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Meeting MiNiTes OcToBER 20, 2005
3:00 P.M.

Board:
Steve Juntwait, District #2
Eric Nelson, District #3
Travis Snider, District 4
Absent: Boyd McPherson, District #1

Interested Parties:
Stephen Clifton, City of Edmonds
Doug Ferguson, Anderson Hunter
Grant Dull, Lynnwood PFD
Fred Safstrom, and Everett Events Center
Bill Lewallen, Assistant Airport Director

Staff:
Roger Neumaier, Finance
Sherri Kelley, Planning
Cristy Schelm, Finance
Sharyl Raines, Finance

Call to Order: Travis Snider called the meeting to order and welcomed everyone

Roger Neumaier introduced Cristy Schelm, Finance Accounting Analyst and support for the Board, who has outstanding technical skills and performed our audit last year. No minutes were submitted.

Edmonds Project Update
Stephen Clifton reported that the Edmonds project expects completion in September, 2006. Their Board is planning on hiring a liaison for the project and has chosen to keep the current staff involved. Fund raising is going very well: $16.5 million is the target amount to cover increased construction costs. Roger asked them to provide a schedule and pro forma based on the increased construction costs and expenses. Stephen replied Chris Lund prepared a financial schedule for their bank that will be shared with the Board.

Everett Events Center Update
Fred Safstrom announced the Pulsar Magazine ranking for the first nine months of 2005, rated the Center number 59 worldwide. The Everett Hawks had a very encouraging and successful season. They joined the Arena Football League (AF2) which is a significant investment, but will save traveling costs. The Silvertips are off to great start, and their season ticket base is up approximately 300 seats per game. The arena continues to book well and upcoming events are Disney on Ice - Finding Nemo, Michael Flatley Dance Show, Conway West and Steven Curtis Chapman Christmas Holiday Concert.

The Events Center is preparing to celebrate the sale of the one-millionth “gold” ticket. Fred reported they have established a waiting list for the premium seating and sponsorship revenue is at a million dollars for 2005. Fred stated their net income for the first nine months of 2005 before depreciation was $500,000 and they are hoping to pay that amount on the debt obligation as reported by The Herald before the end of December.
Steve Juntwait asked about concert sales, as Fred had mentioned previously it was difficult to break into that market. Fred reported they bought the Rod Stewart Concert for $750,000 and walked away with $120,000 profit and 40% of the audience came from King County. The Events Center is co-promoting and is on the cutting edge of aggressive, which has been very profitable. By sharing in the risk, we have been making between $50,000 and $100,000 on a concert and showing promoters this is a viable market.

Travis Snider extended thanks and congratulations on behalf of the board for the great job.

Roger Neumaier asked if the PFD projects had considered co-op advertising in the Seattle area suggesting creating a new approach or theme for our projects emphasizing that we offer unique, quality facilities in Snohomish County - more than one venue. He suggested utilizing Hotel Motel Funds as applications are currently being accepted. Sherri Kelley will e-mail the application information to the projects tomorrow. Roger also recommended that the four projects approach the Seattle Times, because collectively they are unique. He mentioned a very nice story recently appeared in the newspaper regarding the Edmonds Center.

**Future of Flight Update**

Bill Lewallen reported the Hilton Garden Hotel Inn opened on October 8th and the Future of Flight was completed on schedule, within budget and with contingency funds still available. They have constructed a higher quality building, complete with HVAC and are very excited about it.

They have had problems transporting the Tail Exhibit, a huge artifact, due to emergencies with Katrina. They were informed it has been put on a rail car today and is in route, other exhibits are being placed around it and they hope it arrives by opening day. On December 11th, the Boeing Company and their employees have been invited to enjoy the facility. On Monday, December 12, they are hosting a soft opening and the ribbon cutting ceremony is scheduled on Friday, December 16th at 2:00 p.m. The Grand Opening will be held on Saturday, December the 17th. Bill Lewallen reported they have received international telephone calls regarding their facility and visitors are very interested. Bill extended an invitation to hold the next Public Facility District quarterly Board meeting at the Future of Flight Center. Travis accepted the invitation on behalf of the Board and it will be held the third Thursday, January 19, 2006 at 3:00 p.m.

**Lynnwood Project Update**

Grant Dull announced they were profitable the first month of operation, which is incredible, and does not happen with most facilities. Travis stated many of them attended a marvelous dinner there last night. Grant said he believes the success is tied to location, size and quality of facility and their projected attendance is 50,000 through year-end 2005 with primary usage for corporation meetings.

Roger Neumaier stated Grant had given him a quick tour of the facility last night. Roger commented on their wonderful staff, being so cordial, with their pride of ownership and morale, which is extraordinarily important and very impressive.

Grant stated that one of the challenges they are facing has been signage on I-5; it has been difficult to get the permits through the State. They have worked for several months with the Department of Transportation. Roger suggested, they explain their difficulties in a memorandum and route it to him and he will forward the information to Executive Office for follow-up and support.
Grant reported the utility package and gas costs are above projections, insurance costs are also higher than expected and it is a challenge keeping shopping center fully leased. Roger suggested they contact Rick Mockler at the Health District, who is involved in a statewide insurance pool working to diversify their risk. Roger also encouraged them to contact Diane Weber, new County Risk Management staff with expertise in this area.

Grant shared a spreadsheet with results of four months of operation and the additional packet of information prepared by Mike Bailey.

Grant handed out the agenda for the first Washington State Public Facility District Conference on October 24 and 25 and announced there will be 80 attending dinner. The interest has been phenomenal and answering a yearning to join in and see what other Public Facility Districts are doing. Grant thanked Fred Safstrom and Mike Bailey for their agenda suggestions. Roger stated the conference expenses will be paid for the Board and Finance support staff.

**Recommended Allocation Policies**

At the July meeting, a variety of policies and allocation issues were discussed; Roger distributed the policy summary with the Board’s recommended changes and read the document. He also distributed the PFD Allocation Analysis of sales tax at various growth percentage projections and a Statement of Revenues, Expenditures, Change in Fund Balance and Fund Balance Sheet through September 30, 2005 and explained them. Travis Snider called for questions or comments on the financial projections. The schedule reflects the regular payments for the Future of Flight that had been deferred, the 1.8 million dollars that had not been established by a schedule previously.

The Motion was made, seconded passed unanimously by the Board to approve the PFD Allocation Guidelines with the omission of Item 6. It was agreed that the financial schedule adoption will be handled at a future meeting. Roger Neumaier shared his concern that a commitment been established for the Future of Flight however, they have no payment schedule. Roger stated the sales tax growth is boggling and in 2006, he will use a 5.5% trend, which is very conservative and is probably closer to 7%. The Board was reminded this is a targeted schedule with the Future of Flight deferred portion and $250,000 emergency/reserve fund. Roger will rewrite the schedule and bring it to the next meeting.

Cristy Schelm distributed the 2006 Administrative Services Contract with the County, which was extended to a two-year agreement; the dollar amounts and substance are the same as last year. It was unanimously approved by all Board members present.

**Voucher Approval.** The voucher payments in the amount of $300,843.53 for July through September 2006 were unanimously approved by the PFD Board. Cristy reported the only payment that has not been paid was the Future of Flight and payments will be made for October through December shortly. Travis asked for the current sales tax rate and which area is responsible for the growth? Roger replied an increase of 12 to13% had come from both the Alderwood and the Seattle Mall. Roger stated, across the County we have an extraordinary economy and phenomenal situation with growth, with new stores and homes.

**Correspondence:** Copies of the audit provided by Cristy Schelm for the file.

**Next Meeting:** January 19, 2006 at the Future of Flight at 3:00 p.m
PFD 2005 Allocation Guidelines Approved by Board Motion – 10/20/2005

1. The board discussed several criteria for future distributions of revenue in excess of revenue already committed to projects. In addition, individuals from the various Public Facility District projects suggested additional criteria. These criteria for equitable allocation of future funds included the following:

   • Economic Drivers in the Community as measured by return on investment;
   • Fairness of geographic distribution;
   • Proportion of investment to overall cost of and/or prior funding to project;
   • New value for the community created by the additional commitment;
   • Availability of other sources that could reasonably be used by a project as alternative sources of funding;
   • Immediate urgency of need by projects for funds; and
   • Performance of project in line with original commitments for funding.

2. The board has agreed that all of these criteria are relevant, but has decided to defer consideration of, which of these criteria should be factors in additional allocations until such a time, as the board is ready to consider making those allocations.

3. The Board retains flexibility in future additional distributions, to make commitments either as specific additional amounts or as percentages of all future amounts beyond amounts currently committed.

4. The Board believes it is premature to make allocation of additional funds until:
   a. A cash stream had been defined to fund the amounts already committed to the Future of Flight.
   b. Reserves have been set aside for unanticipated emergencies.
   c. Such a time as the funds are available.

5. Prior to any additional allocation of revenues except in emergency circumstances, the board will give sufficient notice to each project about what the criteria will be and invite requests from each project for funding.

6. The Board also establishes the target of a $250,000 reserve to be funded as dollars are available above currently scheduled payments. This amount would be set aside for project emergencies as determined by the Board.

7. Any additional project allocations will be made by amendment to the original project interlocal.