Roll Call:

Board:
Steve Juntwait, District #2
Liz Loomis, District #5
Boyd McPherson, District #1
Erik Nelson, District #3
Travis Snider, District #4

Interested Parties:
Kim Bedier, Everett PFD
Jane Hodges, Seattle Times
Bill Lewallen, Paine Field
Jim Maynard, Snohomish County
Andrew Rardin, Paine Field

Staff:
Dan Clements, Finance
Sylvia DeZordo, Finance
Doug Ferguson, Anderson Hunter

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

Project Updates:

Paine Field/Museum of Flight.

Revenue Planning Model, $265,000 Operating Funds and Additional Capital. Dan Clements reviewed the Revenue Planning Model with the Snohomish County PFD Board members. Dan provided an approach for generating $265,000 and developing an annual reserve in an equal amount by increasing the average annual growth rate from 3.0% to 3.2%.

Dan also provided the PFD Board members with Sales Tax Growth Scenarios based on various average annual growth assumptions. Dan suggested that the PFD Board have separate discussions on the NFIC’s request for $265,000, and their additional request for $2 million in potential dollars generated above revenue estimates.

Boyd McPherson made a motion that the request for the additional $265,000 based on the 3.2% projection be approved for the NFIC project. The Motion was seconded by Liz Loomis and unanimously approved by the PFD Board members.

Travis reviewed the minutes of the December 20, 2002 PFD meeting where the NFIC requested they be awarded all funds in excess of budget estimates. PFD Board members did not look favorably on this request, and instead asked staff to work with NFIC proponents and see if a “cap” of $5.0 to $5.5 million could be structured. Under this scenario, the Museum
would be eligible to receive additional funds up to a certain level, with the dollars generated in excess of this cap remaining for PFD reserves and allocation to other projects. The County PFD Board would need to look back at the end of the year and determine what excess revenues, after expenses, might be eligible for distribution.

Doug reviewed the DRAFT Interlocal Agreement with the PFD Board in regards to Section C.1.d (iii) and referred to the Revenue Planning Model for discussion purposes. Dan stated that there would need to be a growth rate in excess of 4% in order to have additional dollars for other projects.

Erik Nelson asked how difficult it would be to turn this potential cash flow, which is in a fifth position, into dollars that could be used for project construction. Dan indicated that it would be extremely difficult. First, funds would become available in small amounts over a number of years. Second, the flow of funds is in a fifth position. Third, the amount of any distribution of funds will be determined by the Board annually, after reviewing revenues and expenses. In his opinion, a “deep pocket” like the County or a city would be needed to back the revenue stream in order to issue bonds.

The PFD Board members discussed the different funding approaches for each project, and there was general consensus that the Everett and Lynnwood project funding has been set, and the PFD Board looks forward to seeing these projects completed and becoming operational. In comparing the Edmonds and NFIC projects, it was noted that Edmonds, like Everett and Lynnwood, has a city PFD that contributed dollars to the project.

While the NFIC does not have access to a city’s PFD funds, its potential for economic development is substantial. Attendance at Edmonds events, for example, is estimated at 111,325, and over 200,000 for the NFIC, with an estimated 50% being out of area tourists.

Liz stated that she had some concern committing the additional $2 million. Travis was supportive of the discussion that occurred on December 20, 2002. Travis stated that looking at the economic potential, he would likely consider $1.5 to $2.0 as a priority but not a guarantee. Travis also stated that if there was additional Sales Tax Growth, the PFD Board could have further discussion on this issue.

Bill Lewallen discussed the positive potential economic impact to the community in support of the proposed project. Bill explained that the project is unique and would become a tourism destination as well as a National destination. Bill and the PFD Board discussed the possibility of phasing the funding of the $2 million. There was also discussion that the
value of this revenue stream was more in its symbolic value to Boeing, rather than the ability to use this potential revenue stream to expand capital aspects of the project within the next five or so years.

Bill Lewallen noted that the major point in being able to potentially access the additional dollars is in the message or policy support it sends to Boeing. This shows community support for their new tour center concept, as well as potentially assisting with the location of an aircraft delivery center.

Erik Nelson offered a suggestion to not award the $2 million unless the 7E7 was constructed in Washington State. Travis would prefer not to tie the decision of the PFD Board to the 7E7 project. Travis is willing to give the dollars to the project if the money is available. Steve stated that the project would have a positive impact on Snohomish County. Boyd McPherson agreed and felt the project should have an opportunity for the excess funds of $2-5 million.

Boyd McPherson made a motion to allocate $2 million above the $3.7 million agreed by the Snohomish County PFD Board. If the income stream exceeds the expectations, there would be a CAP of $5.5 million, Present Value @ 5.50%, which would be allocated to the NIFIC Project. Motion seconded by Steve Juntwait and unanimously approved by the PFD Board members.

Travis stated that the PFD Board could discuss reserves at a future meeting.

**Project Update of Paine Field/Museum of Flight.** Bill Lewallen presented the PFD Board with a packet which included the following: Operating Entity and Roles, Facility Description, Design and Construction, Marketing Strategy, Marketing Implementation, Finance Feasibility, and Potential Future Phases.

Bill explained that the Interlocal Agreement is conditioned upon the signing of the Boeing Lease Agreement and Maintenance Operating Agreement. Bill would appreciate having the Interlocal signed by July 25, 2003. He would provide a DRAFT of both agreements.

PFD Board members would review the submittals and have a discussion and questions for Bill Lewallen on July 25.

**New Business:**

**Approval of Minutes for July 11, 2003.** Doug made a correction to the minutes as follows: Attorney General’s Opinion – Doug contacted Hugh Spitzer who confirmed that the Attorney General’s Office did not mean to imply that PFDs, including the Snohomish County PFD, could not fund
multiple projects. Liz Loomis moved the minutes of July 11 be approved, seconded by Boyd McPhearson. Motion carried unanimously.

Correspondence: None

Old Business: None.

Meeting Adjourned: Meeting adjourned at 4:20 P.M.

Next Meeting: July 25, 2003 at 3:00 P.M.

Follow-up Items:

1) Doug Ferguson would provide a DRAFT Policy to establish reserve criteria for excess revenue.
2) Bill Lewallen would provide DRAFTS of the Boeing Lease Agreement and Maintenance Operating Agreement.
3) On July 25 the PFD would review and discuss submitted documents provided by Bill Lewallen.
4) Dan would provide an update on the Appointments made by the Executive Office for Newly appointed PFD Board Members. Council approves the appointments.
5) Update from Edmonds on July 25.