

**Pratt Board of Trustees
Minutes**

Meeting of August 23, 2017

Presiding: Jenny Pohlman

Attending: Lee Campbell, Madeline Dow Pennington, Susan Edelheit, Brian Flock, Adam Glant, David Hensel, Terri Hiroshima, Robin Kirschbaum, Len Lewicki, Ronda Miller, Piper O'Neill, Richard Openshaw, Anna Skibska, Fletch Waller, Katherine Wax and Richard Wortley.

New Trustees Attending (Elected In-Meeting): Ralph Bufano, Cirihn Rogers Malpocher, Sam Smith and Maggie Taylor.

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

Guests: Bob Swain, Walt Riehl; Kevin Daniels and Alan Cornell (DRE)

Advance Materials: Agenda, campus development project materials, August 2017 Finance Committee meeting minutes, FY17 financials as of July 31, 2017, proposed revised cash management policy, final FY18 operating budget, results of board evaluations, 2017-18 board calendar.

Annual meeting of the Board convened at 6:01pm at Pratt Fine Arts Center with a quorum present.

New Board Nominations, Board Intern: Fletch Waller began the meeting by introducing a slate of new board candidates: Ralph Bufano, Cirihn Rogers Malpocher, Sam Smith, Maggie Taylor. *Len Lewicki moved to accept the slate for nomination, and the board accepted with unanimously. Fletch then moved approve the nominees' election to the board; Adam Glant seconded, and the board approved unanimously.*

Jenny Pohlman introduced Monique Guevara as Pratt's new board intern.

Board Executive Committee: *Fletch moved that the board accept the following slate to Executive Committee:*

Jenny Pohlman: President
Madeline Dow-Pennington: Vice President
Robin Kirschbaum: Treasurer
Lee Campbell: Secretary

Ronda seconded and the board approved the motion unanimously.

Trustee Recognition: Jenny recognized outgoing trustees Brian Flock, Adam Glant and Fletch Waller for their contributions and service to the board and to Pratt. She and Steve recognized Ronda Miller for her years of service and, in particular, as Treasurer. Steve noted her significant contributions “shepherding the significant turnaround” in Pratt’s financial condition.

Campus Development Review: Steve reviewed the campus development project for the benefit of new and existing trustees, including a history of the project from 2001-2017; the process and general terms of the current project; and the project budget, including grants and bequests and the total raised to date.

Campus Development Presentation: Following a short break, Steve welcomed Kevin Daniels and Alan Cornell from Daniels Real Estate to provide an update of the project status and future outlook to the board.

Kevin reviewed the history of the project from DRE’s perspective, and gave an overview of the process to secure the Master Use Permit. He explained the background factors that led to the current pause in the project, and a general plan and timeline for restarting and moving forward with new architect Richard Sundberg.

Alan reviewed the updated schedule in more detail, discussed the processes and timeline for public comment, and opportunities for the board to participate.

Finance Committee: Ronda Miller gave her final report as chair of the Finance Committee; highlights include:

Company Snapshot

- *Operating cash:* Pratt currently has \$233K in operating cash, which includes the portion of cash from the Klorfine fund in bank and available to Pratt.
- *Actual vs. budgeted net revenue:* there is a positive variance of nearly \$400K at FYE.

Budget to Actual

- *Tuition revenue:* As of July 31, 2017, tuition income is short \$92K for year (9%), which is consistent with the trend throughout the year.
- *Total revenue:* variance nearing FYE is approximately +16% (\$353K),
- *Total operating expenses:* Total operating expenses are under budget by \$22K, or approximately 1%, due to “being very, very careful with expenses throughout the whole year.”

Balance Sheet

- *Unrestricted cash:* \$223K currently banked in Pratt’s Pacific Continental account, reflecting the portion of Klorfine funds discussed above.

- *Accounts receivable:* The zero balance is a result of the new online booking system, whereby Pratt no longer must wait for cash to be deposited.
- *Loan:* Currently at \$1.764M; last year the principal on the Pratt line was paid down \$49K.

In addition, Ronda reported that the Finance Committee discussed two “old policies that haven’t been reviewed in a while” – the business expense policy and the cash management policy – and the committee’s recommendation to merge these two into a single revised cash management policy, which was provided to the board in advance of the meeting. *Ronda moved that the board accept the revised policy and Fletch seconded. After discussion, the board unanimously approved the motion to accept.*

Lastly, Ronda noted that Pratt’s IRS form 990 was filed, and that a presentation on this topic will be made at the next board meeting.

Executive Director’s Report: Steve presented his report for the annual meeting, speaking to the organization’s key priorities for FY18:

- *Enrollment and Education:* Steve noted that the fiscal year is projected to end with enrollment down 5% from FY17. He then discusses several initiatives Pratt is undertaking to boost enrollment in FY18; these include expanding capacity for senior students in almost every studio, partnering with a 3D printing company to support the jewelry studio, partnering with Path for Art, study-abroad programs in Mexico for 2018, and other strategic work currently in progress.
- *Fundraising:* Steve asserted that “this is our last normal year” for fundraising, and stressed the need to build for security and stability as we go into “capital fundraising mode” to support the new campus development. He reported that the \$900K bequest from Mimi Pierce will be applied to that project, while the \$1M bequest from Sue Adams will be invested to help ensure longer-term organization security and stability.

Steve also discussed the upcoming Access Fund drive, which will be active from October through December, and noted that the goal for overall board donations this year is \$25K.

- *Racial Equity:* Steve reported that the Racial Equity Committee is currently working on an action plan for FY18, and will continue to offer training for staff and board members.
- *Campus Project:* In addition to what he reported on earlier in the meeting, Steve noted that the focus in FY18 will be on planning for FY19 – specifically, on working to effectively forecast and mitigate the impact that development-related activities will have on Pratt operations (and the revenues they generate). Or, as Steve put it, “it’s all about planning for when the sh-t hits the fan.”

Closing Remarks: Jenny closed the meeting by briefly reviewing the responses from the recent board self-evaluation survey, and invited additional feedback on those responses to inform next steps for addressing areas in need of improvement. She also thanked Steve and the staff for their great work throughout the past fiscal year.

Adjourned 8:25pm

Respectfully submitted,
David Hensel