and Changes in Net Position (Income Statement), highlighting the increase in expenses with corresponding increase in revenues, net positive operating surplus compared to budget, unanticipated grant revenue, intergovernmental tax revenue that exceeded budget, and net surplus positive compared to budget.

Discussion followed regarding increase in payroll due to rental event, implementing new equipment and updates in preparation for reopening, and unanticipated grant revenue related to completion of theater project (reimbursement received in 2021 instead of 2020).

Mr. Keller reviewed the Statement of Net position (Balance Sheet), highlighting assets trending slightly ahead due to foundation donations, lower accounts payable, and significant payments made on credit cards since the last meeting.

- **Monthly Cashflow Analysis Report**

Mr. Keller described the purpose of this report and highlighted updates made to the report related to total operating and debt service cash at year end, increased revenues, and potential revenues/savings the report does not include (Shuttered Venues grant, renegotiation of bond sale, not making a bond interest payment, partnerships, additional development activity, etc.). He summarized there were a lot of options for closing the gap a net positive by year end was likely.

Questions and discussion followed regarding transfer in and out from non-operating during lean periods, future transfers back into non-operating, rental assumptions, sales tax revenue that will exceed debt service in the future which provides opportunity to discuss what to do with those funds over time, language in the ILA with Snohomish County that states debt service is paid first, and the potential need to revise the ILA language if the funds are used in a *more programmatic* manner.

Board suggestions included: 1) italicizing or providing a background color for projected months to differentiate between actual and projected, and 2) showing actual and projected transfers back into non-operating.

- **Report to City of Edmonds Finance Committee - Recap**

Mr. Keller reported the March 9th meeting with the City Council Finance Committee where the PFDs financials were shared was a very positive meeting. The PFD was invited back to discuss future business plans through COVID and the bond refinancing. Discussion followed regarding a request to *Inform board members of Finance Committee meeting dates/times*, link on the City's website to the March 9th Council Finance Committee meeting, date of next meeting with the Council Finance Committee (April 13th), topics to be discussed with the Finance Committee and

preference the PFD Board sees the bond refinancing information before is presented to the Council Finance Committee.

- **SBA Opportunities: SVOG Update**

Mr. Keller announced the portal will open April 8th; staff is finalizing the numbers and submission materials. This grant would allow the PFD to capture approximately 45% of the revenue earned in 2019 compared to the impacted period in 2020 and could be up to \$700,000. Mr. McIalwain advised there are different rounds of funding depending on the amount of revenue lost; the first round is for a 90% loss and the second round is a 70% loss; the ECA's loss is 70-75%.

Questions and discussion followed regarding the timeline for application submittal and decisions, maximum funding levels, potential additional funding from Congress, and a request to update the board regarding progress/status on the SVOP grant including when the grant is submitted and which round ECA qualifies for.

- **Streaming Equipment Update**

Mr. McIalwain reported streaming equipment was received and installed last week following a delay due to COVID-related manufacturing issues. Last Saturday's Kidstock! Danny's Dance Party was streamed via the new equipment with the help of a third party contractor (previous cost of \$1500-\$1600 to bring in equipment was reduced to \$750). Staff is analyzing how to manage the equipment financially, the equipment capabilities, the best platform to use, and whether anything is missing. The purchased equipment included a stationary camera that can be controlled remotely, but 1-2 mobile cameras will need to be rented on occasion until they can be purchased in the future. The church has offered loan their camera to the ECA at no cost but it will also be necessary to occasionally rent additional equipment.

He described the platforms being considered; negotiating/contracting with artists and revenue sharing for view-from-home tickets; developing descriptions of equipment, how rental clients can utilize the equipment, cost, scalability, etc.; potential for streamed tickets; the need for more bodies to operate cameras; and plans to utilize the steaming equipment this summer for six of the nine events.

Discussion followed regarding the Hosting Committee's concern about timing and missing opportunities, benchmarks for actively marketing the streaming opportunity, determining costs and confirming abilities before marketing, developing a timeline for marketing materials, showing the Kidstock! event to potential rental clients, opportunity to market ECA within the Mandolin platform, cost and percentage of ticket sales Mandolin charges, and what other presenting venues are doing.

- **2012 Bond Refinancing Update & Next Steps**

Mr. Keller reported he is waiting on bond refinancing scenarios from financial adviser Piper Sandler. Once a group of staff and committee members have reviewed the information and developed a strategy, a presentation will be created to seek guidance and preferences from the PFD Board.

- **2021 Operating Budget – Q1 Draft Modification Presentation**

Mr. Keller advised the 2021 Operating Budget Q1 draft modification was reviewed by the Admin & Finance Committee yesterday. The committee will review it again and incorporate more

feedback before requesting PFD Board approval next month. The report includes the original budget, revised budget, net change, and comments. He highlighted increased rental activity, additional foundation money, revenue from the seat campaign, Center Stage replacement event, increased expenses due to summer series, assumption staff will return to ¾ time over the summer and full-time in September, updated tax revenues based on actuals from the prior year, and final net position of \$28,000 more than original budget. Approval of 2021 Q1 Operating budget will be on next month's agenda.

8. Executive Report / Steering Committee

- **Long Term Vision and Planning**

Mr. McAlwain reported the Steering Committee is continuing the process of developing a vision and mission that more accurately reflects the balance between hopes and dreams for the future, reinforces the strategic business plan approved in 2018, and updates the values. He thanked ECA Board VP David Schaefer and ECA Board Member Mike Rosen as well as the entire Steering Committee for keeping that process on track. He anticipated the committee will be close to bringing something to the ECA and PFD boards following their next meeting. The document being developed will help the organization respond to opportunities, create internal programs, etc.

Board President Brewster explained in the past, the organization did not have a clear way to evaluate opportunities and compare them with the strategic business plan which led to a process of re-envisioning the mission, vision, guiding principles and values to better align with the strategic business plan as well as evaluate opportunities and partnerships.

9. Marketing & Business Development

- **Promotion of Spring and Summer Programs**

Mr. McAlwain reported the tentative date is Wednesday, May 26th. He envisioned an hour long event that will focus on, 1) the reemergence of summer programs and getting back to live performances, 2) education and outreach, and 3) elevating equity and inclusion work.

10. Programming

- **Spotlight Summer Series**

Mr. McAlwain highlighted performers confirmed for the summer series and Board President Brewster identified potential speakers. Discussion followed regarding the intent to bring programming back to the community in a budget neutral position, using the summer to test drive the equipment and the process of getting people in and out of the building, sponsors of mystery and canceled shows, and differences between the May event and Center Stage.

11. Hosting

- **Update**

Board VP Liaw reported the Hosting Committee, joined by other board members, have been discussing revenue sources, when to begin marketing, rental rates, and developing a framework for negotiating and evaluating requests to be more strategic. The committee also plans to discuss community partnerships, and a scholarship process for rental clients.

9. Philanthropy

- **Spring Event (Center Stage Replacement)**
- **“Next Stage” Seat Campaign**

Mr. McIalwain relayed the seat campaign is being revived as part of the effort to generate new revenue in 2021. The campaign invites the community to put a name on a seat and support the organization with a \$1000 investment. Seats can be named to honor a family member or loved one, a hero during the pandemic, a favorite quote, a favorite artists that has appeared on the EC stage, etc. Staff is developing marketing materials and a promotion plan, anticipating the campaign will begin after the May event and continue until December 31, 2021. There are currently 166 named seats, leaving over 500 available for investment.

- **Grants**

Mr. McIalwain reported Christina Kourteva is working to redirect grants received from TourWest, for artists unable to appear at the ECA, to new artists. ArtsWA has received additional funding and support for COVID-related opportunities and partnership and programming opportunities. The Hazel Miller Foundation provided a \$50,000 grant and invited the ECA to apply for additional support; they are very interested in the dementia inclusion series. The ECA received \$10,000 from NEA for a dance program that did not happen and NEA offered a waiver to use those funds for general operations. The Susan Elizabeth Foundation, which provided a multiyear grant to create and fund a portion of Mr. Keller’s position, is offering an opportunity for an equally creative and capacity building item.

13. Inclusion & Accessibility, Education & Outreach

- **Development of Equity Statement**

Board President Brewster reported a group of committee and non-committee members, led by Diana White and Liz Dawson, is working on an equity statement modeled after the Edmonds School District statement but appropriate for the PFD/ECA. It is important that this organization be recognized as a place of equitable treatment and consideration for the entire community. Mr. McIalwain said one of the examples being considered is the Cuyahoga Arts Council which has a succinct and clear statement along with specific categories, action items and measurable outcomes over time.

- **Equitable Treatment/Conditions – Artists and Audiences**

Mr. McIalwain reported artists who are thinking about touring the country are nervous and concerned about moving between venues and traveling. Some have new specific COVID-related contract riders related to who is backstage, sanitation and security, etc. which require additional planning and investment in the backstage area. The same consideration needs to be given to audiences; the lobby has been updated with barriers, equipment, dots on the floor, etc. but it will take a lot of care, patience and time to get patrons in and out of the facility.

Mr. McIalwain reported another new expectations in the riders is related to equity, for example gender neutral restrooms and other matters related to transgender rights/needs which may require some structural investments. This is a movement occurring nationwide that the ECA needs to be part of. He anticipated large grant requests related to infrastructure issues such as an elevator and gender neutral restroom reconfigurations.

Board President Brewster commented it was highly appropriate that the organization address the issue of gender neutral restrooms and provide an open and accessible experience to all. He cited the Starbucks on Pike & Borden and the new Hugo House on Capitol Hill as examples of gender neutral restrooms. He acknowledged that will require investment in design and construction at the ECA and needs to be seriously considered in the next 1-2 years. Board Member Willcock suggested putting this on the Facilities and Operation Committee agenda.

14. New Business

15. Adjourn

The meeting was adjourned at 9:02 a.m.

Next EPFD Board Meeting: Thursday, April 22, 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. Once numbers are available from the financial adviser, present 4-5 options for bond refinancing to the Board
3. In the Monthly Cashflow Analysis Report
 - a. Italicize or provide background color for projected months to differentiate between actual and projected
 - b. Show actual and projected transfers back into non-operating'
4. Inform PFD board members of date/time of future Council Finance Committee meetings
5. Notify board regarding progress/status on the SVOG grant including when the grant is submitted and which round ECA qualifies for
6. Schedule approval of 2021 Q1 Operating budget on next month's agenda