Call to Order: Eric Nelson called the meeting to order at 3:00 p.m.

Approval of Minutes – Minutes from the January 19, 2005 meeting were approved with a correction noted by Fred Safstrom. On the bottom of page 2, under “Everett Update”, the correction notes that “the City of Everett has committed $100,000 annually from their hotel/motel tax”.

Project Presentations:

Edmonds Update – Joe Mcalwain, provided an update on construction of the Edmonds Center for the Arts where he is Executive Director. The facility will open on October 23rd with their first local performance. He continues to work on project oversight including fundraising, construction and programming. The project is going very well and construction is at 55% completion, which is on track with the budget. Joe explained that the stage left wing space had previously been eliminated from the project. He felt that it was an important component and should be restored for storage and safety reasons. The project had realized some cost savings and that allowed them to add in the necessary space. They were also able to expand the orchestra pit to allow for 24 musicians, rather than 18, without impacting potential revenue.

There is approximately $4 Million left to raise for this capital project in order to reach the overall goal of $18.5 million. They have a request pending with a local foundation for $100,000, and they are in the application process for the Building for the Arts grant process through the State of Washington’s Community Trade and Economic Development program. A 501C3 was created to help with fundraising. Joe
noted that it would be helpful to discuss this issue with the PFD. He recommended formalizing a relationship between the PFD and the 501C3, which would be the operating entity.

An annual operating budget for 2006 and an initial budget for 2007 have been approved by their Board. The organizational chart has been finalized and will include four full time staff and a number of part time staff. Two positions, the Director of Operations and the Marketing Director, are currently posted.

Joe noted that the Fine Arts Center of Edmonds, which no longer exists, was granted $560,000 from the hotel/motel tax. These dollars, with those raised via the 501C3 will be used for matching funds from Edmonds Community College (ECC). This brings a grand total of $2 million to the project. The Edmonds Center for the Arts and ECC are developing an interlocal agreement that gives ECC some level of first choice in terms of programming. The Edmonds Center for the Arts will also be able to offer a small reduction in the non profit rent.

The Community Christian Fellowship has been using the space for many years and will continue to do so, which will provide almost $55,000 in annual revenue.

Eric Nelson asked about funding and grants. Joe explained that the $2 million with matching funds from ECC is included in the $14.5 million that they have raised. They are applying for the Building for the Arts Grant, which has a $2 million cap. If they don’t complete their final fundraising by the end of September they will utilize their line of credit which will be repaid via the capital campaign.

**Everett Update** – Fred Safstrom distributed, and led the group through a review of, performance charts for the Everett Events Center. The hockey season, through February, has generated nearly as much revenue as the full season last year. Revenue should exceed last year’s total by the end of the season. The concert season is off to a slower start than it was in the past two years due to two factors. There has been a decrease in promoter activity. One of the major concert promoters closed their Seattle office and they’re trying to serve this market out of San Francisco. The other factor is the capricious nature of the concert business. Scheduling depends upon who is on tour and who the Events Center attracts. Booking can be as short as sixty days in advance.

The conference center has seen growth over the past two years and strong bookings are in place for the remainder of the year. These factors, in addition to the ice rink activity result in a total event operating income that is short of where it was at this time last year but is very close to budget. The net operating income is above budget and where they were at this time last year.

Eric Nelson asked Fred about their forecasting and what they would do about their debt if they did not get the necessary funding from the City of Everett. Fred explained that fixed rate debt would require a higher level of debt service and without additional monetary support from the City they do not have sufficient operating results to support a fixed rate
debt repayment. Roger Neumaier suggested that the Events Center explore the possibility of the City taking on general obligation debt that essentially guarantees that if the Events Center defaults, the City will cover the debt. The Events Center would then get the benefit of the City’s bond rating. Fred noted that the PFD and City have carefully studied their financing position and are comfortable that it is well serving the project. Fred explained that he will bring more information about this to the next meeting.

*Future of Flight Update* – Bill Lewallen noted that the Future of Flight has been open for four months and has become part of the international market. The first step in moving into this market was their partnership with Boeing and the naming of the facility. Being named the Future of Flight Aviation Center and Boeing Tour identifies the area, ties them to a quality aviation operation and provides international exposure. Examples of the international opportunities include visits from foreign interests such as a German film crew that produced a video of the Future of Flight that was shown on German television. The Future of Flight has also hired a Marketing Director who speaks Japanese and has spoken to tourism groups in a number of other countries. Bill added that Boeing has helped them fund and develop a traveling Future of Flight exhibit that is currently a part of the DaVinci display in the Smithsonian and will move on to a show in London. Rolls Royce wished to partner in this endeavor and is paying for the transportation and set up of the exhibit. Another international event was the luncheon that the Future of Flight hosted for the President of China. The Airport has attracted a federal grant to partially fund construction of a ramp and taxiway connecting the Future of Flight to Paine Field main runway in summer 2006. This aviation access will encourage Boeing to consider using the Future of Flight facility for future deliveries of new aircraft and also opens up more of the West side of the Airport for future aviation development.

Bill noted that while the tour attendance numbers are higher than what Boeing has experienced in the past, they’re lower than what the Future of Flight had predicted. They will have a better idea by the end of the year if their projections are on target. The event revenue is seven times the projection and the facility has been solidly booked for the month of April.

They have signed a one year lease with the Teague Corporation to do customer research. After touring the Boeing plant and visiting the Future of Flight, patrons can go to the research center, participate in research testing and be a part of the design of the next generation of aircraft. The Future of Flight Foundation, the 501(c)(3) arm of the Future of Flight, has signed an Operator Agreement with Snohomish County to operate their county-owned Future of Flight Aviation Gallery and Conference Center.

*Lynnwood Update* – Grant Dull noted that he developed a spreadsheet that outlines a worst case projection. He proposed that it is something that the PFD may want to consider doing since four major projects are operating and it is a valuable exercise in developing contingency plans for a worst case scenario.
Grant mentioned that Gary Schmitt, a longtime board member of the Lynnwood PFD, has submitted his resignation. He has been a huge asset to the Board and will continue to serve until a replacement is appointed by the City Council.

The Lynnwood PFD has initiated a master planning process to look at the 13 acres that they purchased for parking at the Lynnwood Convention Center. They discovered a significant amount of revenue coming from a strip mall on the property so they have pledged that future revenue against their bonds. They want to develop the property but at the same time need to keep this income stream. The tentative schedule for master planning calls for selecting a firm in mid-May and to complete the work by October. Grant will continue to keep the Board updated on the activity.

Grant reviewed financials and noted that the form that has been developed to achieve reporting consistency is a good mechanism for catching a glimpse of how the facilities are doing, particularly compared to the budget.

**Old Business:**

**Format of County PFD Meetings**

**Report on Financial Format** – Roger Neumaier talked about the format of the newly developed financial reporting tool. The format consists of a page for each of the projects and a summary page. The summary page is valuable because it shows how the various projects are bringing revenue into the county, the impact on salaries/benefits, and the number of event attendees. When completed, the project representatives can e-mail them to Cristy Schelm and she will consolidate the information. Debbie Emge suggested that a simple balance sheet would be helpful. The project representatives agreed and they will prepare balance sheets along with the reporting tool. Roger suggested that the information be reported two times per year with the year end presented at the April meeting.

**Other Possible Changes** – Fred Safstrom noted that it is helpful to know what kinds of things the Board would like to hear about. Roger agreed that this was an important issue and that Travis Snider would like to be a part of the discussion. Boyd McPherson would like to have reports that cover how things are looking in the short term, as well as long term, and projections that will indicate whether or not goals and financial obligations will be met. If they’re not, then the group will need to look at corrective action. As an oversight board the PFD should be looking at more trending than specifics. Eric Nelson would like to hear about key points that are exceeding and performing above and beyond expectations, as well as areas that have surfaced as needing more attention. It will be helpful to evaluate if the projects are affecting each other negatively or positively.

**Financial Report** – Cristy Schelm provided an update of the financial information. She reviewed the authorized payments for 2006 and year to date (March 31, 2006) payments made. They have been trying to spend down the fund balance to get the Future of Flight deferred payments up to date. The fund balance contains $374,000 for the Board’s
reserve of $250,000 and a month’s worth of disbursements to assure that all projects are paid.

_Voucher Approval - _A motion was made to approve the Voucher Approval for January through March, 2006, and passed unanimously.

2005 Annual Report – Cristy distributed copies of the 2005 Annual Report that will be submitted to the County Council. Roger asked that any comments be sent to him by the coming week. He will forward the report to the County Council.

Doug Ferguson noted that the language regarding the sole purpose to be with other public facility districts was modified in order to pick up the Future of Flight. The original wording allowed only a city PFD and was amended to allow this PFD to fund a County project. Cristy will make the correction.

Review and Approval of Amendments to the Charter - Doug explained that the PFD Board needs to approve the amendments to the charter and then make the recommendation to the County Council. After review of the amendments a motion was made to approve and was passed unanimously.

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