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SNOHOMISH COUNTY PUBLIC FACILITIES DISTRICT  
PUBLIC FACILITY DISTRICT SPECIAL MEETING MINUTES  
SNOHOMISH COUNTY ADMINISTRATION EAST, ROOM 6A02  
CONFERENCE ROOM,

October 10, 2007  
3:00 P.M.

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**Board:**

Debbie Emge, District #5  
Janice Greene, District #2  
Boyd McPherson, District #1  
Erik Nelson, District #3

**Interested Parties:**

Kim Bedier, Everett Events Center  
Dan Clements, Edmonds PFD  
Alan Dashen, Dashen and Musselman  
Grant Dull, Lynnwood PFD  
Doug Ferguson, Anderson Hunter  
Steve Pottle, Snohomish County  
Dave Waggoner, Paine Field, Future of Flight

**Staff:**

Roger Neumaier, Finance Department  
Cristy Schelm, Finance Department  
Irene Feddema, Finance Department

**Call to Order:** Boyd McPherson called the meeting to order at 3:00 p.m.

**Approval of Minutes** – Minutes from the July 19, 2007 meeting were approved.

**Project Presentations:**

***Edmonds Update*** - Dan Clements provided an update on the Edmonds Center for the Performing Arts. They are starting their second season and sales are going very well. There has been a realignment of staff after the first year to increase efficiencies. Additionally, Victoria Trimmer has been hired as the Development Director. The Center has been awarded an Arts grant for \$2 million as well a \$72,000 Federal grant. These proceeds will be used to pay down the \$4 million interim construction loan. They will bond the remaining \$3.5 million by the end of 2007.

***Everett Update*** - Kim Bedier provided an update on the Everett Events Center. She explained that the Center will be called Comcast Arena Everett and they are pleased with the partnership with Comcast. Attendance and income are running ahead of projections for 2007 and the event mix has been very good. The Edward D. Hansen Conference Center has been very successful with the production of "Tony and Tina's Wedding".

***Future of Flight*** - Dave Waggoner provided an update on the Future of Flight. Attendance is heavily weighted in the summer months. They are pleased with their budget and working with Boeing to increase capacity with their tours. Start up of the duty free business went well and they are anticipating success with their rental and catering in the coming year.

***Lynnwood Update*** - Grant Dull provided an update on the Lynnwood Convention Center. The Center is on target to meet 2007 budget goals. A hotel is an important part of their future and he continues to work with potential hotel partners. Kim Bedier and Grant attended the State PFD Conference in Spokane. They noted the high attendance by Board members from across the state and recommended attendance at the 2008 Conference which will be held in Cowlitz County.

**Discussion from Doug Ferguson re: His Legal Opinion**

Doug talked about his opinion regarding how to utilize the sales and use tax revenues. His conclusion is that the only safe authorization be restricted to the payment of principal and interest on the bonded indebtedness issue for each project. This could be an issue for a PFD committee to go to the Legislature for clarification or could be used to bring a declaratory judgment to see if a court would construe it differently. His recommendation, without that clarification, is to limit the allocations to payment of principal and interest.

He noted that there are good arguments to be made for broader use of the allocations. The sales tax statutes state that the allocations can only be used for the same purposes that a city Public Facilities District can use them for. A well respected senior Assistant Attorney General with the State has authored an opinion that the funds can only be used for payment of principal and interest, based on his analysis of the statutes. Doug recommends that if the Board chooses to go beyond principal and interest they should not do so without further clarification from the Legislature or the court.

Boyd McPherson asked if this would impact what the Project Contacts would ask for, if the Board takes the more conservative approach. Dave Waggoner responded that it would not impact the Future of Flight because the size of the funds would be small in comparison to the debt service. Grant Dull agreed and asked if the County Prosecuting Attorney's office has issued an opinion. Roger Neumaier explained that he wanted to take the group's feedback to the Prosecuting Attorney's office. Kim Bedier would like to see the dollars go to the projects, rather than court cases or attorney's fees, and if paying down the debt is all that can be done it should move forward and not be drug out. She encouraged the Board to act on what they can do.

Doug summarized that the Projects would like to have definite allocations made that they can rely on. He asked the Board if they want that done now or if they want to have time to explore the broader initiatives. Debbie Emge noted that she would like the Board to distribute the money and Boyd agreed. Erik noted that the money should be distributed to the projects for payment of principal and interest on the debt service and that

recommendation should be sent to the County Council. The other Board members agreed. Roger recommended that the Board put together a plan to accomplish this.

### **Financial Update**

Roger reviewed the financial documents and explained that the document now identifies the difference between the year to date tax as compared to what was originally budgeted. The actual cash is 10.39% above 2006, and the projection is assuming less than that. The fund balance is \$828,000 and that includes the amount that the Board agreed to set aside as reserve. The financial model predicts, with 4% growth, the present value will be approximately \$9.5 million at the end of the project.

### **Voucher Approval**

Erik Nelson made a motion to approve the July –September 2007 claims in the amount of \$402,757.12; it was seconded and passed unanimously.

### **Selection of the RFP Vendor**

Boyd explained that Dashen Musselman has been selected and Roger introduced Alan Dashen. Alan explained that he anticipates this project to be cost effective. Their intention is to provide the PFD with enough analytical information so that the Board can make a decision based on the facts at hand.

Roger reviewed the contract and scope of work for this project. Erik made a motion that the County PFD accept the proposal from Dashen Musselman and that the County staff move forward with the contract preparation with a timeline identified in the contract. Debbie seconded the motion and it passed unanimously. Roger will move toward having a timeline at the January meeting.

The Board would like the information from Alan, and schedule workshops if necessary, in order to make a decision about allocations at the April meeting.

Roger summarized that the Board is asking Dashen Musselman to provide a report summarizing results of the reviews and discussions, and recommend criteria to be used in making an equitable allocation. The Board would also like Dashen Musselman to provide a recommended distribution. The contract will include a timeframe so that the Board will move forward at the April meeting. Alan anticipates sharing information at the January meeting so that the Board will have some idea about how to allocate the funds.

### **Investment Model Presentation**

Roger reviewed financial worksheets and presented a financial model. He noted that the information included is more than what has been shared in the past. The current capital investment in each of the projects is the context. The worksheet includes line of credit,

scheduled debt service information for 2008 and 2015, budgeted total revenue and current projected revenue for 2007. The current projected expense and the total County PFD projection is referenced in the worksheet, as well.

Roger noted that Alan will go through the mechanics of the model and how it works, make some adjustments and give the Board advice in terms of other things they should use in relation to it.

**Contract for Accounting Services**

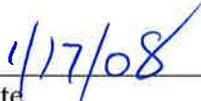
Cristy Schelm explained that every two years the County PFD renews its contract for services. The contract is for \$24,000 each year to provide services to the County PFD. A motion was made to approve the contract; it was seconded and passed unanimously.

**Public Comment**

Steve Pottle, the Manager of the County's Economic Development Office, thanked Kim Bedier and her staff for their participation at the Evergreen State Fair and the participation of their Executive Chef in the County's Focus on Farming Conference at the Lynnwood Convention Center on November 29th. He also thanked Kim's staff for their participation with Sustainable Economic Development Snohomish County. One example of that is the food that is grown in the county, processed and consumed here. Kim has helped this initiative by making several arrangements to buy and use more local products.

*Meeting Adjourned:* The meeting was adjourned at 4:55 p.m.

  
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Chairperson Signature

  
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Date