

MINUTES

Edmonds Public Facilities District Board of Directors Virtual Online Meeting May 27, 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

ECA Staff Present

Joseph McIalwain, Executive Director

City Staff Present

Dave Turley, Finance Director (Ex-Officio)

EPFD Board Members Absent

Greg Hinton

Other Guests Present

Adrienne Fraley-Monillas, City Council Liaison
Rob Shelley, Piper Sandler

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 Maloney read the Land Acknowledgement statement.

3. **Board President's Comments**

Board President Brewster welcomed Rob Shelley, the EPFD's financial advisor, Dave Turley and ECA Board Member David Schaefer.

4. **Consent Agenda**

- **EPFD Board Meeting Minutes – 04-22-2021**
- **EPFD Board Meeting Minutes – 05-07-2021**
- **EPFD Disbursement Report – April 2021**

Board President Brewster advised the disbursements were 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**

Board President Brewster reviewed progress on action items from the previous meeting and identified outstanding items (see Action Items below).

Regarding the Shuttered Venue Operators Grant (SVOG) category, Mr. Mclalwain explained the category was related to the level of loss; the ECA qualified for Round 1 due to proof of a 90% revenue loss. He was copied on a letter from Association of Performing Arts Professionals letter to the President asking for more transparency and understanding regarding when the SVOG would be distributed. They are beginning to inform grant winners; he expected to see more activity in the coming weeks.

Regarding the vision statement, ECA Board Member Schaefer advised the Steering Committee was waiting for comments from staff. Mr. Mclalwain advised he planned to provide the vision statement to staff for their review and schedule a meeting to gather their feedback so it is available when the Steering Committee meets next.

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

6. Inclusion & Accessibility, Education & Outreach

- **Update**

Board President Brewster reported work continues on developing an equity statement. The committee was unable to meet this month, but he anticipated an update from the subcommittee at their June meeting. Mr. Mclalwain relayed a lot hinges on development of the equity statement as it will inform several other documents. It is the highest priority of the Inclusion and Accessibility Committee and he anticipated the subcommittee working on the statement will present an initial draft at the I&A Committee's June meeting. He will inform the Board when the equity statement is anticipated to be complete.

With regard to education and outreach, Board President Brewster relayed there is a full program of summer activities. Mr. Mclalwain relayed with committee changes taking effect in July, there are fewer members on the Education & Outreach Committee. He invited board members to recommend friends/acquaintances for that committee.

7. PFD Board Business

- **Approval 2012 Bond Refinancing Strategy**

Mr. Mclalwain reported at yesterday's meeting, the Admin & Finance committee confirmed their full support for this action. The request of the PFD Board today is approving the creation of a formal request to the City of Edmonds to refinance the 2012 bonds that are callable in 2022 on the PFD's behalf with taxable bonds out to 2041 and issued prior to December 1, 2021.

In addition, Mr. Mclalwain suggested it would be in the PFD's best interests to establish a schedule of annual payments to begin paying down the outstanding loan to City. It could be a tool mentioned in discussions with the City regarding refinancing the 2012 bonds. He suggested adding a discussion regarding establishment of a repayment schedule with timeline and amounts to the next EPFD agenda and incorporating that concept into the refinancing model. Mr. Turley expressed support for establishing a repayment schedule.

Discussion followed regarding establishing a repayment schedule with the City that includes a timeline and amounts, whether the payment schedule should be binding, rationale for not including the 2018 bank loan and/or the loan with the City in the refinancing, the City Council's discussion regarding the 4th Avenue Corridor, impact of this refinancing on future bonds for new

capital projects, importance of refinancing the 2012 bonds to secure sales tax revenue stream through 2041, and support for retaining language in the request to the City that mentions paying the City loan off early but does not establish a schedule.

BOARD VP LIAW MOVED TO APPROVE THE RECOMMENDATION BY STAFF TO TAKE ACTION TO REFINANCE THE 2012 BONDS. BOARD MEMBER MALONEY SECONDED THE MOTION. MOTION CARRIED UNANIMOUSLY.

Mr. McIalwain will prepare and deliver a memo to Mr. Turley with a formal request for the City to refinance the 2012 bonds on the PFD's behalf. Suggestions included scheduling a brief item regarding the bond refinancing on the June 8th Council Finance Committee agenda and inviting Scott Bauer, the City's financial advisor, to the meeting to provide amortization schedule for the new bonds.

8. Finance, Facilities & Operations

- **Finance Report – April 2021 DRAFT**

Mr. McIalwain advised the reports have been reviewed by the Admin & Finance Committee. He highlighted operating and non-operating surplus (loss) that is better than expected due to strong performance of sales tax revenue, controlling payroll expenses, contributions and rentals meeting expectations, and payroll savings due to gap between Mr. Keller's departure and hiring a new employee, and state benefits Ms. Jones receives during her leave. With those costs savings, he is exploring increasing staff to three-quarters time or full-time sooner than originally projected.

Discussion followed regarding original plans to bring staff back 75% mid-June and full-time mid-September, circumstances that support bringing staff back full-time sooner, Director of Operations in the PFD organization, and revising the budget to reflect increasing staff hours (present to Admin & Finance Committee prior to presenting to the PFD Board).

- **Monthly Cashflow Analysis Report**

Mr. McIalwain reviewed the report, highlighting a stronger cash position than last year, debt service cash increasing due to controlling operating expenses, other potential revenue sources such as the SVOG, a request to the City for support through the American Rescue Plan and a request to the county.

Discussion followed regarding the cashflow negative balance diminishing each month, potential additional funding sources not included in the cash forecast, and who maintains this report and who has access to the information and the back-up.

- **SBA Opportunities: SVOG Update**

See report under Item 5.

- **2012 Bond Refinancing Next Steps - Pacifica**

- **Staffing – Update and Progress**

Mr. McIalwain reported the Director of Finance and Operations position has been posted in arts related and other generic locations. As someone familiar with governmental accounting is preferred, it has also been posted at the Association of Washington Cities and other public

administration locations. The position will be posted initially for three weeks. A selection committee has not yet been established; he envisioned including representatives from the EPFD and ECA boards, Admin & Finance Committee, and 1-2 staff members. He invited board members to advise if they were interested in participating. He invited anyone with suggestions about where to post the position to contact Executive Assistant Lisa Helber.

Discussion followed regarding posting the position on arts-related sites such as Western Arts Alliance and Association of Arts Professionals, an orientation process for the new employee that included both boards as well as staff, criticality of this position to the ECA's success, and intent for the position to start full-time.

- **Theater Roof – Emergency Authorization to Proceed**

Mr. Mclalwain reported it was discovered that debris is falling from above the stage near the stage door. He assumed it had something to do with water intrusion on the one area of roof that not yet been addressed, the roof over the stage. Facilities Committee Member Norm Brown, Facilities Manager Kalani Kaha'iali'i and he will be involved. Once it is examined by a structural engineer and they say it is still safe, the first step will be installing something to catch the falling debris which the ECA crew can do. Step 2 will be determining why it is happening and how to fix it. Bidding the project via an RFP could be circumvented with an emergency declaration by the EPFD Board. At least three quotes would be obtained and staff will confer with MSRC to ensure the appropriate process is followed. He summarized board authorization may be required in the coming weeks for emergency work.

Questions and discussion followed regarding whether the board has to declare an emergency, amending the bylaws to allow the executive director to declare an emergency, researching procurement documents to determine whether the board has the ability to give the executive director that authority, considering whether insurance can offset the expense, scheduling a special meeting if necessary to declare an emergency and to authorize the executive director to proceed, and potential resources to fund the repair.

9. Executive Report / Steering Committee

- **Vision Statement – Presentation to ECA Board/Feedback**

See report under Item 5.

10. Marketing & Business Development

- **Promotion of Spring & Summer Programs**

Mr. Mclalwain reported tickets go on sale for summer programs today. He commended Ms. Jones for building the programs and Renee, Mt. Baker Theater, whom the ECA is contracting with and Karissa for their assistance with the programming process.

- **Patron Survey – Update**

Mr. Mclalwain reported on a meeting with Mike Rosen, Liz Dawson, Kendall Hill and himself to look at the initial patron survey results (compiled by Mr. Rosen). Much of the survey results confirmed a lot about the ECA and its audience, but it also revealed some opportunities and challenges to expand and serve existing audiences and how to reach new audiences. The

analysis will be presented to the Marketing & Business Development Committee and ultimately a presentation on the results and how to proceed will be made to both boards.

11. Programming

- **Spotlight Summer Series – Update**
- **2021/2022 Season Development**

Mr. Mclalwain reported there is an opportunity to add a few new artists to the season. The current 2021/022 season includes about 26-28 presentation which is a typical level and he was hesitant about adding too much to the season unless it was an absolute homerun. Based on patron feedback, it appears 50-60% of the audience is comfortable coming back in year one with everyone sitting next to each other even they if masked. He anticipated it will take until years 2 or 3 until the organization is back to 100% activity. The summer series will provide an opportunity to learn about protocols, procedures, management, seating, etc. in anticipation of promotion and sales for the 2021/2022 season. He advised approximately 15-20% of the shows in the 2021/2022 season are new, the others are rescheduled from the prior season.

12. Hosting

- **Update**

Board VP Liaw reported the typical cycle of shows begin in June with dance recitals; regulars are returning to do filmed or streamed performances which does not produce as much revenue. One client is doing a combined virtual/in person event (controlled and masked), the first ticketed audience in the venue since the pandemic. As mask mandates are lifted, the ECA can control events it presents, but it is more difficult for rental events. The committee encouraged Mr. Mclalwain and Rental & Stage Manager Sarah Mixson to be prepared to answer questions about venue protocols for fall events. The committee also suggested communicating with the ECA's client base about rentals and advertising the availability of streaming equipment and pricing. The committee recognized that streaming is a marathon not a sprint and a resource that can be used for many purposes.

13. Philanthropy

- **Spring Event: SPARK – Debrief**

Mr. Mclalwain reported the event raised nearly \$75,000 including two \$10,000 gifts received that night. He was unable to be present on the stage due to a family situation related to COVID, but he provided pre-recordings. The event included a lot of great testimonials, performance and artist comments and was a nice snapshot in time. He recognized virtual events are not what ECA does best and there is some donor fatigue. Peter Knutson who previously offered a \$25,000 investment in the ECA this year, agreed to associate his gift with the SPARK event which put it close to goal. He summarized the event met the goal but wasn't the success he had hoped for and about half the amount raised came from just a few donors. Philanthropy staff is has begun planning for the Gala which is likely to be an in-person event.

Questions and discussion followed regarding appreciation for Mr. Mclalwain's pre-recordings and the testimonials, how many people RSVP'd and actually attended the event, and fatigue related to attending virtual events.

14. New Business

Board VP Liaw recalled last year the board discussed amending the bylaws and charter. It is timely because the Board has been having Zoom remote meetings for past year under the Governor's mandate that open public meetings must be streamed and not in person. That will change in the next couple months and the EPFD does not have the authority under its charter to meet virtually. She recalled the Board had vetted the change last year to allow remote attendance due to travel, etc. and Matt Hendricks had done a preliminary review. An amendment to the charter requires City Council approval.

Mr. Mclalwain advised the Board Governance Committee did an extensive revision of the ECA bylaws which could be used to review the PFD Board bylaws. The ECA's bylaws were reviewed by Beresford Booth and formally adopted by the ECA Board in February/March. He suggested he and Board VP Liaw review the revisions to the charter, have it reviewed again by Matt Hendricks, and present the proposed changes to the EPFD Board in June.

Bord VP Liaw said if the OPMA rules apply when the Governor lifts his executive order, the EPFD Board will need to begin meeting in person. Amending the charter requires City Council approval; the EPFD Board can make changes to the bylaws without Council approval.

15. Adjourn

The meeting was adjourned at 9:01 a.m.

Next EPFD Board Meeting: Thursday, June 24, 2021 - 7:30 AM

ACTION ITEMS:

1. Carried forward from previous meetings:
 - a. Provide EPFD Board an update on the 5-year financial plan
2. Mr. Mclalwain provide vision statement to staff and schedule meeting to gather their feedback so it is available when the Steering Committee meets next.
3. Inform the Board when the equity statement is anticipated to be complete.
4. Mr. Mclalwain prepare and deliver memo with formal request for the City to refinance the 2012 bonds on the PFD's behalf to Mr. Turley
5. Schedule brief item regarding bond refinancing on City Council's June 8th Finance Committee agenda
 - a. Invite Scott Bauer, City's financial advisor, to meeting to provide amortization schedule for new bonds.
6. Revise budget to reflect additional labor expense as a result of bringing staff back full-time sooner and present to Admin & Finance Committee
7. Theater roof leak
 - a. If procurement documents allow the board to give the executive director the ability to declare an emergency, amend bylaws to allow
 - b. Determine if insurance can offset repair expense
 - c. Schedule special meeting if necessary to declare an emergency and to authorize executive director to proceed
8. Amend the EPFD's charter to allow board members to participate remotely
9. Consider establishing a repayment schedule for the City loan with timeline and amounts