

Pratt Board of Trustees
Minutes
Meeting of 28 Jan'15

Presiding: Brian Flock

Attendance:

Trustees: Lee Campbell, Jan Fisher, David Hensel, Liz Lee, Ryan Porter, Madeline Dow Pennington (phone), Mimi Pierce, Jenny Pohlman, Bob Swain, Sarah Traver (phone), Erika Massaquoi (phone), Katherine Wax, Jonathan Himschoot, Fletch Waller

Staff: Steve Galatro, Laura Hammarlund, Oakley Allred, Lindsay Walter, Kamla Kakaria

Advance Materials: Agenda, Dec. Financial Reports, Draft Letter of Intent, Minutes of October Board Meeting, Auditors' Report

Meeting convened at 6pm at Perkins Coie board room; minutes of October meeting were approved as submitted.

Board Resignation: Brian announced that Kirsten Tollefson was resigning from the board because of travel and business distance, but that Kirsten would continue her support of Pratt as a member of the Advisory Board. Brian acknowledged Kirsten's help on establishing an Endowment and thanked her for her many services to Pratt.

Campus Development: Steve presented the final LOI draft and asked for Board authorization to enter into the agreement with Daniels. He underscored the careful preparation, negotiations with Daniels, legal work of Perkins Coie, the involvement of Bob, and Brian's final review with the legal teams. Steve pointed out that the only binding commitment in the LOI is our assuming 35% of design costs, estimated at \$600k, should we elect to proceed with the design development phase and the project gets completed. Additionally, if we elect to proceed with design development and subsequently back out of the project, we will assume 100% of those costs. Bob pointed out that the design costs were an estimate, but one he was comfortable with. He endorsed the LOI, urged authorization, and reported that Daniels is pleased and supportive of the project.

It was moved by Jan and seconded by ???? that the BOT authorize Brian and Steve to enter into this LOI; passed unanimously.

Studio Conversations: Kamla was invited by Steve to update the Board on status of the 2D programs. There is considerable momentum: enrollments were up 30.2% in FY14; 2D classes now account for a third of Pratt's total students. Kamla credited this to class and curriculum development, recruitment of strong instructors, fewer in market competitors in print making, and growing awareness of Pratt and passing of doubts about its financial stability. The Oaxaca trip is filling nicely (one seat left) and Kamla

will be exploring possibility of a future second destination, Mexico City, which is an important print making center.

Asked about 2D needs and wants, Kamla more staff assistant hours would free her for more program development, and room and equipment to facilitate better letterpress and book binding classes.

Finance Committee: Steve highlighted the snapshot, budget to actual report, and the balance sheet. Tuition revenues are surging, after fall's slow start, though still 11% behind budget. Tuition is ahead of last year at this time. Total revenues are well ahead of budget because of an unbudgeted restricted grant. Expenses are being held below budget; the result is a net income 37% better than the budgeted deficit.

Cash is the issue. As always in December, cash is nearing a low point. This is exacerbated by now paying principal as well as interest on the land loan. Borrowing is internal at this point; no restricted funds have been tapped. Borrowing is better in this quarter than in prior years. Steve stressed that as our momentum increases, net assets will grow but the cash squeeze will also intensify. Our challenge is to find ways to even out the swings in cash position.

The audit has been received with a clean management letter. Acceptance of the audit was moved, seconded and passed.

Executive Director's Report: Steve passed out two of the production prospectuses and updated the group on discussions with prospects thus far. Once the LOI is signed, serious explorations will begin that will command Steve's time and attention for the next six months. The target is to have \$3mm of the capital fund of \$6mm in hand before proceeding to the Purchase and Sale Agreement. (The final PSA will come before the board; see October '14 board minutes.) At this point, a small group of lead prospects will be approached, and no general announcement made or public campaign launched. Thus far, there is interest and a generally positive reception though no prospect has yet committed to take first position with a keystone pledge. The project's effect on the neighborhood renewal is viewed as an added plus by those approached so far. It was pointed out that talking points for Trustees needs to be updated; Steve will prepare those for the Studio 54 art auction gala. But this is a delicate matter; care must be taken not to allow the campus project to cannibalize general fund raising. Steve is working to secure an unrestricted matching grant for the raise the paddle event at the Studio 54 gala.

Steve pointed out that with the delay in completing the LOI and the six month window for exploration, there will be no need to revise the fiscal 2014/15 budget.

Committee Reports

Auction –Laura reported that a table purchase site has been set up on the web. The committee would like to see full board participation. New sponsorship and ad sales are being sought. **Laura passed out a seven page set of sponsor and advertiser briefing, specifications and price sheets.**

Development – Laura reported The Annual Fund is at \$80k, toward a goal of \$100k. There is now 100% board participation.

Education – Ryan reported that scholarship applications in the fall were lower than expected and desired. The committee will redesign the program and plan an aggressive promotion for the next round, beginning in **April**. The committee is working with Oakley on revising and improving education programs for 2016. Among possibilities are an instructor show, an on-line exhibition, and possible Board sponsored scholarships. A "Board auction item" might be earmarked for scholarship support.

Marketing – Jonathan and Lindsay reported on the committee's engagement of Green Rubino, a marketing agency, who in early February will report out findings from their on-line survey and live interviews probing Pratt's brand image, strength, and positioning focus.

Governance – Katherine reported that the committee is wrestling with how to balance continuity with turnover for fresh eyes and ideas. Term limits and breaks in service between terms are being explored. Another item of interest is trustee and board self-assessment. Katherine asked Trustees to forward to her any examples of effective board assessment tools.

Brian – Final Thoughts: The Board retreat will be Saturday, March 21st, at Mirabella (thanks to Mimi.) Three possible work topics are being developed: branding, governance, and events (read cash flow relief.) The staff and Advisory Board will be included. A reminder: **Spring Open House** is Saturday, March 28th.

Brian thanked everyone for their time and recessed the meeting.

Adjourned 7:37

Fletcher Waller
Secretary