

SNOHOMISH COUNTY PUBLIC FACILITIES DISTRICT  
PUBLIC FACILITY DISTRICT MEETING MINUTES  
Edmonds Center for the Arts  
410 4<sup>th</sup> Avenue North, Edmonds, WA 98020  
October 27, 2016  
3:00 P.M.

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**Board Members Present:**

Steve Shelton, Chairman, District #3  
Boyd McPherson, District #1  
Debbie Emge, District # 5

**Interested Parties Present:**

Nickolis Landgraff, Snohomish County Airport  
Grant Dull, Lynnwood Convention Center  
Joe McIalwain, Edmonds Center for the Arts  
Rick Comeau, Xfinity Arena  
Bonnie Hilory, Future of Flight

**Staff Present:**

Brad Cattle, Anderson Hunter Law Firm  
Jordan Wallace, Anderson Hunter Law Firm  
Nancy Miller, Snohomish County Finance Department  
Robin Selfridge, Snohomish County Finance Department  
Misty Terry, Snohomish County Public Works

**Call to Order**

Steve Shelton called the meeting to order at 3:12 p.m.

**Public Comment**

No public comments.

**Approval Items**

Debbie Emge moved to approve the April 28, 2016 minutes and to accept the July 28, 2016 minutes as written as there was no quorum. Boyd McPherson seconded the motion passed unanimously.

After review of the vouchers, Boyd McPherson moved to approve the vouchers for April through October 2016 in the amount of \$676,535.97, and the vouchers for July through September, 2016 in the amount of \$531,138.27. Debbie Emge seconded the motion and it passed unanimously.

SNOHOMISH COUNTY PFD MEETING MINUTES  
October 27, 2016

---

The following vouchers/warrants are approved for payment:

**Disbursements:**

Fund X10

(April through June 2016)

Voucher/warrant number: 1911577, 1908264, 1905285 Total \$6,000.00

Voucher/warrant numbers: 1905224, 1905228, 1905256, 1905284, 1908285 Total \$172,334.99

Voucher/warrant numbers: 1908252b 1908254, 1908258, 1908263, 1908264 Total \$172,334.99

Voucher/warrant number: 1911478, 1911484, 1911526, 1911576, 1911577 Total \$172,334.99

Voucher/warrant numbers: 1905774, 1905772, 1905773, 1905775 Total \$150,856.00

Voucher/warrant numbers: 1908249, 1908265, 1908251, 1908266 Total \$200.00

Voucher/warrant number: 1905299 and 1911603 Total \$1,500.00

Voucher/warrant numbers: 5008373 and 5008571 Total \$975.00

(July through September, 2016)

Voucher/warrant number: 1914572, 1919003, 1922908 Total \$6,000.00

Voucher/warrant numbers: 1914654, 1914661, 1914740, 1914815, 1914572 Total \$172,334.99

Voucher/warrant numbers: 1919160, 1919171, 1919302, 1919436, 1919003 Total \$172,334.99

Voucher/warrant number: 1922914, 1922915, 1922917, 1922922, 1922908 Total \$172,334.99

Voucher/warrant numbers: 1914856 Total \$750.00

Voucher/warrant numbers: 5009161 and 5009432 Total \$2,145.00

Voucher/warrant number: 1919458 and 1919085 Total \$100.00

Voucher/warrant numbers: 1922923 Total \$2,141.30

Voucher/warrant numbers: 1919167 Total \$2,997.00

**2017 Budget Approval**

After review and discussion, Debbie Emge moved to approve the 2017 Budget, Boyd McPherson seconded the motion and it passed unanimously.

**Financial Report and Old Business**

Nancy Miller presented the financial reports. At the end of Q2, overall growth was up about 10% for year 2016.

Q3 Financial Report – YTD and QTD fell a little to 8.8% and 7%; fund balance is almost at \$700K. Had budgeted the ending fund balance to be \$560K so we are well above that. Tier II should be looking very good for 2017 - budgeted \$315K for 2017; right now, well above \$400K.

*There was discussion about the 2017 budget and Tier II allocations. 2017 Tier II allocations will reflect the actual numbers from 2016. Members discussed keeping things more conservative and get a higher Tier II allocation at the end of the year if the funds are available. Brad Cattle discussed that a distribution that exceeded the budget would need an amended budget.*

**Project Financial Updates**

**Edmonds Center for the Arts – Joe McIalwain**

- Great season so far, ticket sales proving to be at least the 2<sup>nd</sup> best, if not the best season in 10 year history
- 60% of tickets sold already overall with only 4 shows in the season; tracking to have a positive season for the year by tens of thousands of dollars
- Trying to get moving on Roof Project; have funding but not the staff in place
  - Do not have someone skilled in facilities management construction
  - Will go out shortly for bid to get things moving in the next month or two
- Having a full facility conditions assessment.
  - Independent company will walk through next Friday (11/4/16)
  - Condition of facility from top-to-bottom
  - Utilize that information to build a system to project out several years of maintenance needs and capital replacement needs
- Outreach programs doing quite well
  - Spoke to Lynnwood Rotary
  - Continued Dementia Inclusive Series – helps people with memory loss connect through the arts to spark memory/improve quality of life.
    - Music, song writing, improv theatre, film series
- 6 Films added to line-up
- Still booking for the spring
- Watch for notification of a true celebration for the 10-year mark
  - Trying to get as close to 10-year anniversary of January 2007 as possible
  - Trying to choose an artist that everyone will enjoy
  - To have a reception prior to the show that celebrates all of our founders

**Xfinity Arena – Rick Comeau**

- First 3 quarters of 2016 very strong
  - Currently about \$180K above budget; \$68K ahead of same time last year
  - End of September had over \$1.1M in event income; about \$44K ahead of budget
- Convention side did really well
- Non-concert related special events, was well over budget too
  - Other event income is just over \$1.6 M which is \$84K ahead of budget
- Good revenues on advertising side and suite rentals
- Expense side is currently \$53K ahead of budget
  - Mostly due to open positions and lower, part-time labor
- With PFD revenue and expenses, showing a positive net income of \$154K,
  - Budgeted loss of \$300K to date, so net result of \$450K ahead of budget
  - Big contributor was grant from the County for \$250K, included in net result
- Event side
  - Summer is always slow

SNOHOMISH COUNTY PFD MEETING MINUTES  
October 27, 2016

---

- July hosted first World Series MMA event
  - very successful event
  - they will be booking again
  
- South Asian Concert in July
  - Getting more and more popular in market
  - Going to do 3 South Asian or Bollywood style shows this year
- In August back into hockey
  - Preseason Tournament over Labor Day weekend
- End of August Trump rally
  - Came together quickly; lot of coordination with law enforcement, etc.
  - Over 250 local (and neighboring communities) law enforcement on site
    - Facility did not have to pay for outside law enforcement; Everett PD has a line item to cover events like this
  - Successful event for venue
- Duran Duran Concert
- Motor Cross Event
  - 40 truckloads of dirt, huge boulders, water pit, etc.; very unique event
- Quick conversion turnaround for wide range of diverse venues
- Silvertips sitting in first place in US Division
  - Pink the Rink has approximately 7,000 in attendance
- Upcoming Events
  - Disney on Ice (begins Nov 10<sup>th</sup>)
    - Pre-event skate available & breakfast available
  - Cirque Musica (begins Dec. 18<sup>th</sup>)
    - Dinner Package Available
- Starting to do more and more pre-event dinners
  - Generates extra revenue

Lynnwood Convention Center – Grant Dull

- Finishing best month ever; probably \$500K in the month of October
- Cover letter that went into Lynnwood PFD Budget Notebook (handout)
  - Overview of big picture; full of caveats
  - Planning major site work for a long time
  - Budget assumes business as usual, however, will probably be demolishing buildings sometime next year
  - Major construction project going on now, new façade on a retail building
    - Estimate from 2015 was \$250K – total bill was going to be in excess of \$600K for construction
    - Bad time to be hiring for construction
  - Page 3, snapshot of revenues and expenses
    - Convention Plaza Shopping Center very important
    - Over \$900K in revenue and about \$300K in expenses

## SNOHOMISH COUNTY PFD MEETING MINUTES

October 27, 2016

---

- Net income of over \$2M
- Hope to spend probably \$5M over next 2 years to get site in a position to entice hotel development
  - Would benefit from a headquarters hotel on site
  - Will spend approximately \$1.5M or more to clean up contaminated soil
- Was going to use a 1% increase in sales tax revenue figure, however, City of Lynnwood using 4% so that is what will be used
- Draft Convention Center Wish List Priorities for 2017
- On an operation basis, projecting another in the black year; literally not profitable

### Future of Flight – Bonnie Hilory

- Celebrated 5 millionth visitor today!
  - Boeing helped strategize and guests received gift packs
  - Bus passengers received gift packs, cupcakes, coffee, etc.
- Summer ended with Great Summer Nights
  - Had more sponsors this year
- Summer camp a big success
  - Looking to expand next summer
- Boeing Centennial Exhibit
  - Will play through end of December; may be extended for a few more weeks
- New exhibit coming
- Lamborghini exhibit
  - Story is around the composite – compares to manufacturing of composites at Boeing
  - Very popular
- Sixth Gala on October 15<sup>th</sup> (night of big storm)
- In the future, replacing Legacy ticketing system – very challenging
- Ticket pricing will go up significantly
  - First significant increase since FOF opened
    - Student tour, student groups
    - Adding new ticket types: senior, military, Boeing Employee membership
- Implementing Financial Force – software package; cloud based
- Hired new CFO, Molly Brody, transition went well
- Tenants through September 2016 were an 8% increase over 2015
- Earned Income is approximately \$2.3M
  - \$146K ahead of budget
  - Operating expenses are up because income is up
- Institute Financials – cash assets around \$403K, receivables around \$349K
- Fixed assets are unchanged
- Total liabilities are about \$226K
- Busy, busy – strange peak season after peak season – cruise ships from Seattle

**New Business**

**Updating the Bylaws and Charter Documents**

- Brad Cattle discussed the process for changing the Bylaws/Charter
- Change begins with discussion of the Board and, upon 30 days' notice, you will take action to vote on a change to the Bylaws and Charter and that is a recommendation to the County Council. Then the County Council would take the formal action of amending the Charter and Bylaws
- Brad Cattle and Steve Shelton had discussed what changes they felt were needed and those changes were circulated in the packet
- Brad Cattle walked the Board through the issues and draft language used in the Bylaws
  - Two new positions would be added: Public Records Officer and Audit Officer
    - Discussion on the wording of the duties for each position
    - The Board may want to polish those terms and ensure they accurately describe each position/duties
  - Clarify that no person can simultaneously hold more than the office of President, Vice President or Secretary/Treasurer
  - Would set future meetings by Resolution instead of being set forth in the Bylaws
  - The Certification on page 7 would need to be changed
- Brad Cattle walked the Board through issues and draft language used in the Charter
  - Allow 2 Board Members to attend telephonically by approval of the Board President
  - Possibly change telephonically to electronically to allow for Skype and other forms of electronic communications
  - President could attend telephonically; VP would need to run meeting

**Board Quorum/Retention**

- *Steve Shelton spoke about the importance of a quorum at each meeting as well as retaining/recruiting board members*
- *District 4 has an open Board position*
  - *May need to post on the County site or Mill Creek Beacon.*

**State Audit**

- Nancy stated that the audit came in as expected.
  - It cost more than \$5,000 but less than \$6,000
  - No issues really; just a few exit comments RE: ILA Agreements
- Auditors looked at expenditures and the FOF Agreement – everything looked good.

SNOHOMISH COUNTY PFD MEETING MINUTES  
October 27, 2016

---

**2017 PFD Quarterly Meetings**

- Nancy Miller brought up meeting locations for next year. After discussion, it was decided that the meetings will alternate as in the past back to the Snohomish County Main Campus. Brad Cattle will draft a resolution to present at the next meeting.

**Quarterly Meetings**

- 2017 Quarterly Meetings will be held at Snohomish County – Brad Cattle will draft a Resolution
- Discussion on what members wanted to hear at the meetings.
  - Summaries, financial updates, stories, etc.
- Discussion took place on whether or not quarterly meetings were still necessary.
  - A suggestion was made that updates could be emailed on alternation quarters
  - There is question of if this was viable or not
  - Financial reports and vouchers are supposed to be approved quarterly
  - Members will review formation documents and RCWs, and discuss at the next meeting
  - Budget requirement that budget is to be approved by September 1<sup>st</sup>.

**Anderson Hunter**

- Steve Shelton asked Brad Cattle for an updated letter on the PFD's relationship with the law firm and the firm's rates

Steve Shelton adjourned the meeting at 4:47 p.m.

The January 26, 2017 meeting location is at the Snohomish County Main Campus.

  
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Chairperson Signature

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Date

