

MINUTES

Edmonds Public Facilities District Board of Directors Special Meeting December 1, 2022

The Edmonds Public Facilities District Board special 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

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

ECA Staff Present

Joseph McIalwain, Executive Director
Lori Meagher, Director of Finance and Operations

City Staff Present

Dave Turley, Admin. Serv. Director (Ex-Officio)

ECA Board Members Present

David Schaefer, President
Rick Canning, Secretary/Treasurer

1. Call to Order

Board President Liaw called the meeting to order.

2. Land Acknowledgement & Equity Statement

Board Member Maloney read the Land Acknowledgement Statement and the Equity Statement.

3. Board President's Comments

- **Agenda Review**

Board President Liaw reminded the ECA is working on an end of year giving campaign and there are a number of great shows in 2023 that could use more ticket sales.

BOARD MEMBER WILLCOCK MOVED TO APPROVE THE AGENDA. BOARD MEMBER BREWSTER SECONDED THE MOTION. MOTION CARRIED UNANIMOUSLY.

- **Leadership Transition Update**

Board President Liaw advised three executive search firms will be interviewed next week and she anticipated the Leadership Transition Team (LTT) would make a selection the following week. All the firms have provided schedules for the search process and having an executive director hired by August 1, 2023. The LTT will be working on that through end of year and will begin working in early 2023 on the job description, transition planning and hiring process.

The proposal for an alternative leadership model will be presented to the Steering Committee tomorrow. The EPFD Board will consider it at a special meeting on January 11.

4. Public Comment

There was no public comment.

6. Consent Agenda

- **EPFD Board Meeting Minutes – October 27, 2022**

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

6. Old Business

- **Prior Action Items Review**

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

7. PFD Board Business

- **Finance Overview – FY 2023**
 - Development Strategy

Ms. Meagher reviewed a Development Strategy matrix that includes overarching position responsibility; FTE, PTE or contract; internal function; strategies; and budget outcomes/ROI for everyone involved in development (new positions in italics) including the executive director, development manager, *major gifts officer*, *development assistant*, *grant writer*, *event coordinator*, EPFD Board, ECA Board and other departments. One of the changes made since the preliminary draft 2023 budget was presented to the EPFD Board and after speaking with the development team, was adding an event coordinator as a hired position and a contracted grant writer. She described the rationale for those two positions.

Ms. Meagher reviewed an Assignment of Revenue Targets 2023 budget versus 2022 PYE, increase, responsible team member and support for each revenue type (individuals, corporate, foundations, government, and special events). Mr. McIalwain commented this was a great exercise for staff to delineate responsibilities, the budget and who would be responsible for the projected increases in the budget. He reviewed increased revenue by position Year 1.

Questions and discussion followed regarding the level of confidence in the proposed increase in development revenue; where major gifts come from now, where they are expected to come from in the future and how realistic that is; role of the major gift officer; competition for donations; soliciting development funds outside the community; developing a team of development specialists so the ECA has a more sophisticated development program than other organizations; difficulty recruiting a development director given the salary the industry demands; role of development manager versus development director; and when the four new development staff are expected to be hired.

Questions and discussion continued regarding concern with the amount assigned to new development staff in anticipation of the acclimatization process that will be required, possibility that revenue targets for new development staff may need to be adjusted, getting the right development people hired and working asap if they are expected to meet revenue targets, sponsorship credits applied this year from previous years' shows, leveraging Mr. McIalwain's departure and that transition into support for ECA, who is responsible for corporate sponsorships

now and under the revised model, building a team to organically develop the next development director, and receipt of an unsolicited \$24,000 major gift.

Board requests for the development strategy matrix included adding individual performance sponsorship to the development manager position and adding work with marketing to the event coordinator position.

- FTE Analysis

Ms. Meagher reviewed a summary of FTEs (2018-2022 actual, 2022 budgeted, and 2023 budgeted), cost by department (2022 budget, 2022 actual, variance between 2022 actual and 2022 budget, 2023 projection and variance 2023 v 2022 actual), and Q3 (worst case) layoff scenario if revenue actuals are not meeting projections.

Questions and discussion followed regarding adding the operations manager to the finance & operations department in the cost by department, this information providing details about salary costs by department, and ensuring all employees are aware that every department plays a role in generating revenue.

- **2023 Organizational Budget – Approval**

Ms. Meagher reviewed the updated Income Statement Summary-Operating, highlighting payroll and benefits, increased rental revenue, operating loss with and without the ARPA grant. She reviewed the updated Income Statement Summary–Non Operating and Key Metrics, highlighting the increase in sales tax revenue, increased rental revenue, total net surplus with non-operating revenue, and total cash balance at yearend. Total FTEs in the Key Metrics will be revised to match the number of FTEs in the Summary of FTEs (27.18). She reviewed Cash Flow, 2023 Capital Projections, and financial graphs (six-year comparison).

Questions and discussion followed regarding whether there was any benefit to applying the surplus to paying down debt, providing this level of detail for the 2024 budget and staff providing an update on the repayment schedule for each debt at the January meeting.

BOARD MEMBER BREWSTER MOVED TO APPROVE THE 2023 BUDGET. BOARD MEMBER WHITE SECONDED THE MOTION.

Discussion followed regarding a request for staff to report to the board on the accuracy of presented event revenues and expenses in the 2022 projected and 2023 budget, the development strategy being one of keys to success in 2023, the board discussing the development strategy every month including ROI, moving forward in spite of what-ifs, and the board tracking/monitoring the budget on a monthly basis due to recession, fiscal planning, and leadership transition.

MOTION CARRIED UNANIMOUSLY.

Board members thanked Mr. McIlwain and Ms. Meagher for their work on budget. Mr. McIlwain recognized Ms. Meagher who did 99% of the budget prep and ECA Secretary/Treasurer Rick Canning for his engagement in the budget.

8. Finance & Operations Update

- **Human Resources**

- Hiring Update

Ms. Meagher advised All Things HR, who is working on the employee handbook, will assist with hiring to speed up the process. ALL Things HR will use the job descriptions and do postings and initial screenings to reach final candidate selection. The cost is very reasonable and is included in the budget. They will also do an HR audit. An accounting manager position has been posted, a lighting designer and a stage hand/rigger have been hired, and the programming coordinator position job description is being finalized and will be posted by the end of the month.

- IDEA Committee - Update

Ms. Meagher advised the committee name was updated from Inclusion & Accessibility to IDEA (Inclusion, Diversity, Equity and Accessibility). The committee is working with department heads on an action plan for 2023 DEI initiatives.

Mr. Mclalwain advised the budget includes funds for reengaging with Michelle Osborne and her business partner to provide training, forums and personal coaching for staff, board and volunteers. A plan will be presented to board in the future. He anticipated a future retreat would include DEI training.

9. Executive Report / Steering Committee

- **Marketing & Business Development**
 - Ticket Sales Update

Mr. Mclalwain reported the marketing team is working on an update of the website with the assistance of a consultant which includes converting to Word Press to allow staff to update the website as well as integrating the ticketing system.

With regard to ticket sales, Mr. Mclalwain reported there are a lot of last minute ticket purchases and subscriptions have been decreasing; ticket sales are averaging 74% for the first part of the season. He anticipated the same last minute purchases would continue into spring.

- **Programming / Outreach**
 - General Update

Mr. Mclalwain reported on planning for next season, We Speak, and offers and negotiations for special engagements in the spring. Offers are also being sent out for the fall 2023/spring 2024 season.

10. New Business

11. Adjourn

The meeting was adjourned at 8:58 a.m.

Next EPFD Board Meeting: SPECIAL Meeting Wednesday, January 11, 2023 – 8:00 AM

ACTION ITEMS:

1. January 11 meeting agenda
 - a. Presentation and discussion regarding alternate leadership model
 - b. Repayment schedule for each debt (2012 Bonds/2021B Bond refinancing, FFNWB Tax Exempt Note & City of Edmonds Operating Loan)

2. Add individual performance sponsorship to Development Manager position in the Development Strategy Matrix
3. Add work with marketing to Event Coordinator position in the Development Strategy Matrix
4. Add Operations Manager to Finance & Operations in cost by department
5. Doublecheck accuracy of presented events revenue and expenses for 2022 projected and 2023 budget and report to board
6. EPFD Board discuss implementation of the development strategy including ROI at every meeting
7. EPFD Board monitor budget on a monthly basis
8. Update number of FTEs in the Key Metrics
9. At a future EPFD Board meeting, present plan for DEI training for boards, volunteers and staff