

# MINUTES

## Edmonds Public Facilities District Board of Directors Meeting March 22, 2018

The Edmonds Public Facilities District Board meeting convened at 7:30 a.m. in the Maltby Building, Room 108, 7020 196<sup>th</sup> St SW, Edmonds Community College.

### **EPFD Board Members Present**

Mike Popke, President  
Larry Ehl, Vice President (via phone)  
Marla Miller  
Kevin McKay

### **ECA Staff Present**

Joseph McIalwain, Executive Director  
Matt Keller, Director of Operations  
Gillian Jones, Director of Programming

### **EPFD Board Members Absent**

Patrick Mulva

### **City Staff Present**

Scott James, Finance Director (Ex-Officio)  
Dave Turley, Assistant Finance Director

### **ECA Board Members Present**

David Schaefer, ECA Treasurer

#### 1. **Call to Order**

Board President Popke called the meeting to order.

#### 2. **Board President's Comments** - None

#### 3. **Approval of Minutes**

- **PFD Board Minutes – January 4, January 10, January 25, February 5 and March 1, 2018.**

The following change was made to the January 10, 2018 minutes:

Page 1: "With regard to fee structure:

- Foster Pepper: Confirmed to have a flat fee rate of \$20,000 but would not include any additional outside counsel"

**BOARD MEMBER MILLER MOVED TO APPROVE THE MINUTES OF JANUARY 10 AS AMENDED AND JANUARY 4, JANUARY 25, FEBRUARY 5 AND MARCH 1, 2018 AS PRESENTED. BOARD MEMBER MCKAY SECONDED THE MOTION. MOTION CARRIED UNANIMOUSLY.**

#### 4. **Approval of Disbursements**

Mr. Keller relayed the Admin/Finance Committee reviewed the disbursements and recommended approval.

- **January & February 2018**

**BOARD MEMBER MILLER MOVED TO APPROVE JANUARY AND FEBRUARY 2018 DISBURSEMENTS:**

**JANUARY 2018**

1) EPFD DISBURSEMENTS OF VOUCHER 14290-14364	\$237,799.72
2) ECA DISBURSEMENTS OF VOUCHER #51164-51184	\$ 29,560.81
3) TRANSFER OF FUNDS:: ECA TO EPFD OF VOUCHERS #51185-51186	\$ 61,000.00
4) TRANSFER OF FUNDS: ECA TO 1 <sup>ST</sup> SECURITY DEBT SERVICE OF VOUCHER #	\$ .00
5) TRANSFER OF FUNDS: PFD TO EPFD 1ST SECURITY DEBT SERVICE VOUCHER #	\$ .00
6) BOND DEBT PAYMENT: TO CITY OF EDMONDS – 2012 VOUCHER #	\$ .00
BOND PAYMENT – 2008 TO US BANK ST. PAUL	\$ .00
7) LGIP TRANSFER TO 1 <sup>ST</sup> SECURITY DEBT SERVICES VOUCHER #8056	\$ .00
8) DEBT SERVICES 1 <sup>ST</sup> SECURITY TRANSFER TO OPERATIONS VOUCHER # 9026-9028	\$ 26,010.00
9) FACILITY RESERVE 1 <sup>ST</sup> SECURITY DISBURSEMENT OF VOUCHER #3009-3010	\$ 30.00
TOTAL	<u>\$354,400.53</u>

FEBRUARY 2018

1) EPFD DISBURSEMENTS OF VOUCHER#14365-14450	\$247,806.38
2) ECA DISBURSEMENTS OF VOUCHER #51187-51205	\$ 8,574.73
3) TRANSFER OF FUNDS:: ECA TO EPFD OF VOUCHERS #51206-51209	\$ 41,000.00
4) TRANSFER OF FUNDS: ECA TO 1 <sup>ST</sup> SECURITY DEBT SERVICE OF VOUCHER #	\$ .00
5) TRANSFER OF FUNDS: PFD TO EPFD 1ST SECURITY DEBT SERVICE VOUCHER #	\$ .00
6) BOND DEBT PAYMENT: TO CITY OF EDMONDS – 2012 VOUCHER #	\$ .00
BOND PAYMENT – 2008 TO US BANK ST. PAUL	\$ .00
7) LGIP TRANSFER TO 1 <sup>ST</sup> SECURITY DEBT SERVICES VOUCHER #8056	\$ 45,000.00
8) DEBT SERVICES 1 <sup>ST</sup> SECURITY TRANSFER TO OPERATIONS VOUCHER # 9026-9028	\$ 70,020.00
9) FACILITY RESERVE 1 <sup>ST</sup> SECURITY DISBURSEMENT OF VOUCHER #3009-3010	\$ 7,029.65
10) UNION BANK FACILITY SAVINGS DISBURSEMENT #7052-7053	\$ 30,025.00
TOTAL	<u>\$449,455.76</u>

BOARD MEMBER MCKAY SECONDED THE MOTION. MOTION CARRIED UNANIMOUSLY.

**5. PFD Board Business**

- **Bond Refinance RFP: Award Bond Sale**

Mr. Keller relayed two responses were received with rates of 3.47% and 3.67% which are about ½% higher than had been hoped. Staff is working with Rob Shelley, Piper Jaffray, and Roy Koegen, Kutak Rock, to assess the situation and return with a recommendation on how to proceed, either with a private loan or public bond sale.

Board Member Miller reminded the new tax law requires refinancing be done within a 90 day window. Board President Popke suggested establishing a date to make a decision. Mr. Keller advised the rate is the driver; since a rate has been presented, there is now time to investigate a public sale. Board Member Miller recommended Mr. Shelley provide a recommendation by a date certain such as the first week in April at the latest.

Mr. McIalwain advised other ideas are being investigated at the recommendation of bond counsel, but they are not ready to be presented today.

- **Approve Bridge Loan from City of Edmonds Roofing Project and Theater Production Equipment**
- **Authorize to Sign Once Approved by City Council**

Mr. Keller relayed an agreement has been drafted by the City Attorney and reviewed by ECA staff. The function of the loan is as items are purchased and services rendered, ECA will provide the invoice to the City who will remit funds to the ECA for payment of invoices, when the ECA is reimbursed by state/county, the funds are returned to the City. The agreement is scheduled to be

an agenda item at City Council's March 27 meeting; the Council requested the PFD Board approve the agreement and provide the PFD meeting minutes for the Council packet. The action requested from the Board is to approve the agreement and authorize the Board President and Vice President to sign the agreement once approved by the City Council.

ECA Treasurer David Schaefer relayed the Admin/Finance Committee reviewed the agreement and recommend approval.

Board Member Miller relayed concern with the provision in Section 2.4.3 that the PFD provide a quitclaim deed equivalent to the amount of any debt not paid on schedule, which is essentially a property transaction. Mr. James advised the City Attorney took that language from the existing Contingent Loan Agreement (CLA) between the PFD and the City. There is little concern with repayment as the funding source (grants) is guaranteed; however, this language provided some recourse in the event of non-repayment. Board Member Miller recommended the PFD's bond counsel review that language and advise whether it is an appropriate remedy for a public entity to essentially use property for collateral for this type of loan.

Discussion followed regarding converting any non-repayment of the loan to debt under the CLA, clauses in the CLA regarding additional issuances of debt, whether removing the language would jeopardize Council approval of the agreement, when the roof project is scheduled to begin, county/state AP turnaround time, preference to include a financial remedy in the agreement instead of a property remedy, low risk of moving forward given the security of the funding and discomfort with the inclusion of the quitclaim deed language.

**BOARD MEMBER MCKAY MOVED APPROVAL OF THE BRIDGE LOAN AGREEMENT BETWEEN THE CITY OF EDMONDS AND THE EDMONDS PUBLIC FACILITIES DISTRICT RELATING TO THE THREE GRANTS AWARDED FOR THE ROOF PROJECT AND PRODUCTION EQUIPMENT PURCHASE. BOARD VICE PRESIDENT EHL SECONDED THE MOTION. MOTION CARRIED (3-1), BOARD MEMBER MILLER VOTING NO.**

It was agreed staff would ask the PFD's bond counsel to review the language and provide an answer by 3:00 p.m. tomorrow; staff will communicate his response to PFD board members. Staff will also provide board members the CLA.

- **Approve New Sexual Harassment Reporting Procedures**

Mr. Keller advised Admin/Finance Committee reviewed the procedures twice and modifications were made based on the committee's recommendations. The Admin/Finance Committee recommends approval. The procedures will be made available to staff and staff will be informed of the procedures.

**BOARD VP EHL MOVED TO APPROVE THE NEW SEXUAL HARASSMENT REPORTING PROCEDURES. BOARD MEMBER MILLER SECONDED THE MOTION.**

Board VP Ehl provided background on this item, explaining he asked staff to look at this policy in terms of reporting. He referred to headlines over the past few months with regard to the accountability and responsibility of boards in instances where policies were not clear, particularly related to reporting up the chain of command. These procedures are necessary both from a board fiduciary and accountability perspective as well as ensuring staff understands the topic of harassment is taken seriously and that there is a safe mechanism for them to report.

**MOTION CARRIED UNANIMOUSLY.**

- **Annual Board Signatures – 2018 Conflict of Interest Policy**

Mr. Keller advised the language in the policy has not changed. He will provide the policy to board members at the conclusion of the meeting for signature. Mr. McIalwain advised the ECA Board as well as staff will also be reviewing and signing the Conflict of Interest Policy.

**6. Executive Report / Steering Committee**

- **Strategic Plan Update**

Mr. McIalwain relayed BERK Consulting was hired to assist with the update; the agreed upon investment has nearly been reached. As there is still work to do, the plan has been taken in-house, modifying BERK's plan template to better reflect the long term vision. The task force had two 4-hour sessions modifying BERK's vision of the plan. That was followed by staff reviewing and making suggestions/modifications and a similar exercise followed at the ECA Board meeting. Once the ECA Board's input is incorporated, the Strategic Plan will be sent back to BERK for review and comment. He was hopeful final review and discussion of the plan could occur at a joint ECA/PFD Board meeting, tentatively scheduled on April 10 at 5:30 p.m. The goal is to have the plan approved in May. He recognized the plan may require rethinking the committee structure.

- **Emeritus Board**

ECA Board Treasurer David Schaefer explained the intent of the Emeritus Board was to honor/recognize people who have provided significant service on the ECA and PFD Boards and ensure the organization does not lose touch with them. The Emeritus Board is anticipated to be a function of the ECA Board but past PFD board members will also be included. The ECA Board will be informed of the proposed list of initial members in April and the membership will be approved in May. The charter is somewhat specific about how members qualify: two full terms on the PFD Board, three full terms on the ECA or other distinguished service, and board leadership. He anticipated the Emeritus Board will meet once a year.

Mr. McIalwain relayed the list of members will be presented to the PFD Board for their information at the May meeting. The initial membership will be 7-8 members, 3 with past service on the PFD Board and the balance past ECA Board members. ECA Board Treasurer Schaefer said a review of past members who are eligible to serve on the Emeritus Board will occur annually.

- **PFD Board Recruitment Process**

Mr. McIalwain relayed three applications have been received; the deadline to submit is April 11. The interview team will include two PFD Board members. The candidates the PFD Board selects and their credentials will be submitted to the City Council for review. In the past the Council has requested an opportunity to interview the candidates who are then formally appointed by the Council. Approval of the candidates will take place at the PFD Board May meeting and Council approval in June. A brief discussion followed regarding board members' availability to participate in interviews.

Board VP Ehl expressed interest in a diverse candidate pool. He suggested reviewing the diversity of applicants by April 1 and if diversity is lacking, discuss creative ideas to improve the diversity of the applicant pool. Mr. McIalwain advised efforts are being made to reach out to the community to develop a diverse pool of candidates. The three applicants all bring great experience and expertise which is weighed with the need and interest in developing a diverse board. He agreed

if there is not a diverse candidate pool by March 30, staff will alert the PFD Board and consideration will be given to ways to improve the diversity of the applicant pool. Board Member McKay agreed with the emphasis on a diverse PFD Board. Discussion followed regarding the selection of board members.

- **February Staff Report – Questions, Comments**

Mr. Mclalwain displayed a comparative analysis of Presenting Season Statistics, advising that the goal at the end of the season is breakeven or better in ECA stage presentations. He highlighted differences between net revenue at this point and shows that remained at this point in the season in 2017-2018 and 2016-2017. He was cautiously optimistic net revenue before sponsorship would remain positive. He summarized there are some great shows coming up and he encouraged board members to purchase tickets and to bring friends. A brief discussion followed regarding fees and production costs for the remaining shows.

Board VP Ehl commented he loves the staff report and appreciates the work that goes into compiling the information.

(Board VP Ehl discontinued his participation in the meeting at 8:29 a.m.).

## 7. **Administration & Finance**

- **Draft Finance Reports – February 2018**

Mr. Keller relayed revenue is projected to be \$20,000 higher than is reflect in the report and expenses remain the same with Operating Income at \$73,000 instead of \$53,000. Revenues were up in February due to the special fundraising event for which he recognized Mr. Mclalwain and Board President Popke. Expenses are trending well; increased activity results in increased expenses but staff is working hard to keep expenditures down. The financial reports were reviewed and approved by the Admin/Finance Committee.

Mr. Mclalwain pointed out the relationship between ticket sales and fees and artist presentations and theater; ticket sales and fees are lower than at this time last year but expenses are also lower. The reports reflects written pledges received at the special fundraising event but does not include matching funds. Mr. Keller advised the majority of additional revenue is due to rentals; there have been a lot of events over the last two months. Discussion followed regarding advertising and marketing expenses and the website redesign that will allow advertising.

Mr. Keller reported the auditors will be on site the first week of April; staff is working to get documents uploaded.

## 8. **Development**

- **Center Stage Update 5-02-2018**

Mr. Mclalwain reported invitations are being mailed and emailed. The invitation includes a new tagline, ECA's Exclusive Sponsorship Event. The event will be very similar to past years, one of the differences will be Gillian Jones will play a bigger role and after the video, he and Ms. Jones will provide emphasis/clarity about some of the shows and why they were booked. He invited board members to inform staff of anyone they want to be invited. This year's goal for contributions is \$1.015 million without the special fund raising event.

- **Contributed Revenue Report**

Mr. McIlwain reviewed the report, highlighting season sponsorships secured before Center Stage, event sponsorships, and total contributions. He advised the \$70,000 from the special fundraising event will be transferred from total contributions to special events/campaigns. The report reflects the \$50,000 contribution in 2018 to offset the Director of Operation's salary. He recognized Development Manager Angela Neubauer for her efforts.

Board President Popke thanked staff for watching expenses.

- **Legacy Giving**

Mr. McIlwain reported former Development Director Karen Crowley, who is consulting on this, ECA Board Member Susan Schalla, an attorney and two former board members are close to finalizing policies for review and approval by the ECA and PFD Boards. Policies regarding the PFD and the ECA Boards' roles in the management, extraction and utilization of funds are being worked out; management of the resources will likely be a third party such as a large community foundation. He anticipated initial discussions regarding the structure would occur at the Steering Committee, noting the community, audience and donors are ready to have such a program in place.

## **9. Marketing & Programming**

- **Ticket Sales Report**

Mr. McIlwain reported there are plans for a summer season this year; 2 of the 4-5 presentations have been identified, 1-2 may be big names. Last year's summer programs did not clear expenses, but he wanted another opportunity to build the program before a decision is made regarding whether to continue it long term. For example, the cabaret film series was not well attended last year, but has been sold out this year which illustrates the community's response to that experience. He anticipated the summer series will be a similar experience.

- **Programming Update 2018/19 Season**

Mr. McIlwain relayed 15 shows have been booked. A lot of offers are out and negotiations are underway.

## **10. New Business**

- **Teacher Workshop Evaluation: Jazzy Ash**

Director of Programming Gillian Jones explained each year the ECA presents a free teacher workshop, a professional development opportunity through Office of Superintendent of Public Instruction (OSPI). Compliance with OSPI requires the PFD Board preapprove the workshop and after the workshop, review teacher evaluations to assess the workshop's success. A workshop was held in November with Ashli Christoval, Jazzy Ash, "Teaching Cultural Diversity and Development Skills through Music from African American Heritage." Fewer teachers than usual attended which Ms. Jones attributed to the flu. Feedback from the teachers was positive including a connection to curriculum.

The Board recognized the evaluations indicated the workshop was well received and feel the workshops are valuable, successful and should continue to be offered.

**BOARD MEMBER MILLER MOVED THAT ECA CONTINUE TO OFFER TEACHER WORKSHOPS WITH CLOCK HOUR CREDIT. THE WORKSHOP HAD GREAT REVIEWS AND CONTINUED SUCCESS IS ANTICIPATED IN THE FUTURE. BOARD MEMBER MCKAY SECONDED THE MOTION. MOTION CARRIED UNANIMOUSLY.**

- **Continued Discussion regarding the Contingent Loan Agreement**

Board Member McKay referred to Section 3.3 (1) and (2) and discussion followed regarding the inapplicability of paragraph 2, reference in paragraph 2 to a quit claim deed, language in the bridge loan agreement and concern the PFD Board did not have adequate time to review the bridge loan agreement.

## **11. Adjourn**

The meeting was adjourned at 8:56 a.m.

**Next EPFD Board Meeting: Thursday, April 26, 2018 - 7:30 AM**

### **ACTION ITEMS:**

1. Revise January 10, 2018 minutes
2. Request Rob Shelley, Piper Jaffray, provide a recommendation regarding bond refinancing by a date certain such as the first week in April at the latest
3. Staff ask the PFD's bond counsel to review the language in the bridge loan agreement and provide an answer by 3:00 p.m. March 23; staff will communicate his response to PFD board members.
4. Staff provide board members the CLA document
5. Tentative Joint PFD/ECA Board meeting on April 10 at 5:30 p.m. (possibly slightly later)
6. Present names for Emeritus Board to PFD Board at May meeting
7. Staff review diversity of applicants for PFD Board by March 30 and if diversity lacking, alert Board and consider ways to improve diversity of applicant pool