

MINUTES

Edmonds Public Facilities District Board of Directors Meeting April 26, 2018

The Edmonds Public Facilities District Board meeting convened at 7:33 a.m. in the Edmonds Center for the Arts Green Room, 410 4th Avenue North, Edmonds.

EPFD Board Members Present

Mike Popke, President
Larry Ehl, Vice President
Marla Miller

EPFD Board Members Absent

Kevin McKay

ECA Staff Present

Joseph McIalwain, Executive Director
Matt Keller, Director of Operations

City Staff Present

Dave Turley, Assistant Finance Director

Other Guests Present

Tom Mesaros, City Council Liaison

1. **Call to Order**

Board President Popke called the meeting to order.

2. **Board President's Comments**

Board President Popke reported Mr. Keller, Mr. McIalwain and he attended the Snohomish County PFD Board meeting that included discussion regarding disbursement of funds; another meeting is scheduled this afternoon.

Discussion followed regarding the future of Future of Flight, Angel of the Winds (formerly Comcast) Arena garage, uniqueness of ECA, funds to be distributed, PFDs need for funding, information each PFD provided to the Snohomish County PFD Board, environmental cleanup issues at the Lynnwood PFD site, the ECA's efforts to seek grants, membership on the Snohomish County PFD Board, Snohomish County PFD Board's process and decision-making, support each project receives from their city/county except for Edmonds, and results of the Economic Impact Study.

3. **Approval of Minutes**

- **March 22, 2018**

BOARD VP EHL MOVED TO APPROVE THE MINUTES OF March 22, 2018. BOARD MEMBER MILLER SECONDED THE MOTION. MOTION CARRIED UNANIMOUSLY.

- **January 10, 2018 REVISED**

BOARD MEMBER MILLER MOVED TO APPROVE THE MINUTES OF January 10, 2018 REVISED. BOARD VP EHL SECONDED THE MOTION. MOTION CARRIED UNANIMOUSLY.

4. **Approval of Disbursements – March 2018**

Mr. Keller relayed the Admin/Finance Committee reviewed the disbursements and recommended approval. Discussion followed regarding questions raised by the Admin/Finance Committee, amount that would be required to avoid making minimum credit card payments during slow cash flow periods, and annual investment from the City.

BOARD MEMBER MILLER MOVED TO APPROVE MARCH:

1)	EPFD DISBURSEMENTS OF VOUCHER #14451-14522	\$188,140.47
2)	ECA DISBURSEMENTS OF VOUCHER #51206-51223	\$ 11,125.00
3)	TRANSFER OF FUNDS:: ECA TO EPFD OF VOUCHERS #51224-51227	\$ 93,000.00
4)	TRANSFER OF FUNDS: ECA TO 1 ST SECURITY DEBT SERVICE OF VOUCHER #	\$.00
5)	TRANSFER OF FUNDS: PFD TO EPFD 1 ST 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 ST SECURITY DEBT SERVICES VOUCHER #	\$
8)	DEBT SERVICES 1 ST SECURITY TRANSFER TO OPERATIONS VOUCHER #9029-9030	\$ 24,010.00
9)	FACILITY RESERVE 1 ST SECURITY DISBURSEMENT OF VOUCHER	\$--
10)	UNION BANK FACILITY SAVINGS DISBURSEMENT #7052-7053	\$ 15.00
	TOTAL	\$316,290.47

BOARD VP EHL SECONDED THE MOTION. MOTION CARRIED UNANIMOUSLY.

Discussion continued regarding the library levy and the ECA's economic impact.

5. PFD Board Business

- **Board Refinance: Update**

Mr. Keller reported on discussions with Roy Koegen, Kutak Rock, including Mr. Koegen's investigation of other opportunities such as counties purchasing the bonds. Board requested staff, 1) ask Mr. Koegen if the contingent loan agreement needs to be revised and approved by City Council if the term is not changed, and 2) request Mr. Koegen provide a timeline and what needs to be done to proceed by the June call date to avoid an emergency PFD Board meeting and to be ready to proceed by May PFD Board meeting

6. Executive Report / Steering Committee

- **Strategic Plan Update**

Mr. Mclalwain reported following work done by the Task Force (which has representation from the ECA and PFD Boards) and staff, the plan was sent to BERK who have now provided notes/input/comments. He will review their input and send the plan to the Task Force for a final review. He anticipated the Strategic Plan will be completed by July. The biggest challenge will be to mold the committee structure to meet the new goals and focuses in the plan. He will return to the PFD with his thoughts regarding the committee structure.

- **Emeritus Board**

Mr. Mclalwain identified the potential membership of the Emeritus Board that will be presented to the ECA Board for approval: Ron Clyborne, Nancy Fleck, Susan Dunn, Jack Loos (Chair), Julie Long, John McGibbon, Bob Rinehart, and Terry Vehrs. All members have been contacted and have agreed to participate. Discussion followed regarding how the members were selected, board members who would rotate off in future years and could be considered for the Emeritus Board, and the Emeritus Board making recommendations regarding future members.

- **PFD Board Recruitment Process**

Mr. McIlwain reported applications have been received from four candidates, two have been interviewed, an interview is scheduled for a third and a determination was made that the fourth candidate is a better fit for the ECA Board. He acknowledged a lack of diversity in the candidates but no other applications have been received despite efforts to attract candidates. Board VP Ehl expressed concern with the lack of a diverse candidate pool and suggested filling the vacant PFD Board position and renewing efforts to expand the candidate pool. Board Members agreed.

Discussion followed regarding potential board members, the need to appoint at least one board member to ensure quorum for meetings, and the process for appointing candidates. The following tentative schedule was established:

- PFD Board consider Interview Committee's recommendation at a special PFD Board meeting on May 1 at 6 p.m. and forward a recommendation to City Council
- Schedule Council approval of PFD Board candidate on May 15

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

- **PFD Allocation Process**

- **SnoCo PFD Board Meeting 4/26/18 @ 3:00 PM**

See discussion under Board President Comments.

7. **Administration & Finance**

- **Final 2017 Final Financial Reports**

Mr. Keller reviewed the Statement of Revenue, Expenses and Changes in Net Position for the period ending December 31, 2017, highlighting depreciation expense, advertising revenue, and operating loss. Discussion followed regarding items included in depreciation, total net loss, asset values, and net income without depreciation. The Board requested staff add a note regarding the increase in asset values that offsets depreciation.

- **Final February Reports – February 2018**

Mr. Keller reviewed Statement of Revenue, Expenses and Changes in Net Position for the period ending February 28, 2018, highlighting an increase in payroll, the percentage to budget, savings from not hiring a Development Director, rentals versus facility revenue, and artist presentation and theater expenses versus ticket sales and fees. The Board requested staff change "facility revenue" on this report to "historic facility preservation fee."

- **Draft Finance Reports – March 2018**

Mr. Keller reviewed Statement of Revenue, Expenses and Changes in Net Position for the period ending March 31, 2018, highlighting rentals, operating income, and percentage to budget. Discussion followed regarding payroll, taxes and employee benefits budget; decrease in payroll in the summer; labor costs related to rentals; and anticipated increase in Tier 2 allocation.

8. **Development**

Mr. Mclalwain circulated a draft Center Stage program. He commented on the season, video, RSVPs, film series on Sunday afternoons, and cabaret film series.

9. Marketing & Programming

- **Ticket Sales Report**

Mr. Mclalwain reviewed the Ticket Sales Report, highlighting the weeklong Mystical Arts of Tibet and related events, advertising, and the pace of ticket sales.

- **Programming Update 2018/19 Season**

10. New Business

Board VP Ehl reported when he arrived to interview prospective PFD Board candidates April 11, he realized a quorum was present and that the meeting had not been noticed in advance. The board members present agreed to proceed with the interviews but that no discussion would occur and no action would be taken until a properly noticed meeting.

Board President Popke inquired about the roof and Mr. Keller provided an update on the roof project and displayed photographs of the work.

11. Adjourn

The meeting was adjourned at 8:54 a.m.

Next EPFD Board Meeting: Thursday, May 24, 2018 7:30 AM

ACTION ITEMS:

1. Ask Roy Koegen, Kutak Rock, whether the contingent loan agreement needs to be revised and approved by City Council if the term is not changed
2. Request Mr. Koegen provide a timeline and what needs to be done to proceed by the June call date and avoid an emergency PFD Board meeting and to be ready to proceed by May PFD Board meeting
3. Mr. Mclalwain return to PFD Board with thoughts about possible revisions to the committee structure to meet new goals and focuses in the Strategic Plan.
4. Fill one PFD Board position and renew efforts to expand the diversity of the PFD Board candidate pool
5. Interview committee make recommendation regarding new PFD Board Member to PFD Board and the Board consider the recommendation at a special meeting on Tuesday, May 1 at 6:00 p.m. in the Green Room.
6. Schedule Council approval of PFD Board's recommendation of new PFD Board Member on May 15.
7. Add note to Final 2017 Final Financial Reports regarding increase in asset value that is offsetting depreciation
8. Change "facility revenue" to "historic facility preservation fee" on the monthly Statement of Revenue, Expenses and Changes in Net Position