

# Pratt Board of Trustees Minutes

Meeting of October 26, 2016

**Presiding:** Jenny Pohlman

**Attendance:** Lee Campbell, Susan Edelheit , Preston Hampton, David Hensel, Cynthia Ann Hibbard, Robin Kirschbaum, Francis Lo, Ronda Miller, Richard Openshaw, Madeline Dow Pennington, Anna Skibska, Fletch Waller, Bryna Webber, Richard Wortley

**Staff:** Steve Galatro, Laura Hammerlund, Kamla Kakaria , Anne Briggs, Ryan Davis

**Advance Materials:** Agenda, board & finance committee minutes, financials, draft trustee self-assessment documents.

**Meeting of the Board convened** at 6:01pm at Pratt Fine Arts Center, with a quorum present.

*Motion* to approve minutes of the August 24 board meeting was made by Jenny Pohlman, seconded by Madeline Dow Pennington, and unanimously approved.

**New Board Members:** Fletch Waller introduced Francis Lo and Bryna Webber, who each made brief remarks about themselves and their interests in joining the Pratt board.

*Motion* to approve and accept their nomination to the board of trustees was made by Fletch, seconded by Preston Hampton, and unanimously approved.

**Racial Equity Initiative:** Preston and Kamla provided board members with a packet of documents for and about the racial equity initiative. Preston began with an overview of the RE committee's program implementation workflow, and discussed how the committee is now looking at various other initiatives across Pratt – e.g., the new registration system – “through the lens of racial equity.” He emphasized that this is a key purpose of upcoming racial equity training, to help stakeholders actively consider racial equity throughout their work in ways that can uncover needs and issues relevant to the goals of the initiative. Preston noted that the RE team will perform an annual analysis to assess Pratt's performance against these goals.

Kamla recapped their meeting with the Seattle Office of Arts and Culture, how that organization helped the team understand various strategies and tactics to move the initiative forward at Pratt, and how Pratt currently “rates higher” in addressing racial equity than many other Seattle organizations.

Preston and Kamla encouraged board members to sit in on RE committee meetings, which occur on the third Monday of each month at 4pm, to better understand their efforts. Preston noted that due to limited funding for training and other work of the committee, they are looking for grants and other sources of funding to better support the initiative.

**Studio Spotlight:** Anne Briggs provided an overview and insights about the Pratt wood studio, and took questions from board members.

**Development and Auction:** Laura Hammerlund recapped the Chihuly Garden & Glass event, and the progress to date of the Access Fund. She noted that during the event, Chap Alvord proposed to the Klorfines that if they would agree to contribute an additional \$100K, he would as well. The Fund must achieve a \$100K raise to trigger this match. Currently the campaign sits at \$31K, approximately one-third of the way toward this goal; \$15K of that amount is from BOT members.

Madeline expressed her support and appreciation of the Chihuly event, thanked Steve and Jenny for their efforts there, and encouraged the organization to think of ways to continue such events in the future. Steve noted that use of the Glass House is no longer included under Pratt's agreement with Chihuly, but that Pratt would indeed take this suggestion under consideration.

Laura also reported that Piper and Billy O'Neill have agreed to chair the auction committee for 2017. The theme of the event, which will take place at Magnuson Park on April 29, is "Ruby Riot," in recognition of Pratt's 40<sup>th</sup> anniversary that year ("think punk rock," said Laura).

**Finance Report:** Steve Galatro reported with an overview of the FY16 year-end budget-versus-actual financials, noting as a caveat that Pratt is not yet through the final audit process. Comments included:

- Tuition fell 4% short of an admittedly ambitious goal of \$1.029 million, but still showed solid year-over-year growth.
- Revenues from studio access fees were their highest ever at \$210K, driven in part by bookings at 90% of capacity for the glass studio.
- The Holiday Arts Sale fell \$18K short of budget, barely breaking even. Steve noted that the event has not been scheduled for this coming holiday season.
- Pratt's earned revenue percentage, at 65%, is its highest ever. This is "good and bad," noted Ronda, in that while earnings exceeded the target of 60%, it is important that fundraising "catch up" to avoid shifting the cost burden of greater class activity to students.
- Total contributions achieved 99% of the budgeted goal, thanks in large part to the strong auction in 2016.

- Other revenues of \$73K, which greatly exceeded the budgeted goal of \$6,500, are from dividends paid to Pratt from the Klorfine investment.
- Expenses came in 2% under budget overall.
- Net operating profit outperformed the budget by \$54K, making this the 4<sup>th</sup> year in a row that actual profit exceeded budgeted goals.

Steve next briefly reviewed the FY17 budget-to-actual summary, but noted that the report is not deeply relevant at this early point in the financial year. He did highlight that expenses for this first month came in well under budget.

In a review the current balance sheet, Steve highlighted the following:

- While operating accounts currently show \$37K in the bank, this figure will “swing significantly when the Access Fund hits.”
- \$135K for “construction in process” includes fees for consultants, legal work, and a portion of Steve’s salary.
- The \$25K in non-current receivables is from the multi-year grant from the Satterberg Foundation.
- Money owed on the land loan went down \$45K year over year, to \$1.806 million. This will continue to be a drain on the organization until the property sale goes through, at which time the organization should realize an annual savings of approximately \$100K.

**Governance Committee:** Fletch addressed the issue of trustee self-assessment, and the recent work of the committee to facilitate an annual evaluation by each board member of his or her own performance on the board, as well as of Pratt’s support of his or her work on the board; the assessment would also provide an opportunity for trustees to set their personal board service goals for the year ahead.

To that end, Fletch provided board members with a draft of these board self-evaluation and goal-setting tools. He proposed that in practice, the governance committee would look at an anonymous composite of the results of and make recommendations to the ED and board leadership. “The goal is to see opportunities for board members to be more effective, to help the organization be more effective in supporting trustees, and to be a better board.”

Discussion among board members followed, with various suggestions and points raised regarding the value of anonymity throughout this process, how to support accountability for one’s personal goals, the specific administration of this process, and more general issues about its purpose and efficacy.

There were a number of valuable contributions by board members, but no clear consensus on how to finalize the tools and process. Fletch stated that he would return

the matter to the governance committee for further review and consideration of this feedback, and that the committee would come back to the full board with an updated recommendation.

**Executive Director Report:** Steve began his report by introducing the FY17 operating budget, noting among others the following points:

- Campus Development
  - Meetings underway with architects and PR team
  - FAQ/talking points coming soon; press exclusive before year end; neighborhood outreach starting soon
  - Resuming renovation planning w/Bob & Walt; starting with Main building to allow ample time for Parks approval; hoping to collaborate on other improvements
- WA State Building for the Arts
  - 25 applicants; 16 recommended; Pratt ranked #12 for 520,000
  - Need to make sure it gets included in state budget; “full funding” key
  - Joining with 15 others to form coalition; hiring lobbyist
  - First step – try to make sure it gets include in Gov Inslee’s initial budget proposal; who has connections? Who is willing to write letters?
  - Process continues through spring/summer as house/senate negotiate the final version
- Annual Audit
  - Process under way; onsite next week; not expecting any issues; done by year-end
- Web/Registration Update
  - Major project ramping up; set up of reg system and design of new website under way; process soon to intersect; still on track to launch in New Year w/new logo reveal
- New Partnerships in 2017
  - Columbia City Gallery – scholarship exhibition in January
  - Vibrant Palette – weekly classes for physically & mentally disabled beginning in Jan
- Planned Giving
  - Mimi estate gift = \$865k; inclined to apply most if not all to capital project; discuss at Finance
  - Mimi life insurance policy = \$65,000 received today
  - Meeting with other donors to draft bequest language; will begin to develop a menu of options for donors in the future

**Announcements and closing remarks:** Jenny encouraged the board to “give big” to the Access Fund, and reminded members of the free glassblowing for vets event at Pratt on Veteran’s Day.

**Adjourned 8:01**

Respectfully submitted,  
David Hensel