

# MINUTES

## Edmonds Public Facilities District Board of Directors Virtual Online Meeting December 3, 2020

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 Mclalwain, 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

### **Other Guests Present**

Adrienne Fraley-Monillas, City Council Liaison

## **1. Call to Order**

Board President Brewster called the meeting to order.

Mr. Mclalwain wished Board President Brewster a Happy Birthday.

## **2. Land Acknowledgement**

Board Member Willcock read the Land Acknowledgement statement.

## **3. Board President's Comments**

Board President Brewster inquired about the audit exit conference originally scheduled for 9 a.m. today, recognizing that invites were sent to individuals no longer on the PFD Board. He asked if that meeting needed to be noticed. Mr. Mclalwain relayed typically no more than two PFD board members have attended the audit exit conference so it is not considered a public meeting. If three or more board members attend, the exit conference is noticed. The written audit report is sufficient to inform the Board of the audit outcome. To avoid any issues, he recommended two current PFD board members attend the audit exit conference at 9 a.m. and the remainder of the board review the written report and ask questions of staff if necessary. In the past City Councilmembers and members of the ECA Board have been invited to attend.

Mr. Keller apologized for the confusion, explaining the auditors originally asked to use the PFD's Zoom but later sent an independent invite. He will work with the auditor to update the list of board members. Board President Brewster and Board VP Liaw agreed to attend the exit conference.

Board President Brewster reminded of tonight's "WE SPEAK Festival" and hoped board members planned to attend. He also reminded of the joint board and staff retreat on Saturday.

In response to an inquiry about the Zoom invite for the retreat, Mr. Mclalwain offered to resend the Zoom link to avoid any confusion.

#### 4. **Consent Agenda**

- **EPFD Board Meeting Minutes – 10-29-20**
- **EPFD Disbursement Reports – September 2020**

Board President Brewster advised the disbursements were approved by the Admin & Finance Committee yesterday.

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

- **EPFD Board Meeting Minutes – 11-20-20**
- **EPFD Board Meeting Minutes – 10-01-20**

**BOARD MEMBER WILLCOCK MOVED TO APPROVE THE EPFD BOARD MINUTES OF 11-20-20 AND 10-01-20. BOARD VP LIAW 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).

Mr. McIalwain reported he plans to take out an ad or issue a press release to recognize season sponsors and publicly acknowledge current board members and volunteers who helped the organization through fiscal year 2020 and into 2021. The Beacon contacted him about writing an op ed after the retreat with an overview of this year and looking into next year. At Mr. McIalwain's invitation, Board President Brewster offered to assist with writing the op-ed.

#### 6. **PFD Board Business**

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

Mr. Keller reported the PFD worked with Financial Adviser Rob Shelley on the previous refinancing. The financial services agreement would allow the refinancing of the 2012 bonds in 2022 to extend the debt service through 2041 to continue to receive the sales tax rebate. The cost to refinance will be wrapped into the extended debt service.

Mr. McIalwain explained once Piper/Sandler is engaged, all the possible scenarios for refinancing can be considered such as bond sale, private placement, etc. The bonds under consideration for refinancing are in the name of the City of Edmonds and are part of a package that was sold in 2018 that includes other bonds. The City will need to be intimately involved in considering all the options; the bonds are not callable until December 2022. Another consideration as part of Mr. Shelley's analysis was whether there are any advance refunding options available. He recalled the previous bond refinancing process in 2018 took over a year so he wanted to start this process early, to engage the City in creative conversation and problem solving to see if anything could be done before December 2022 to provide relief to the PFD without putting the City or PFD at risk. Engaging Mr. Shelley will be helpful as he will represent the PFD in the process of exploring options.

Discussion followed regarding Mr. Shelley's involvement with the PFD on two past refinancing processes. Board VP Liaw raised a concern with the indemnification and limitations on liability in the contract; Piper/Sandler would have no limitation on liability and the PFD has to indemnify them for certain measures. Following discussion, Board VP Liaw offered to email her thoughts to Mr. Keller who will ask the PFD's attorney, Matt Hendricks, to review the contract and then schedule the contract for Board approval.

Mr. Mclalwain asked Mr. Turley for his initial thoughts about working with the City on the refinancing process. Mr. Turley anticipated worked with Mr. Mclalwain and Mr. Keller as well as keeping the Council President involved and informed.

- **2021 Operating Budget – Approval**

Mr. Keller presented the 2021 Operation Budget, advising the budget reflects the current COVID-19 crisis and assumes the organization would return to full active status by September 2021. The budget was presented to the Admin & Finance Committee who recommend forwarding it to the PFD Board for approval. He highlighted contributions which were separated to reflect special fundraising, PFD operating and non-operating revenues and expenses, and ECA (non-profit) income and expenses. He advised March 1, and June 1, 2021 active status scenarios were also prepared.

Questions and discussion followed regarding areas of sensitivity/risk such as staffing; potential extension of the shared work program; continued struggle into 2021 from a cash standpoint; possibly ending 2021 with \$200,000-\$250,000 shortfall even with a donation from a private donor/investor; assumption in the budget that staffing levels stay at current level until September 2021 and staff returning to full-time in September; opportunities to generate new revenue; discussing risk factors and opportunities at the retreat; a suggestion to put together a team like the Chamber did; brain power of the PFD, ECA and Emeritus Boards; difference between the EPFD and the Chamber's fundraising; goal of the retreat to generate ideas; and citing the Chamber's taskforce as a framework at the retreat.

Questions and discussion continued regarding the potential for a budget adjustment once better information is available regarding 2021 operations, differences between the accrual basis and cash basis budgets, risks and opportunities in the budget, deferral of the FFNW loan payment in 2020, and the potential to request deferral again in 2021.

Board President Brewster thanked Mr. Keller and Mr. Canning for developing the budget and Mr. Mclalwain for his leadership, recognizing it has been challenging and there are still a lot of variables. Considering the requirement to forward a budget to the Board for approval, they have done an admirable job.

**BOARD MEMBER WILLCOCK MOVED TO APPROVE THE 2021 BUDGET AS PRESENTED.  
BOARD MEMBER MALONEY SECONDED THE MOTION. MOTION CARRIED UNANIMOUSLY.**

- **2021 Alternate Budget Scenarios**

See above.

## **7. Finance, Facilities & Operations**

- **Finance Report – October 2020 DRAFT**

Mr. Keller reviewed the Profit & Loss Statement, highlighted total revenue and total expense, progress on reducing expenses, and the \$50,000 operating surplus. He also reviewed the Statement of Net Position (Balance Sheet). The Admin & Finance Committee recommended forwarding the reports to the PFD Board for review.

- **2019 Audit Update**

Mr. Keller reported the EPFD will be receiving a management letter for the organization's financial condition. The auditor takes into consideration the events of 2020 in their concerns; the PFD ended 2019 with a net positive operating/nonoperating position of \$41,000. There were no findings in the audit. The finding in the 2017 audit regarding procurement was listed as corrected. A few small housekeeping items were identified related to managing credit card disbursements and an employee contract but they did not rise to the level of being included in the report that is forwarded to the state. Board President Brewster said the management letter also mentions the strategic plan and staying on track with it.

## **8. Executive Report / Steering Committee**

- **Line of Credit – Update**

Mr. McIlwain relayed he is meeting tomorrow with the individuals who are considering supporting the ECA and hoped to have information regarding timing, amount, process, etc. at the retreat. Further information regarding the private support is confidential at this point.

- **Long Term Vision and Planning**

Mr. McIlwain relayed the focus of the retreat will be new revenue generation. The work to stay in touch with donors, keep the ECA brand alive and well and stay relevant is important and will continue. Ideas on those subjects will likely emerge at the retreat, but there needs to be focus on what, if anything, can be done now and specifically in the first 9 months of 2021 to generate revenue. Ideas generated by staff at the recent staff retreat will be shared with the boards in advance. He will send out an introduction today about what is being done and ideas that have been analyzed and not pursued to avoid duplicative discussions.

Mr. McIlwain thanked Board Member Malone for agreeing facilitate/MC the retreat Board President Brewster, ECA Secretary Rosen, ECA Board VP Schaefer and the Steering Committee for their assistance preparing for the retreat and providing feedback and guidance. He anticipated a productive day on Saturday.

## **9. Marketing & Business Development**

Mr. McIlwain relayed staff is working hard to market and promote upcoming events. He hoped board members were planning to attend tonight's "WE SPEAK Festival". The festival is nearing \$2,000 in revenue; the ticket price was "pay what you can" and the average is approximately \$15.

## **10. Programming**

## **11. Hosting**

Mr. McIlwain anticipated one of outcomes of the retreat will be rental opportunities to generate revenue, especially when the broadcast equipment is acquired and installed.

## **12. Philanthropy**

- **Giving Tuesday**

Mr. Mclalwain reported December 1 was Giving Tuesday. The goal was \$5,000 which was \$2,000 more than last year; the day ended with over \$9,000 raised and he anticipated it would reach \$10,000, double the goals. He acknowledged Christina Kourteva and Katherine Smith as well as the marketing team for promoting the event.

- **Yearend Efforts**

Mr. Mclalwain recognized Katherine Smith for her extraordinary work managing lists and segmenting out prospective donors for yearend fundraising and communication. He is in the process of determining who and how donors will be approached for yearend support. The Philanthropy Committee is personalizing some of efforts.

## **13. Inclusion & Accessibility, Education & Outreach**

Board President Brewster relayed the retreat will include an assessment of progress on inclusion toward the goal of being a more equitable organization and community. Education & Outreach has hosted a couple dementia inclusive online events and the online version of Kidstock! began with two events with a couple more planned in 2021. There has been a great response from the families who have participated in those activities.

## **14. New Business**

Board President Brewster thanked Jeannie Dines for recording meetings throughout the year, commenting on the importance of accurate minutes. He wished everyone a pleasant holiday season. He reported tomorrow was a very special day, not only because Mr. Mclalwain would be meeting with prospective benefactors but also because it was Mr. Mclalwain's birthday. Board Members wished Mr. Mclalwain and Board President Brewster a happy birthday.

## **15. Adjourn**

The meeting was adjourned at 8:43 a.m.

**Next EPFD Board Meeting: Thursday, January 28, 2021 - 7:30 AM**

### **ACTION ITEMS:**

1. Mr. Keller work with the auditor to update the list of PFD board members.
2. Provide EPFD Board an update on the 5-year financial plan
3. EPFD attorney, Matt Hendricks, review the Financial Services Agreement with Piper/Sandler, and schedule the agreement for PFD Board approval at the next meeting