

MINUTES

Edmonds Public Facilities District Board of Directors Meeting June 28, 2018

The Edmonds Public Facilities District Board meeting convened at 7:31 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 (by phone at 7:33 a.m.)
Kevin McKay
David Brewster

EPFD Board Members Absent

Marla Miller

ECA Staff Present

Joseph McIalwain, Executive Director
Matt Keller, Director of Operations

City Staff Present

Scott James, Finance Director (Ex-Officio)

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 – None

3. Approval of Minutes

- **April 26, 2018**

BOARD MEMBER BREWSTER MOVED TO APPROVE THE MINUTES OF APRIL 26, 2018. BOARD PRESIDENT POPKE SECONDED THE MOTION. MOTION CARRIED (2-0-1), BOARD MEMBER MCKAY ABSTAINED. (Board VP Ehl not present for the vote.)

- **May 24, 2018**

BOARD MEMBER MCKAY MOVED TO APPROVE THE MINUTES OF MAY 24, 2018. BOARD MEMBER BREWSTER SECONDED THE MOTION. MOTION CARRIED UNANIMOUSLY. (Board VP Ehl not present for the vote.)

4. Approval of Disbursements – May 2018

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

BOARD MEMBER POPKE MOVED TO APPROVE MAY:

1)	EPFD DISBURSEMENTS OF VOUCHER#14608-14705, 14708-14718	\$535,069.64
2)	ECA DISBURSEMENTS OF VOUCHER #51254-51282	\$ 70,455.95
3)	TRANSFER OF FUNDS:: ECA (1005) TO EPFD OF VOUCHERS #51283-51285	\$146,000.00
4)	TRANSFER OF FUNDS: ECA (1005) TO 1 st SECURITY DEBT SERVICE	\$.00
5)	TRANSFER OF FUNDS: PFD (1012) TO EPFD 1ST SECURITY DEBT SERVICE	\$.00
6)	BOND DEBT PAYMENT: TO CITY OF EDMONDS – 2012 VOUCHER #14706-14707	\$ 39,096.25
	BOND PAYMENT – 2008 TO U.S. BANK ST. PAUL	\$ 57,147.50

7)	LGIP (1075) TRANSFER TO 1 ST SECURITY DEBT SERVICES VOUCHER #8058	\$16,000.00
8)	DEBT SERVICES 1 ST SECURITY (1014) TRANSFER TO OPERATIONS VOUCHER #9034-90936	\$105,443.08
9)	1 ST SECURITY RESERVE SAVINGS (1015) VOUCHER #3012	\$ 5.00
10)	UNION BANK FACILITY SAVINGS (1060) DISBURSEMENT #7056-7057	\$ 8,805.91
11)	UNION BANK CHECKING (1010) – FACILITY ACTIVITY VOUCHER #4001	\$ 8,790.91
	TOTAL	\$986,814.24

BOARD MEMBER MCKAY SECONDED THE MOTION. MOTION CARRIED UNANIMOUSLY.

5. PFD Board Business

- **PFD Board Nomination, Recommendation – Kimberlee Armstrong**

Mr. McIalwain explained two candidates, Kimberlee Armstrong and Richard Canning, were interviewed and the interview panel, Mr. Keller, Board Member Brewster, Board President Popke and himself, unanimously recommend the appointment of Kimberlee Armstrong to the EPFD Board. Board Member Brewster, Board President Popke commented on Dr. Armstrong’s experience, energy and enthusiasm.

Mr. McIalwain described the important perspective and skills Dr. Armstrong, the Director of Equity and Public Relations for the Edmonds School District, would bring to the organization. He commented on Mr. Canning’s financial background and suggested he be considered for the ECA Board. Mr. Keller commented on Dr. Armstrong and Mr. Canning’s backgrounds and experience. Board Member McKay relayed he had coincidentally interviewed Dr. Armstrong at Leadership Snohomish County.

BOARD PRESIDENT POPKE MOVED TO RECOMMEND KIMBERLEE ARMSTRONG TO THE CITY COUNCIL FOR APPOINTMENT TO THE EDMONDS PUBLIC FACILITIES DISTRICT BOARD. BOARD MEMBER BREWSTER SECONDED THE MOTION. MOTION CARRIED UNANIMOUSLY.

As Dr. Armstrong will be out of town for three weeks in late July, the goal will be to schedule her interview with the Council and appointment to the EPFD Board on the City Council’s July 3 agenda. Board members are welcome and encouraged to attend.

- **Bond Counsel – Contract Review**

Mr. Keller relayed staff’s frustration with bond counsel Kutak Rock with regard to the sale of 2008 bonds including failure to communicate and opportunities not reaching fruition. He will accompany Kutak Rock representatives when they meet with U.S. Bank on Monday on the PFD’s behalf. If that opportunity does not progress, he suggested discussing the future business relationship with Kutak Rock.

Mr. McIalwain relayed his discussion with the Snohomish County investment team and their concerns with Kutak Rock’s atypical approach. He will contact Snohomish County staff to determine if there is an opportunity to continue the conversation. Councilmember Mesaros and Mr. James offered to reach out to their contacts at Snohomish County. Mr. Keller relayed despite numerous requests, Kutak Rock never provided letter of engagement or a contract; however, the PFD Board did take action to engage them.

Discussion followed regarding the PFD being a small customer for Kutak Rock, a suggestion for a PFD Board Member to attend the meeting with U.S. Bank, issues that have arisen with Kutak Rock, and concern with Kutak Rock’s strategy for approaching Snohomish County staff.

Mr. Mclalwain recommended discontinuing the PFD's relationship with Kutak Rock if the meeting with U.S. Bank does not happen or is not fruitful. He will contact Snohomish County Finance Department to open a dialogue about refinancing the bonds.

- **Updated Purchasing Policies – Review**

Mr. Keller displayed a matrix of the purchasing process and approval required, relaying that the Admin/Fin and Facilities & Operations Committees have reviewed the policies. The policies are based on the City's policies and reflect State regulations. The audit will include a finding related to purchasing, a finding that is common statewide. Staff has taken the recommendations of the auditor to update the Procurement and Purchasing Policy as well as create a quick reference to make it easier for staff to adhere to the policy. Staff is seeking input from PFD board members; formal approval of the policies will be scheduled at the next PFD Board meeting.

Mr. Mclalwain explained securing a consultant to assist with the roof design and the bid process and to represent the organization in the construction phase should have gone out to bid. Board Member McKay relayed the Facilities & Operations Committee's recommendation that the Board approve the policies.

6. Executive Report / Steering Committee

- **June 2018 Staff Report – Questions, Comments**
- **Strategic Plan Update – Joint Board Meeting: July 10**

Mr. Mclalwain relayed ECA Board Member Mike Rosen has been leading the update. The draft Strategic Plan and timeline will be sent out to both boards today in preparation for review and feedback at the joint meeting on July 10 at 5:30 p.m. Formal approval of the plan will be sought from both boards in July/August. The plan currently includes targets/goals but does not yet have a roadmap to get there (SMART objectives); that will be the next step in the process. Discussion followed regarding the potential need to change the committee structure and the timeline for finalizing and implementing the plan.

- **PFD Allocation Process – Sno Co PFD Meeting – July 26**

Mr. Mclalwain explained the consultant reached out to PFD executives to request updates to spreadsheets. The Snohomish County PFD Board plans to debate and likely vote on the allocation at their July 26 meeting (Future of Flight Museum at 3:00 p.m.). He will forward the agenda and materials to EPFD board members when they are available; EPFD board members are welcome and encouraged to attend. He commented on past allocations, relaying his understanding the allocation percentages to each project will be changed. The allocations will be done on a percentages basis from 2027 through 2041 based exclusively on revenue so there will be fluctuations; there will no longer be Tier 1 and 2 allocations. Discussion followed regarding inclusion of the Future of Flight Museum in the allocation, what facilities will be funded, and how the change in allocations will affect each PFD.

7. Finance & Operations

- **Draft Finance Reports – May 2018**

Mr. Mclalwain reported ECA Board Vice Chair Cheryl Foster is the interim chair of the Admin/Finance Committee and ECA Board Treasurer David Schaefer will represent the Admin/Finance Committee at EPFD meetings until a PFD board member is appointed to that committee.

Mr. Keller reviewed Statement of Revenue, Expenses and Change in net position, relaying the report was reviewed and approved by the Admin/Finance Committee. He highlighted improved performance compared to 2017, increase in payroll due to increased activity, decrease in part time staff expense in the summer, correction made to intergovernmental revenue, increase in sales tax revenue in 2018, and healthy total net income.

- **April 2018 Final Financial Reports**

Mr. Keller recalled these reports were reviewed by the EPFD Board last month prior to the Admin/Finance Committee's review. Admin/Finance has since reviewed and approved the reports.

- **Audit Update**

An audit exit conference followed the meeting; a quorum of board members was not present.

- **Fire Panel Update**

Mr. Keller described progress on the fire panel; with the Board's permission to proceed with an emergency purchase, final quotes were obtained. ADT was the least expensive, \$26,000 including tax (cost previously estimated at \$36,000 - \$48,000). ADT has provided a final contract, done a site walk-through, and identified points in the system that need to be updated; staff issued a 50% down payment from the historic preservation fee fund. A progress report will be provided at the next PFD meeting.

8. Development

- **Resource Development Report**

Schedule on next month's agenda.

- **CENTER STAGE – Results**
- **Annual Campaign**
- **Spotlight Gala – Planning and Procurement**

Mr. Mclalwain reported a save-the-date for the Gala was sent via email which he requested board members forward to others. Hard copy invitations will be mailed in August. Procurement is off to an incredible start. He is managing RSVPs and table assignments; consideration is being given to reconfiguring the tables. Discussion followed regarding logistics of the seating, testing the sound in the gym, capacity of the gym, and pros and cons of changing the venue.

9. Marketing & Programming

- **Ticket Sales Report**

Mr. Mclalwain reviewed the end of the season Ticket Sales Report, highlighting production costs for Sergio Mendes, avoiding June shows in the future, net positive after sponsorships, comparison 2007-2017, 4th highest number of tickets issued, 2nd highest ticket revenue, Center Stage revenue this year compared to previous years, actuals 2017 compared to 2018, ticket sales for summer engagements, announcing the summer series earlier next season, marketing for summer shows and 2018-2019 season, tickets sold this year compared to last year, and 2018-2019 season package sales.

10. New Business

Due to board member conflicts, the July 26 meeting was rescheduled to August 2. (Board VP Ehl will call in.)

Mr. Mclalwain recognized Board Member Marla Miller for her service, explaining at a joint board social, she was presented a plaque recognizing her eight years of service and reaching her term limit. He commented on her knowledge of the public sector, public financing and policies and procedures and her personal investment in the organization. It has been a pleasure to work with her, she will be missed, her service is greatly appreciated and he wished her all the best. Board President Popke echoed Mr. Mclalwain's comments, remarking she was truly a treasure.

11. Adjourn

The meeting was adjourned at 8:51 a.m.

Next EPFD Board Meeting: Thursday, August 2 @ 7:30 AM

ACTION ITEMS:

1. Schedule interview and approval of Kimberlee Armstrong's appointment to the PFD Board on the Edmonds City Council's July 3 agenda.
2. Provide Board VP Ehl the time and location of Kutak Rock/staff's meeting with U.S. Bank on July 2
3. Mr. Mclalwain contact Snohomish County finance department to open dialogue about refinancing bonds
4. Schedule on next PFD Board agenda:
 - a. Approval of updated purchasing policies
 - b. Progress report on fire panel
 - c. Resource Development Report
5. Provide draft Strategic Plan and Introduction to ECA and PFD Boards. Include timeline for final adoption.
6. Provide ECA and PFD board members, Councilmember Mesaros and Mr. James a formal invite to the July 10 joint meeting
7. Test sound in the gym in preparation for Gala
8. Provide Board Member Brewster the final Ticket Sales report
9. Reschedule July 26 meeting to August 2
10. Forward July 26 Snohomish County PFD agenda and materials to EPFD board members when they are available.