Call to Order: Travis Snider, President, called the meeting to order at 3:00 P.M.

Roger Neumaier introduced Sharyl Raines, Finance Controller who may attend the meetings in Roger’s absence. Kris Lund sent her regrets that she was unable to attend our meeting today, as the Edmonds facility is hosting a wine reception and expecting a contribution from Boeing.

Everett Project Update

Fred Safstrom reported the Everett Events Center continues to show great success. They have been nominated by Pollstar magazine, a leading industry publication, as one of the best new concert venue in 2004, and ranked number 50 in the world for concert events.

Next week’s Cher concert has less than 400 tickets remaining and the Duran – Duran concert on March 6th concert sold out rapidly. The Wiggles, Ringling Brothers Circus, Champions on Ice, and Disney on Ice are other popular family entertainment will be returning to the arena. The Seattle Olympic Committee is hosting an Olympic Event; the aquatic facility is one of the venues that are being used along with the Tacoma Dome, Key Area, Bank America Arena and others in the area.

The Silver Tips continue to do well, averaging 6,000 fans per game, well over pro-forma projections, and have approximately doubled the ticket sales this season. The Everett Hawks football team has signed their deal and their first home game is on Sunday, April 10th with Coach Sam Adams. The season is seven home games and provides another entertainment option for sports fans.

The Conference Center hosted twenty-one holiday parties for 5,178 guests. The Ice Rink has a new espresso stand/snack bar and opened a pro-shop; both of these spaces are outsource operations/leased space. The organized activities in the Ice Rink continue to grow very rapidly with 60 new participants in youth hockey; increased popularity for figure and speed skating and a recent learning to skate classes had 152 participants.
Fred Safstrom stated that the “Heat Reclaim” project is complete and capturing waste heat from the ice plant. The grant program they received will provide a payback in a two year time period of their investment and bring utility costs closer to budget.

Sponsorships and renewals include: Sound Transit, Azteca Restaurants, State Farm, Central Body Works, AAA, The Herald, Trend West Resorts, Snohomish County YMCA, Behar’s, Speedway Chevrolet and Everett Physical Therapy. Three suite holder tickets have been sold that include performance tickets to each event hosted at the center.

Fred Safstrom reported the projected net income for the calendar year is expected to be about $500,000 before depreciation. Though the increase is certainly positive development, is not sufficient to retire the principal balance of our debt schedule as originally anticipated. This is primarily due to higher utility costs, lack of naming rights revenue and loss of an anticipated five percent admissions tax. The interest rate has been a reward, staying on a variable rate and the facility’s letter of credit expires in 2007. Fred stated they expect continued strong growth and have an outstanding management team in place. Roger Neumaier asked about parking; Fred Safstrom replied they would like to get the interlocal actively involved and parking availability has not been a problem.

**Paine Field/Future of Flight**

Bill Lewallen reported that Boeing hired Methodology, a marketing firm and that fifteen stakeholders had also collaborated on naming the new facility. On December 9, 2004, a public meeting was held and the Council approved the new name: The Future of Flight – Aviation Center and Boeing Tour. The facility will concentrate on technology and Boeing is inventorying for exhibits and has committed to provide marketing and a gift store with interactive merchandise. The high tech theme is proving very attractive to the industry and the name defines the customer experience and expectation. The Workforce Development, Edmond Community College and Boeing have come up with a learning solution technology that is cutting edge. They need a market to test their product and want classroom space of 60,000 square feet to develop an educational research center. This project offers the mental and physical experience of a 747 with incredibly creative Holograph presentation.

Negotiations have been completed with the Snohomish County Tourism Bureau and a letter of intent given; they will operate Consierge service in the lobby of the Tour Center with a variety of area ticket sales. Alaska Airlines is also interested in operating a ticketing service. A marketing contract with the Airport and Boeing has been signed and approved by the Council with Foundation to do marketing for the opening and first 18 months. The Hilton Garden Inn broke ground last week; the four floor facility has 102 rooms and will be opening about the same time as the Future of Flight Center. One of the primary investors in the hotel has expressed interest in donating an air academy hanger next to the site. This generous donor has taken some significant steps regarding design of the hangar and has also ordered six planes. This week the donor came to with terms with Emory Riddle to provide the ground school and the flight training and is in negotiations with passenger experience research center for Boeing. They are creating a 7E7 fuselage and cabin so visitors can actually help design the next generation of aircraft with hands on experience.

Barry Smith stated they elected to retain the NFIC Foundation name due to the tax status which was received by the IRS officially in early November. It is retroactive as a tax exempt entity for donations back to the incorporation date of December of 2003. A donor involved with the hotel and air academy offered matching funds if the Foundation deposited $250,000 by year end. The County, Boeing and Foundation Board were able to meet that goal. The marketing plan is in process and a Marketing
Director will be hired in early March. The Methodology staff is developing a logo, font, color; theme and a branding new look and will have collateral material for the marketing director to work with. NFIC moved into a temporary office provided by donors who also provided equipment, site improvements, telephone lines and furniture.

The Foundation is working with other vendors on exhibits. Matsushita Avionics, (Panasonic), whose world headquarters is in Canyon Park, Bothell, has shown interest in a display of their products. There is enthusiasm to show the public cockpit simulators and blending together for a consistent theme. The holographic content which has been reduced to digital database to algorithms to show the public what exists here at the Boeing site.

Roger Neumaier asked if the project was on budget regarding construction of the facility and the exhibits. Bill Lewallen replied they are on schedule with the construction and within budget with contingency funds remaining. Winter weather and construction fill are the challenges they are facing. The exhibits include a Twin Engine 247 (1930 vintage) on the floor and a star ship suspended from the ceiling and a wide variety of models. Many of the exhibits are moveable to floor usage for special events. Travis Snider thanked them on behalf of the Board for the great job they have done.

Lynnwood Project Update

Grant Dull distributed reports and announced the Lynnwood project had secured fixed rate long term financing. $27.9 million dollars worth of bonds were sold in early December and they are committed to 30 years of successful operation. Grant stated pulling the bond operation together was difficult and required three components: First of all, they needed a guarantee from the City of Lynnwood, that it would make the bond payment, if the Center could not. It also required the County and City of Lynnwood to extend the lodging tax allocation for another nine years to the Lynnwood PFD.

Grant Dull mentioned the recent media coverage regarding so many convention centers being built in the Northwest or in the US as a whole. Their Manager, SFG (the US’s largest manager of public owned convention centers) feels the future is very bright. The Center is at 75% of their booking goal for 2005; and only started selling space two months ago. Grant stated, in the Pacific Northwest, we are building sites that fit the market need; our location and size are set for future success.

Travis Snider asked when their sign would be installed. Bids have been put out for the signage and installation is scheduled in March. Howard S. Wright is ahead of schedule with construction and will be completing the punch list by the first week of March. They are hosting some soft opening events with a Rotary lunch, Lodging Association and trade groups leading to the grand opening. It is significant the first paid event in the building is the night of the grand opening on April 30th. On Friday, a ribbon cutting ceremony will be followed by a formal VIP Dinner Gala by invitation. Saturday the facility will be open to the public with a big community event.

Grant will forward the full year financial statements to Roger Neumaier and the Board when they are completed. He invited the Board to stop in and tour the facility and praised SFG; they have been a real asset managing the building construction.

Sales Tax Sourcing
Roger Neumaier stated that the Governor had not introduced the bill distributed and there are many competing ideas on this issue. Roger Neumaier offered to bring a financial model to the next meeting of various scenarios. Travis Snider would like to see us work together cooperatively, so we are as good
as we can ever be. Roger Neumaier suggested two agenda items for the next meeting: 1.) Review the financial future at the next meeting. 2.) Discuss appropriate processes and approaches to be used on a conceptual plan for opening the door to the four projects on how to come to the PDF on a level playing field these need to be defined prior to coming to the Board with their project fund requests.

Public Comments: None.

New Business:

Minutes. Two minor corrections were made to the Minutes of October 21, 2004, and the motion was made, seconded and unanimously passed to approve them as corrected.

Financial Report

Karen Murphy presented a newly designed Report for the Fourth Quarter Ending December 31, 2003 with four schedules. We have an ending Budgeted Fund Balance of $156,583. Travis asked what our growth was over last year; what we are showing on our website is 7%, which is phenomenal. Next meeting, Finance will prepare a comparison which is actually lower than the website figure. Roger stated the internet has affected holiday sales tax revenue and there are numerous issues: a slow down in business at the Everett Mall and a huge impact of Quilceda Village and the extensive expansion of the Alderwood Mall. Finance’s new format of the financial reports was well received by the Board.

The Board asked for some feedback regarding what would be appropriate reserve fund level. Karen suggested that given the magnitude of the dollars we are dealing with, her recommendation would be to reserve the administrative costs for the coming year as the reserve amount. It would give you a little extra and flexibility would be reasonable; for 2005 the budget it would be $53,060. Roger is sure the revenues will be larger than projected here; it is a simple conservative budget that authorizes us to move ahead with regular payments. Discussion followed to increase the reserve amount to prepare for any flexuations and increase the comfort level of the board members to support the projects. Karen Murphy explained the reserve comes into place when the NFIC project is getting paid excess over there scheduled payment. We are all caught up and it is part of that 1.8 million they have to leave as a minimum reserve. Travis Snider moved to accept the budget for 2005 proposed by the Finance Administrative group and it was passed unanimously. Roger Neumaier stated they made a linkage between reserve and commitments.

Voucher Approval. Voucher payments totaling $305,574.08 for September through December, 2004 were reviewed and they were primarily reoccurring items. Travis made the motion to approve the vouchers and it was unanimously approved by the PFD Board.

Proposed Changes to Charter and Bylaws Karen Murphy drafted and distributed proposed changes, some of which had been recommended by the State Auditor. Doug Ferguson will review these changes. One recommendation would authorize Finance to issue the regular re-occurring vouchers prior to the board meeting. The recommendations and pertinent RCW will be forwarded to Doug Ferguson for his review and be addressed at our next meeting. The Auditor’s Final Reports will be given to Sherri Kelley for the PFD files.

Correspondence: None
Old Business: The continued vacancy on the Board was mentioned; Roger Neumaier stated staff changes at the Executive Office have delayed this decision and he would follow up by our next meeting.

Meeting Adjourned: The meeting was adjourned by Travis Snider at 6:04

Next Meeting: The next meeting will be held Thursday, April 21, 2005 in the Admin Bldg, Henry Jackson Board,

Meeting Change: The next will be July 21, 2005 in the new Administration Building East on the 6th Floor, Room 2.