

SNOHOMISH COUNTY PFD MEETING MINUTES
APRIL 18, 2019

Board Members Present:

Steve Shelton, President, District #3

Mark Beales, District #4

No quorum

Interested Parties Present:

Grant Dull Lynnwood Convention Center/PFD

Matt Keller, Edmonds Center for the Arts/PFD

Corey Margolis via phone, Angel of the Winds Arena Spectra Venue Mgmt/Everett PFD

Katherine Overby, Boeing/Future of Flight

Nickolis Landgraff, Snohomish County Airport

Staff Present:

Brad Cattle, Anderson Hunter Law Firm

Jan Hawley, Snohomish County Finance Department

Sharyl Raines, Snohomish County Finance Department

Shannon Fleming, Snohomish County Public Works

Guests:

Call to Order

Steve Shelton called the meeting to order at 3:11 p.m.

Introductions were made.

Approval Items

Deferred to 7/18/19 PFD Board Meeting

Steve pointed out from the financials that there was an 8% increase in rebates, reflective by the sales tax revenue. This is a recurring trend of positive economic situations in the County and the PFD is a recipient of that.

Jan reminded everyone that they should have received a copy of the financial report. Sharyl let everyone know that the Council meeting for that is scheduled for June 11 at 10:30 am in the Council Chambers – this is the County Council Finance Committee. This is an open meeting. Each PFD should work on their financial reports to get them submitted to Council by this date. Steve will introduce all of the PFD's and then the Council will be interested in hearing how 2018 went for each facility.

SNOHOMISH COUNTY PFD MEETING MINUTES
APRIL 18, 2019

Disbursements:

Fund X10

(January through March 2019)

Voucher/warrant numbers: 2026869, 2026998, 2026853, 2027141, 2026701 Total \$191,866.10

Voucher/warrant numbers: 2029485, 5014603, 2029489, 2029491, 2029486, 2029497, 2029496,
2029488, 2029495, 2029483 Total \$195,568.60

Voucher/warrant numbers: 5014728, 2031778, 2031788, 2032043, 2031908, 2031646 Total
\$191,971.10

Old Business – Progress Report on Interlocal Agreements – Brad Cattle

Brad is working on reconciling the edits to the various drafts of the ILA's second amendments. The County had several edits, the goal is to have effectively the same second amendment for everybody. Brad is trying to get through the County's changes to determine which are preferences and which are requirements. Once this has been completed the drafts will be circulated out to all the PFD's for the second round of approvals. This second round should be circulated in the next couple of weeks. This is to ensure that everyone is comfortable with the changes the County has requested. The deputy prosecutor had some very good suggestions so Brad is working through those and hopes to have everything sent out within the next 10 -14 days. By the next meeting the ILA's will be in a position to have the SCPFD Board take action on those.

Grant asked Steve when Steve's term expires. Steve answered that it expires June 30, 2019. Grant expressed concern that the next meeting is in July, at which point Steve will be gone and Debbie will be gone. Steve assured everyone that he will not be gone, he will be present for the July meeting. He is going to re-up for an undesignated length of time at this point. He did mention that it is important that recruitments start happening to repopulate this board. But there is a clause in the bylaws that any board member can remain after their term has expired until a replacement is in place. Because there is no quorum for this meeting, Steve cannot be reappointed, but he will be here in July and will ensure that the Board continues to function. Grant feels that it is important that the Board that made the allocation decision be somewhat similar to the Board that signs the agreement.

Old business was concluded with nothing to approve or disprove on ILA's at this point.

New Business – Resolution on Delegation of Authority, Brad Cattle & Steve Shelton

More of a discussion than a resolution, Steve is looking for the Board to think about if there becomes a point where not having a quorum becomes a repeating issue for a length of time that might inhibit the distribution of funding, perhaps an emergency process be put in place for the County to ensure that all of the funding allocations gets distributed and all of the budgeted expense continue being paid. This is a worst case scenario disaster plan to think about having a process put in place for. Mark asked if the Board could be expanded under the RCW's. Grant answered no, 5 is the maximum. Steve said the Charter could be amended, but it takes a lot of work and approvals that might not be necessary. Brad mentioned that this would require an amendment to the bylaws as a delegation of authority and the County would need to accept it. Brad's question is if the Board is fully constituted with members fully committed to attending the meetings, is there a high probability that this default mechanism is needed? Historically, has a circumstance come up that this has been needed thus far? Steve concurred that a fully populated Board to ensure a quorum at every meeting would be the ideal. Brad also concurred that a fully constituted Board was the correct direction for now, and the next step is to go to the Council to request that action be taken. His concern is if the PFD would even be able to institute this emergency action to fit with the Auditor mandates, as this is not a customary circumstance. But not having a quorum isn't customary either, so it's a valid concern. Mark asked how far out meetings were scheduled, as he plans his travel 18 months in advance. Steve answered that the meetings are scheduled

SNOHOMISH COUNTY PFD MEETING MINUTES
APRIL 18, 2019

1 year in advance. Steve went on to explain that two years ago a situation arose where there were 2 consecutive meetings without a quorum. While it was not a large issue it did delay the approvals of budgets and minutes, and nothing critical was voted on. First priority is to populate the Board with individuals committed to showing up for the Board meetings. But he would still like the current Board members to think about a contingency plan and if something should be put in place to ensure that the facilities are still able to function. Brad will discuss this with the County Prosecuting Attorney to determine if there is an absolute negativity from the County standpoint or if there is some willingness to discuss the idea as an alternative. Steve concluded that would be extremely helpful.

Board Residence Clarification Memo, Brad Cattle

Steve had asked Brad to review the SCPFD Charter and bylaws as traditionally each member of the Board has come from each one of the County Council Districts and Steve was wondering if that was by Charter, or bylaw. Brad sent a memo that was included in the agenda packet that discusses how the Board members are appointed. The key language is the phrase “the county legislative authority must appoint the members to the board of directors” and instead of saying according to the County Council districts, the language is “to reflect the interests of the cities and towns in the county, as well as the unincorporated area of the county.” This is a generalized description of how the Board members are to be selected. The County Council has chosen to appoint members by their districts, as they may have felt that this was the way to accomplish this statutory mandate, but it is not a requirement. In the past, there were vacant positions on the Board waiting to be filled because there were not individuals from that specific district to fill the position. This language makes it clear that members do not have to be selected by district. In recruiting, however the Board wants to facilitate the Council’s selection or however recruitment is to occur, it is clear that it needs to generally reflect the interests of the County as the phrasing states. Mark stated that the challenge is finding people. It’s very hard, and if you have to complete this by district it becomes even more difficult. Very often the situation is trying to get people who are on a different board that are willing to get involved. After that, it becomes who you know, your contacts. Steve concurred that it’s often friends and other contacts. He went on to state that there is nothing statutory in the documentation that requires members to be recruited by district. The process is that every nominee gets approved by the County Council, so it is based on what they choose to be the criteria for that approval – and it may be that this is something they require, which is in their purview. Steve does not feel that is it something that the Board should restrict itself to when looking for people who may be interested in serving in this body. Mark mentioned that this is helpful information, as he doesn’t know anyone in the Monroe area, perhaps Debbie has some suggestions. Steve reiterated that it is not on the Board members to find someone in Snohomish to replace Debbie. They could recommend someone from anywhere in the County. It just becomes a matter of the Council approving the nominee, and they may put their filter on it. But it is not a roadblock to the SCPFD Board members to get nominees in front of the Council. And with the situation of the 2027-2041 funding already decided upon, there isn’t a conflict of interest for any of the individual PFD’s from serving on the board. The goal of replacing board members to the continued function of the SCPFD out to 2041.

Grant clarified the earlier discussion regarding the RCW cap on board members, that since the city of Everett does not have more than 40% of the total population in the County then “the county legislative authority must establish in the resolution creating a public facility district whether the board of directors of the public facility district has either five or seven members. And the county legislative authority must appoint the board to reflect the interests of the cities and towns in the county, as well as the unincorporated area of the county.” He suggested that perhaps this might be why the default for the Council was to simply select members based on district. Steve agreed, while stating that it is not directly called out to be determined that way. A lot of the legislative authority bodies may have at large representation rather than districts. It was meant to cover every potential place where there’s going to

SNOHOMISH COUNTY PFD MEETING MINUTES
APRIL 18, 2019

be a public facilities district in the state. Enlarging the board may not solve the quorum issue. Steve concurs that the correct course of action is to replace the members that are leaving and the ones that might go too. Maybe have a few on standby should the circumstances dictate that. All folks from the facilities are encouraged to be thinking about people they think might be a good fit in this support role for each organization. The application process is very simple, the form is available on the county website. Fill out the form, send a resume to Sharyl Raines to be forwarded to the County Executive, and then it goes to the Council. The current president of the County Council is Terry Ryan who is a big supporter of PFD's. They will do what they can to ensure this board continues.

Debbie Burton Resignation, Steve Shelton

Debbie has resigned due to her new role with the City of Snohomish causing her to be too busy to fully engage and had to make the call. She served on this body for 9+ years and was very loyal. Steve will look into seeing if Sharyl can help put together a "Thank You" to her from the SCPFD Board. Mark asked about the earlier conversation where it was mentioned that a person who resigns or the term has expired can still serve until a replacement is found, would Debbie still be able to come in and be a part of the signing of the allocation resolution in response to Grant's concern about having the same board that voted in the resolution be a similar board present when signing it. Brad clarified that Debbie resigned and the point of this is that if your term expires you continue on, but with a resignation you have terminated your affiliation.

This concludes new business, which was about the importance of recruiting some new folks to serve on the Board so please add this to your to-do list if you could. Steve mentioned that he had spoken to someone who expressed some interest, but he is a retired gentlemen who travels and is not quite ready to commit.

Since there is not quorum, nothing will be officially approved today. Approvals will be deferred to the next meeting, which will be Thursday July, 18 in the same location.

Project Financial Updates

Lynnwood Convention Center – Grant Dull

- Convention Center Annual Report 2019 handout
 - Another year with a positive bottom line
- Lynnwood is working toward the cleanup project next year
 - The first step is determining how it's going to be accomplished, various options are being evaluated – this should be determined mid-summer
 - Current plan is to excavate as much of the dirty soil as possible, treat those soils that cannot be reached, treat the groundwater, then backfill with clean dirt and asphalt for parking
 - In a period of about 3 years, there is a potential for the Lynnwood PFD Board to experience a 100% turnover
 - This has led to Phase II discussions with the city of Lynnwood to determine what future expectations of the PFD are
 - A task force of 12 people has been created and is meeting on 8 successive Wednesday nights, they are about half way through these meetings to come up with some ideas
 - The request has been made that they think outside of the box
 - The task force will be done in early May
 - The Convention Center is now 13 years old and may be in need of some updates

SNOHOMISH COUNTY PFD MEETING MINUTES
APRIL 18, 2019

- LNM Architects have been engaged to come in later this year and come up with recommendations on how to refresh the building
- The parameters for this renovation are superficial updates only

Questions:

- Katherine Overby asked how the year was beginning. Grant answered that it started slow, January and February particularly, but things have now improved
- Current forecasts are that the year will finish with a slight surplus
- Larger events further out is improving, but smaller events are declining

Future of Flight –Katherine Overby

- FoF PowerPoint Presentation handout
 - The museum was closed for six days due to the snow and ice storms in February
 - There was a 16% decrease in sales over last year, about half of which was caused by the closure
- Katherine went in to the detail of the plans for the new gallery construction outlined in the handout
- Events are still being held at the facility, though there has been some difficulties with Boeing determining what kind of contract they would like to utilize for this, which has limited the number of events
- The Boeing store is doing well with an increase in revenues
- 1/3 of facility rentals are coming from the community
- There are some events planned
 - 777X will take its first flight
 - Hoping to get the happy hour restarted
 - CBS wants to sponsor an event in October
 - A vendor has approached to look at the café
- The 747 event was lost due to the snow
- The facility is very clean and there is a lot of activity on the floor
- The federalization projects have been completed
- The office areas are going to be refurbished starting in May
- They have hired significant new staff including 10 guides for the summer
- Recruiting for front desk for the summer
- The volunteer program has been reinstated and there are already 45 volunteers
- Contacts are being made with global tour operators to help alleviate peaks and valleys in seasonal traffic

Questions:

- Mark asked about the meeting rooms and how many people can be accommodated in those
 - Katherine answered there are 4 rooms that get used quite a bit, around 10,000 events; each room can hold around 100 people and then one opens up to hold more
- Mark asked about the control tower audio on the upper deck – Katherine confirmed that yes it's still there
- Grant asked if people working at the FoF were Boeing employees
 - Katherine answered that yes, there are Boeing employees and then some temporary employees for peak summer season
 - The exceptions to this are the café staff and the Snohomish County Tourism folks
- Steve asked about the food service as he's heard that it isn't great

SNOHOMISH COUNTY PFD MEETING MINUTES
APRIL 18, 2019

- Katherine answered that Lancer has been trying new types of food and has hired a new general manager for this facility
- Staffing concerns are still being worked on

Edmonds Center for the Arts – Matt Keller

- Matt Keller handed out the Statement of Revenue, Expenses and Changes in Net Position for the Edmonds PFD, period ending December 31, 2018
 - This shows how the facility performed last year
 - The facility finished in the black
 - Grant revenues came in strong to help fund some major projects
 - The roof
 - Theatre equipment improvements
 - The goal is to have a positive 2019
 - The City of Edmonds provided a \$75k check of support for the first time
 - It has not been earmarked to continue, but the PFD is working to build that relationship in the hopes to see this become habit
- Upcoming events
 - May 1 is the Center Stage Sponsorship Event (invitations provided)
 - May 8 is the 2019 Season Preview (flyer provided) – tickets go on sale at this event
 - The annual State Audit will start, just a financial statement audit
 - They should hear soon about the Community Theatre Block Grant to help fund the theatre renovation to increase the level and quality of ADA seating – Matt says it sounds very promising that they will receive the grant
 - A grant from lodging tax monies has been received to complete improvements to the lobby which will expand the box office and bar area to increase ease of access – plans are for this work to start August 1, LMN has been engaged for this project as well to help with design and procurement of contractors
 - Season launches September 21
 - October 19 is the Spotlight Gala – this is the event where the facility raises almost half of their contributed revenue

Questions:

- Mark asked if the roof project was completed. Matt confirmed that it is done.
- Mark asked what the impact of the senior center is to the ECA facility
 - Matt clarified if the question was about contributions or attendance, Mark confirmed it was regarding contributions
 - Matt pulled the numbers for this year and says that right now the facility is tracking about \$40k ahead of the same period last year for contributions
 - Projects are in place to engage with the various communities and to reach out to the public for support
- Grant asked when the debt was refinanced. Matt answered that it was done around mid-November and the impacts have already been seen and it's been a very good thing

Angel of the Winds Arena – Corey Margolis (phone)

- Q1 Income Statement financials handout & details
 - A very good start to the year even with lower attendance at some games
- In February events were
 - WWE Smackdown, a televised event, strong income but slightly under budget
 - Cirque du Soliel was a very successful event – working to bring them back next year
 - Ice rink revenues are up over last year

SNOHOMISH COUNTY PFD MEETING MINUTES
APRIL 18, 2019

- PFD Revenues are up as well
 - Debt refinancing has resulted in interest expenses coming in around \$25k below the previous year, a substantial savings
- Upcoming events for 2019
 - Garden Brothers Circus
 - PawPatrol Family event
 - Seattle Storm games – some games are almost sold out
 - WWE Raw June
- A new Director of Ice Rink Operations, Brad Scholl who is formerly the GM of the sports center in El Segundo California which is home to the LA Kings and the LA Lakers practice facility
 - He will be responsible for the oversight of the whole ice rink business and all of the programs there
 - As well as the direction and management of Everett Youth Hockey
 - Spring and Summer youth leagues are running
 - An offering for try-out schedules is being put out for all the Fall leagues in the next week or so
- Capital updates
 - Some upgrades are scheduled this summer including replacing the outdoor marquee, new flooring for the dressing room hallway and a partial replacement of the retractable seating
 - Next year they plan to finish the replacement of the retractable seating as well as replacing the ice plant with a more modern system that uses less ammonia and allows service of the refrigeration system without shutting down both rinks
- A number of events for the Fall are being finalized

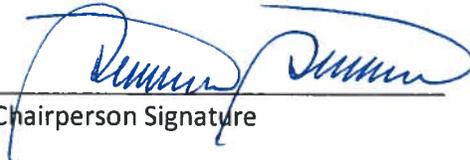
Questions:

- Steve asked if the events for the fall are top secret
 - Corey said the usual Disney on Ice, King and Country on November 3, and a busier summer with the Storm games. The casino is sponsoring a country show on August 5. Things are looking good.
- Steve asked how the partnership with Angel of the Winds was going, as it sounds like it's positive
 - Corey agreed that they've been really good partners, and very interested in the facility. They are looking at more shows to bring in down the road. They would like to see the arena busy all the time.

Steve thanked everyone for their presentations.

Steve Shelton adjourned the meeting at 4:27 p.m.

Next meeting: Thursday July 18, 2019 at 3:00pm, Snohomish County Campus 6th Floor Room 6A02



Chairperson Signature

7/18/19
Date

