

Pratt Board of Trustees

Minutes

Meeting of 22 June 2016

Presiding: Brian Flock

Attendance:

Trustees: Lee Campbell, Jenny Pohlman, Katherine Wax, Anna Skibska, Richard Wortley, Richard Openshaw, Ronda Miller,

Staff: Steve Galatro, Laura Hammarlund, Ryan Davis, Karina San Juan

Meeting convened at 6:05pm at Pratt Fine Arts Center;

Brian asked for a volunteer to take minutes and Ryan Davis volunteered.

Finance Committee: Ronda highlighted the snapshot, budget to actual report, and the balance sheet. Cash flow is very tight, which is usually not the case this soon after the auction. A number of factors are contributing to this situation including bulk purchases of glass batch due to Spectrum's closure and Summer revenue taking longer to come in than it did last year i.e. Summer courses reaching their limits slower and overall registration pace is slower. Tuition revenue has lined up almost exactly with the budget projection, which included an 8% increase in enrollment over FY15.

Studio Access revenue recovered from the previous months shortfalls, but still has some making up to do in order to hit budget projections.

Group Events are about \$12,000 short of their goal for the year. It is challenging to form a strategy around group events when we are about to begin the campus improvement project, but Karina reported that we are still reaching out to employers we have not worked with in the past. Jenny asked if we get repeat clients and it was reported that we often get the same employers but not the same groups.

On Wednesday, June 15th the Finance Committee went over the budget in detail. After concerns regarding the projected enrollment growth were addressed the Finance Committee recommended the budget be sent to the Board for approval.

Campus Improvement Project Update:

The attorneys are still going back and forth over the final details. Steve is planning on setting a final meeting so both sides can sit in a room and negotiate over these final small details to get the deal done. Efforts to secure grant funding from Washington State and other sources are ongoing.

Racial Equity Initiative Update:

Steve needs to receive notification from each Board Committee regarding who will be the Racial Equity lead on each Board committee. It was determined that the racial equity lead for each committee should also be a Board Member. Ronda volunteered to be the racial equity lead for the Finance Committee.

Steve requested a Board vote to approve and endorse the Statement of Purpose of Pratt's Racial Equity initiative. This request is in regards to the August board meeting as there was not a quorum in attendance and no votes could be held during this meeting.

FY17 Budget Proposal:

Steve handed out the proposed budget for FY17. FY16 we budgeted a deficit to build fundraising capacity. We did not make nearly enough progress on building fundraising capacity in FY16 as we had hoped and now we are faced with some tough decisions for FY17.

Steve highlighted the need for enrollment growth of 6% as well as an overall increase in tuition prices of 4%. Growth in enrollment will come from increasing Study Abroad offerings as well as adding two weeks of available class room time to Print, Paint, and Drawing because the Holiday Art Sale will not happen in FY17. This also opens up opportunities to use Development Staff time to work on the new year-end fundraising campaign.

Unrestricted giving revenue is projected to be much higher in FY17 because it will be the major focus of the Development and the organization overall. It is crunch time for us to build our donor base in support of ongoing operations.

Expenses are mostly kept flat over FY16 except in areas where it was unavoidable such as wages for instructors due to increased enrollment. There is a modest cost of living increase in salaries and wages for staff, but not instructors. We also budgeted for an increase in overtime spending based on the changes recently enacted by the Department of Labor that become effective Dec. 1, 2016.

In FY17 our goal and plan is to allow unrestricted reserves to build up throughout the year and not take any draws to support operations or capacity building as was done FY16. By not touching the unrestricted reserve fund throughout FY17 we would have approximately \$280,000 available for contingencies in FY18 associated with beginning construction and moving programming to remote locations.

FY17 Development Plan:

Laura presented highlights of the FY17 Development Plan with an emphasis on updating our year-end fund raising campaign to focus on student giving. Employees and volunteers will be giving presentations in classes throughout the month of October educating students of the need to support Pratt Fine Arts Center with financial donations. Development also plans on targeting parents of our youth students as this group has grown a lot in the past several years. To bolster the year end fundraising campaign a large donor will be recruited to sponsor a matching challenge to incentivize giving from new groups such as students, parents, former Board members, etc.

Discussion regarding Cultural Access Washington

Steve presented information regarding Cultural Access Washington, which was enacted by the State legislature in 2015. This legislation allows each County in Washington State to place an initiative on the ballot setting up a dedicated revenue source for the arts generated by an increase in the sales tax rate. The current proposal being considered in King County would generate as much as \$56 Million per year for arts organizations, and this could result in as much as \$300,000 per year for Pratt. The problem with this proposal is that it heavily favors large organizations at the expense of smaller organizations. Smaller organizations would get a much smaller piece of the pie and would also be expected to engage in a

competitive grant writing process in order to receive funding. Small non-profits generally do not have the capacity to engage in that kind of grant writing process. The Seattle Arts Commission, of which Steve is a member, is currently trying to work with 4Culture and others to influence Cultural Access Washington to improve the proposal to benefit smaller organizations and other improvements. A lively discussion ensued regarding the myriad issues good and bad associated with this proposal.

Brian – Final Thoughts:

A reminder: **August Annual Board Meeting will be Wednesday, August 24th**

Brian thanked everyone for their time and recessed the meeting.

Adjourned 7:58PM