

SNOHOMISH COUNTY PFD MEETING MINUTES
JANUARY 24, 2019

Board Members Present:

Steve Shelton, President, District #3
Tim Menzies, District #1
Bruce Gandal, District #2

Interested Parties Present:

Grant Dull Lynnwood Convention Center/PFD
Joe McIalwain & Matt Keller, Edmonds Center for the Arts/PFD
Rich Stewart, Angel of the Winds Arena Spectra Venue Mgmt/Everett PFD
Christi Medlyn & Kathryn Overby, Boeing/Future of Flight
Nickolis Landgraft, Future of Flight

Staff Present:

Jordan Stephens, 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 3:00 p.m.
Introductions were made.

Approval Items

Bruce Gandal moved to approve the October 25, 2018 minutes. Tim Menzies seconded the motion and it passed unanimously.

Steve asked for a motion to approve, Tim Menzies moved to approve the Q4 vouchers for October 2018 through December 2018. Bruce Gandal seconded the motion and it passed unanimously.

Jan Hawley and Sharyl Raines discussed the Q4 Financial Report and the 2019 Modified Budget. Steve asked for a motion to approve both. Bruce Gandal moved to approve the Q4 Financial Report and the 2019 Modified Budget, Tim Menzies seconded the motion and it passed unanimously.

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Disbursements:

Fund X10

(April through June 2018)

Voucher/warrant numbers: 5013870, 2013203, 2013111, 2013145, 2013105, 2013182, 2013069 Total \$490,477.76

Voucher/warrant numbers: 5014063, 2018115, 2018122, 2018111, 2018106, 2018139, 2018139, 2018135, 2018113, 2018133, 2018098 Total \$187,677.26

Voucher/warrant numbers: 2021683, 2021779, 2021676, 2021860, 2021560 Total \$185,849.76

Old Business – Review of Board Terms/Officer Positions, Sharyl Raines

Sharyl provided a handout of current Board Members and their terms. Steve commented that Tim, Bruce, and Mark are on terms that are set to expire in 2021. Debbie Burton's term is set to expire in 2022, and by Charter this will be her last term. She is currently in her 4th term, which is the term limit of this board. Steve's term expires in June of this year. The Board Members are representatives of the 5 Districts of Snohomish County. Sharyl asked Steve that if he chooses to be reappointed, that will need to be taken care of that in the next meeting. Steve agreed, stating that the next meeting is in April and this will be addressed at that time.

Progress Report on Interlocal Agreements – Jordan Stephens

Steve introduced Jordan. Jordan provided a brief update that Brad Cattle has circulated the Draft ILA to each of the PFD's early in the month, and has received feedback from 2 or 3. He anticipates making any revisions and having the ILA ready for Board Approval at the next meeting. Steve mentioned that the County Prosecutors office is the attorney for the County, so that office is also engaged in this process and are reviewing the draft as well. Katherine Overby asked who the PFD contact is for the Future of Flight. Jordan answered the County. Nickolis Landgraff confirmed that yes it is the County and that as things get finalized Katherine and Boeing will be looped in. Joe McIalwain wanted clarification on the process the ECA is a 4 party ILA including the City of Edmonds and Snohomish County, so all 4 parties will need to approve and sign any ILA. Joe is curious about the process, or the best method to accomplish that. Jordan asked for clarification on the question. Joe is wondering if the PFD's are responsible for obtaining the signatures. Jordan is not 100% on an answer for that, she will defer to Brad Cattle to iron out those details for the PFD's.

Steve went on to state that Everett, Edmonds, and Lynnwood have 4 party agreements, and the Future of Flight is a 3 party agreement because the County is the owner of that facility. Since the previous ILA's were completed under previous Boards, this is new ground for this Board. The first step is to make sure that all PFD parties agree to the language; that it is satisfactory and accurately describes how the funds will be sent out during the period of 2027-2041. Steve hopes that the PFD's are communicating with the interested parties for feedback on this draft to make sure that they are happy with that as well. There is no rush on this as the current agreements do not expire until 2026, however Steve does recommend that it is probably wise to get this taken care of as soon as is reasonable. No further questions or comments were made.

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

New Business – SCPFD Board Expense Reimbursement Policy, Steve Shelton

The SCPFD is looking for the Board to have a policy in place for legitimate expense reimbursement. As the distribution decision is behind us, the role of the Board members could shift to becoming potential lobbyists and advocates for all of the facilities. In performing that role, there is an opportunity for travel to conferences or Olympia or whatever else is appropriate in that role going forward. To this date, there hasn't ever been a policy in place for reimbursements to support those activities. As a Board we need to look at this. Sharyl has prepared an abbreviated draft of the County policy. Since this Board is a

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governmental agency, and not really a board or a commission underneath the County umbrella, we have the right to set our own policy. But it is prudent that we use a summarized version of the County's policy. The Board members present each received a copy of the draft policy. Sharyl explained that it does pretty much mimic the County's policy, but abbreviated and conservative. Steve asked Sharyl to email a copy of this draft to the Board members not present, as he would prefer all members look at this and digest it. It can be addressed again at the next Board meeting. Steve is not aware of anyone seeking reimbursement of any kind at the present time, so it does not need to be dealt with today. He asked Tim and Bruce if that sounded reasonable and both concurred.

This concludes new business.

Project Financial Updates

Edmonds Center for the Arts – Matt Keller & Joe McIalwain

- Matt Keller handed out the Statement of Revenue, Expenses and Changes in Net Position for the Edmonds PFD, period ending December 31, 2018.
 - Matt pointed out that this statements reflects both the PFD and the non-profit ECA.
 - Overall, when compared to 2017, 2018 was a very healthy year.
 - Operating income was in the black, up almost \$150k from the prior year.
 - Expenses were decreased.
 - The non-operating income came from grants that came in. There is an anticipation that further grant revenues will be coming in between \$200-300k this year.
 - The funds will be used toward improvements to the lobby as well as ADA improvements.
- Joe McIalwain discussed the rest of the handout, titled “Edmonds Public Facilities District/Edmonds Center for the Arts Accomplishments in 2018”
 - This is a modified version of a list of accomplishments that took place at the EdPFD and ECA in 2018. This list was revealed to both Boards, the PFD and the ECA.
 - Some highlights
 - Gymnasium roof project completion
 - \$125k grant from the lodging/tax fund was used to make capital improvements to lights and a PA system that was previously being rented when needed
 - \$25k grant to expand the Dementia-Inclusive Series outreach program
 - Everyone is encouraged to take a look through the list, as many great accomplishments took place in the year.
 - The Boards and team are looking at potential partnerships to offer more programs and modify the facilities.
 - One of these potential partnerships is the Edmonds Boys and Girls Club, who is looking for a new building.
 - A new development director has been hired, Christina Cortava. She started 2 weeks ago.
 - Many great events took place, and many more great events are coming up.
 - The Board particularly, but anyone involved/interested, are asked to jot down 2 dates:
 - May 1 is the Center Stage Sponsorship Event
 - October 19 is the Spotlight Gala
- Joe is excited about the future and thanks the SCPFD Board for providing these opportunities.

Questions:

- None.

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Angel of the Winds Arena – Rich Stewart

- Prelim financials handout
 - One big Q4 accomplishment was finishing the refunding of the 2007 tax bond, extending it out to 2041 from 2026.
 - Great fourth quarter, net income at about \$618k.
 - Skate America
 - Disney on Ice
 - Endurocross events
 - 17 Silvertips games
 - 50+ events in the conference center
 - Operating income was around \$417k for 2018, up about \$790k from 2017.
 - Tax incomes were up over last year.
 - More events
 - Higher hotel/motel tax income
 - Higher expenses, particularly in interest.
 - District incomes were around \$352k, about \$650k better than 2017.
- Upcoming events for 2019
 - 15 regular season Silvertips games.
 - WWE Smackdown
 - Cirque d’Soleil
 - Garden Brothers Circus
 - PawPatrol Family event
 - Sesame Street Live
 - Backstreet Boys July 29
- Capital updates
 - West end retractable seating redo
 - LED marquee on Hewitt & Broadway needs to be replaced

Questions/Comments:

- Steve commended the massive financial turnaround.

Future of Flight – Nickolis Landgraff, & Kathryn Overby

- FoF PowerPoint Presentation
 - Nick started by reminding everyone that FoF is leased 100% to Boeing as of October 17, 2018.
 - The last quarter of 2018 was spent getting everything for the facility handed off to Boeing.
 - Bonds have been refinanced to taxable because Boeing is operating the facility.
 - Kathryn discussed operations.
 - Christi will be the site manager.
 - The building is being turned into a Boeing brand home.
 - Content will be oriented toward the Future of Flight; it will remain very future oriented.
 - This will not become a duplication of the Museum of Flight.
 - The goal is to help visitors understand who Boeing is and what they do.
 - Boeing has very specific strategic objectives as well as financial expectations.
 - Visitor records were broken again.
 - 172 countries and all 50 states represented
 - 7.3M revenues, up from \$7.2M in 2017

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- Transitional progress report.
 - 21 new staff
 - 18 active volunteers, 3 more just recruited
 - Ongoing training
 - Ticket sales service maintained during the transition
 - Deep cleaning, repairs and maintenance projects are taking place
 - A gallery designer has been hired
 - Grant asked who the designer was.
 - A small group out of Chicago called The Mod Group
- Upcoming events.
 - Feb 9 – “50 Incredible Years” 747 Celebration open house
 - Feb 12 – Global Tour Operators
 - March – New tour busses & Office renovations
 - Feb – May gallery additions
 - TBD – The FoF will be hosting the 777X’s first flight, hosting an event from the deck for that flight
- 2019 Budget projections.
 - Exec has an expectation of increasing guests by 3%
 - Increase Boeing Store revenues by 2%
 - Currently working to meet Boeing compliance requirements
 - Working to meet federalization requirements
 - Capital investment estimates at about \$9.5M

Questions/Comments:

- Steve congratulated the Boeing team for a smooth transition and commended the efforts for enhancing the experience of citizens and tourists at the facility. These improvements would not have been possible without Boeing stepping in.

Lynnwood Convention Center – Grant Dull

- Convention Center draft summary income statement handout
 - This is just an income statement, not a balance sheet and the numbers are preliminary.
 - Net change will be about even, but more sophisticated financials will be provided at the next meeting.
 - Intergovernmental Other revenues is all government revenues collected – any revenues received that are not from the operations of the Convention Center or the leased retail space.
 - Early numbers show Actual revenues coming in over Budgeted revenues
 - Convention Center was profitable closing out 2018.
 - Many events are coming for 2019, more sold than any prior year.
 - Sales look strong.
 - 2019 looks ok, personnel expenses were touched on again as a long term challenge to remaining profitable in the future.
 - Capital expenses are not reflected on this draft income statement.
 - Shopping Center expenses were about \$100-\$110k for repairs.
 - An old vacant building was torn down and paved to add parking at a cost of \$600k, which included upgrades to surface water management and landscaping as well as lighting.

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- Convention Center purchased buffet tables, a wall was repaired, the generator was repaired, ovens were purchased, projectors were purchased and a lighting upgrade all coming in at close to \$900k.
- The estimated cost of cleaning up the previously discussed contamination will be recorded as an environmental liability on the financial statements going forward, per GASB Rule 49.
 - Nick asked how much the cleanup will cost.
 - Grant answered that it hasn't been determined how it will be cleaned up yet, but there are multiple options at various price points to consider, a project that will likely not start until 2020.
 - The goal is to provide the range of clean up options to the Lynnwood PFD Board in April that will have costs associated.
 - Another goal is to have a decision made by the end of 2019 and the work will be done in 2020.
- A request for funds has been made to hire an architect to help refresh the Convention Center, a 15 year building that may be getting dated.
 - Restrooms need updating
 - All changes being considered an interior
 - A rough budget for this work is \$1-\$2M
 - Hopes to have an architect retained by early March
- The Lynnwood PFD is undergoing many changes, an entirely new board in the space of 2 years.
 - 2 senior board members will vacate their positions this year
 - One of the new board members is looking forward
 - The board is working to cooperate with the City of Lynnwood to determine what Phase II for the Convention Center is
 - This is a long term effort
- The City of Lynnwood is hosting the Art of Food & Wine at the Center as a fund raiser for art projects in the city.
 - All are encouraged to attend
- There is a twice annual art reception.
 - This is an event that is open to the public to showcase an art display that is refreshed every six months
 - February 20, 2019 at 6:00pm

Questions:

- Steve Shelton asked Grant what he thought the reasoning was for the bookings to ramp up in 2019.
 - Grant answered that a bigger effort is being made on long-term sales
 - Smaller events are not taking place
 - Bigger meetings are increasing

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Steve thanked everyone for their presentations, then confirmed that the April meeting is in the same location.

Steve Shelton adjourned the meeting at 4:11 p.m.

Next meeting: Thursday April 25, 2019 at 3:00pm, Snohomish County Campus 6th Floor



Chairperson Signature

7/18/19
Date

