

Pratt Board of Trustees Minutes

Meeting of January 25, 2017

Presiding: Jenny Pohlman

Attending: Lee Campbell, Susan Edelheit, Brian Flock, David Hensel, Cynthia Ann Hibbard, Robin Kirschbaum, Ronda Miller, Piper O'Neill, Richard Openshaw, Anna Skibska, Fletch Waller

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

Guests: Len Lewicki, Walt Riehl, Bob Swain

Advance Materials: Agenda, October 2016 meeting minutes, January 2017 Finance Committee meeting minutes, FY17 financials as of December 2017, FY16 audit, meeting evaluation form.

Regular meeting of the Board convened at 5:59pm at Pratt Fine Arts Center studio.

Studio Spotlight: Lisa Geertsen spoke to the board in her role as Metal and Stone Studio Manager and took questions from trustees.

Development: Laura Hammerlund reported to the board about the 2016 Access Fund Campaign. Highlights of her report include:

- The year-end campaign generated a record \$202,630 in unrestricted funding, with an additional \$200,000 in matching finds from the Klorfine foundation for a grand total of \$402,630. This total does not reflect potential matching gifts outstanding at the time of the report.
- This year's campaign generated 100% participation from the Pratt Board.
- It is important for board members to give early so that resources (staff time) are not spent "chasing down" these donations.
- Laura gave special thanks to Lee, Preston, Jenny, Susan, Fletch, Terri and Katherine for making studio visits during the campaign to encourage donations.

Auction Committee: Piper O'Neill and Laura provided an update on planning for the 2017 Pratt Auction. The event will take place on April 29 at Hanger 30 in Magnuson Park; this year's theme will be "Ruby Riot" in celebration of Pratt's 40th (ruby) Anniversary.

Finance Committee: Ronda Miller reported on Pratt's financials as of December 2016. Highlights of her report include:

Company Snapshot

- *Operating cash:* At year's end, Pratt held \$121.514 in operating cash.
- *Cash on hand:* Pratt achieved a new milestone by exceeding 3 months (3.56) of cash on hand.
- *Line of credit:* Thanks in large part to the Access Fund Campaign, Pratt's LOC has been paid off and Pratt currently has no borrowing; forecasted borrowing for the remainder of the FY is minimal.

Budget to Actual

- *Tuition Revenue:* As of Dec 31, 2016, there was an FYTD variance of -6.5% in tuition revenue; however, Ronda noted that Pratt is ahead of all other years at this point in total tuition dollars.
- *Total revenue:* FYTD variance is almost +40% (\$260,794), due primarily to matching Access Campaign funds.
- *Total operating expenses:* Total operating expenses are under budget by 6% (\$46,391).

Balance Sheet

- *Current Assets:* Just over \$200K in Pacific Continental Bank account.
- *Property & Equipment:* Approximately 26% of Steve's salary is being capitalized in relation to his time spent on the campus development project.
- *Foundation Bank LOC:* As noted above, the balance on Pratt's LOC (just over \$60K @ end of FY16) has been zeroed out.

Audit Report: Ronda gave a brief an overview of the FY16 Independent Auditors' Report provided in advance to the board. She noted that the auditors, Peterson Sullivan, are in their first year of a 3-year services agreement with Pratt; and that with the exception of "a few minor to-do's" and the addition of Steve's accompanying management letter, the report is complete. Ronda made a motion for the board to accept the report; Richard Openshaw seconded, and the board unanimously approved.

Business of the Board: With a quorum now present, minutes of October 2016 meeting were approved.

Trustee Nomination: With a quorum now present, Fletch Waller moved to nominate Len Lewicki, introduced earlier by Steve Galatro as a potential new trustee, for board membership. The motion was seconded, and the board unanimously approved.

Campus Development: Steve gave an update on Pratt's campus development, recapping the project's origins, latest cost projections and next steps – including public engagement, permitting, further design and scheduling. He also presented drawings and discussed the easement plans for integrating the various elements of the campus.

Steve next presented a revised schedule for the development project, which commences with the initial public press release in February and now posits March 2018 for the start of new construction and October 2019 for move-in. He noted that Daniels will provide the completed space “move-in ready,” with no TIs required by Pratt beyond IT installation.

Walt Riehl and Bob Swain joined Steve for a brief Q&A session and further discussion with Board Members about the project.

Executive Director’s Report: Steve presented his report on the following key topics:

- *Mimi Pierce Bequest:* A total of \$929,670 was bequeathed to Pratt by Mimi Pierce, which includes \$865,000 from her estate plus insurance proceeds totaling \$64,670; the later amount has already been received by the organization. Steve presented a recommendation for the use of these funds, which in general terms includes i) keeping \$330K cash on hand, and ii) using the balance to pay down Pratt’s land loan – which will in turn reduce Pratt’s annual expenses by approximately \$30,000 in 2017, and by a similar amount in 2018 until the full loan payoff is made.
- *Conflict Disclosure:* The bequest from Mimi Pierce includes a piece of glass art valued at \$40-50,000. Steve recommended selling this artwork through the Traver Gallery if Pratt is unable to do so directly, and noted that this would present a conflict of interest due to Sarah Traver’s role as Trustee of the organization.
- *Racial Equity:* Steve noted that additional racial equity training dates for board and staff have been schedule on March 15, 22 and 29 from 12-2pm, and noted that classes on all 3 dates must be attended to complete this training.
- *Web registration system update:* Originally slated to launch on January 1, the revised date to take the new system online is Feb 20.
- *Board Retreat:* The 2017 board retreat will be held on March 18 at Washington Hall, and asked trustees for key topics to discuss during the meeting.

Jenny Pohlman closed the meeting by thanking Bob and Walt for their continued support and participation in the campus development project; commending the board for its support of the 2016 Access Fund Campaign; and encouraging each board member to fill a table at the 2017 auction.

Adjourned 8:23 pm

Respectfully submitted,
David Hensel