

SNOHOMISH COUNTY PFD MEETING MINUTES
JANUARY 23, 2020

Board Members Present:

Steve Shelton, President
Tim Menzies
Mark Beales

Interested Parties Present:

Grant Dull Lynnwood Convention Center/PFD
Corey Margolis, Angel of the Winds Arena Spectra Venue Mgmt/Everett PFD
Nickolis Landgraff, Snohomish County Airport/Future of Flight
Joe McIalwain, Edmonds PFD/ECA
Matt Keller, Edmonds PFD/ECA

Staff Present:

Brad Cattle, Anderson Hunter Law Firm
Sharyl Raines, Snohomish County Finance Department
Jan Hawley, Snohomish County Finance Department
Stacy Forte-Smith, Snohomish County Finance Department

Guests:

None

Call to Order

Steve Shelton called the meeting to order at 3:05 p.m.
Introductions were made.

Approval Items

Approval of the October 31, 2019 Minutes. Steve called for a motion to approve. Tim moved to approve, Mark seconded. No comments were made and the motion passed unanimously.

Steve asked for any comments or correspondence, there was none.

Approval of the Q4 vouchers and financial reports. Jan commented the only payment that was out of the ordinary is to WA State for the accountability audit, she thanked Steve and Brad for their support during the audit. Steve called for a motion to approve. Tim moved to approve, Mark seconded. Steve commented that tax revenue increased by 16.34% in Q4 which will be favorable for the facilities. The motion passed unanimously.

Discussion and reminders were had over the distribution and collection for tier two payments. Steve reminded the attendees that revenue is collected for tier two payments in the previous year. Tier two payments distributed in 2020 will be larger due to the increased taxes collected in 2019. There will be an increase in 2027 that will be significant, due to a use of reserves, but will revert back to a more standard tier two payment in 2028 once the reserve is depleted.

Discussion moved to Budget status for 2020. Jan reminded everyone that the approved budget was modified and the modified budget is provided today in the packet. The reason is that the disbursements have exceeded \$3,000,000 and that threshold triggers a Washington State Audit and those fees are unknown at this time. Mark inquired about budgeting for PFD Conventions since they had agreed that the board members should attend some events but no budget for said travel is included in the modified budget. Steve reminded the board that they have the ability to revise the budget and agreed that once the events were determined that they would revise the budget appropriately. Mark moved to approve, Tim seconded. No comments were made and the motion passed unanimously.

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Interlocal Agreement update was given by Brad Cattle. All Agreement documents were transferred to the facilities after being signed by the Board President. Edmonds Center general council contacted Brad and asked for five individual signed copies which will be signed today. No updates on any other facilities was available at this time. Brad requested to the attendees that each of them email him with the status of their approval and sign off or they could provide an update during their facility update today.

Disbursements:

Fund X10

October 2019 Batch 353246, 13 Warrants \$600,645.60

November 2019 Batch 354397, 12 Warrants \$198,262.18

December 2019 Batch 355447, 9 Warrants \$193,244.89

January 2020 (December 2019 invoices) Batch 356086, 2 Warrants \$1012.50

January 2020 (December 2019 invoices) Batch 356988, 1 Warrant \$450.45

New Business

Open Board Positions, Steve Shelton

There are still 2 open Board positions. A release has been drafted by Sharyl and will be sent to the media contacts regarding the open positions. The question was asked if a Board Member must reside in each of the County Council districts; It is not necessary to have each district represented but that is preferred. A request was made to find out how much a classified advertisement would cost, Sharyl will report back at the next meeting. A motion was requested to be official. Tim moved to approve, Mark seconded. No comments were made and the motion passed unanimously.

Below is the press release sent to the media:

FOR IMMEDIATE RELEASE:

March 3, 2020

2020 CONTACTS:

Jan Hawley, Accounting Analyst

**SNOHOMISH COUNTY PUBLIC FACILITIES DISTRICT (PFD)
SEEKING CANDIDATES TO JOIN ITS BOARD OF DIRECTORS**

The Snohomish County Public Facilities District (PFD) is seeking qualified candidates to join its Board of Directors. The PFD was chartered by Snohomish County to oversee potential acquisition, construction, operation, and financing of one or more regional centers and related parking. The PFD's purpose is to access state "rebated" sales tax revenues and use these dollars to help construct regional centers throughout the county.

The PFD Board is made up of five members appointed by the Snohomish County Council to reflect the interests of cities and towns and unincorporated areas of the county. Two Positions on PFD Board of Directors are currently vacant. Board members serve four-year terms and successful candidates will begin their first term on April 16, 2020, or on a continuing basis until all open positions are filled.

To apply for a Snohomish County Public Facilities District Board of Director appointment, please use the application form located at: <https://snohomishcountywa.gov/128/Boards-Commissions>.

The Snohomish County PFD's projects are as follows:

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- Everett Arena (Angel of the Winds): This is a 275,000 square feet, \$62.5 million multi-purpose facility configured for sporting events, conferences, and conventions. The county PFD is contributing approximately 12% of project costs.
- Lynnwood Public Facilities District: This is a 54,985 square feet, \$31.3 million conference and convention center. The county PFD is contributing some 24% of project funding.
- Edmonds Centre for the Arts: The PFD created a 750 seat performing arts center by remodeling the historically significant Puget Sound Christian College. Project costs are \$16.4 million, with the county PFD contributing 23% of capital funds.
- National Flight Interpretive Center (Future of Flight): The PFD created a 58,000 square foot, \$21.7 million flight museum at Paine Field. The county PFD is contributing 16% of project funds.

More information about the PFD can be found at <https://snohomishcountywa.gov/627/Public-Facilities-District>.

Procurement Policy, Sharyl Raines

During the 2019 audit, it was found that the PFD did not have a policy on procurement. Sharyl will use the Snohomish County Procurement Policy as a template to create a simplified version to be adopted for the PFD.

Travel Policy, Sharyl Raines

As the PFD does not have an official policy on travel. Sharyl used the Snohomish County Travel Policy as a template to create a simplified version to be adopted for the PFD. Copies of the draft Travel Policy were distributed and asked the Board to review and bring suggestions, comments and revisions to the next meeting for approval.

Board Meeting Schedule 2020 – Steve Shelton

Steve requested, by recommendation from Brad Cattle, that the schedule of meetings for 2020 receive a resolution. The Public Meetings Act specifies that regular meetings should be locked in by a resolution to be in compliance and allow flexibility of agenda items and not be locked into calling Special Meetings. Tim moved to approve, Mark seconded. No comments were made and the resolution passed unanimously. Resolution 001-2020.

Project Financial Updates

Lynnwood Convention Center – Grant Dull

Interlocal update: Lynnwood PFD Board has approved the Interlocal and sent it to the City of Lynnwood and we should expect to see it back toward the end of February after their PFD Board meeting.

- Lynnwood PFD Balance Sheet handout will be sent via email
 - 4th Quarter financial results are not complete but in the black
- Hunden Strategic Partners has been retained by the Convention Center to look at potential expansion and overall site development of the 13 acre parcel
 - Retained Seattle architect to design
 - This will include a refresh of walls and meeting rooms
- PFD is actively engaged in finding a replacement for Grant who will retire May 2020

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Boeing Future of Flight – Nickolis Landgraff

Interlocal update: Agreement was approved by the County Council on January 22, 2020. FOF are awaiting signatures and receipt of the signed document.

Nick provided a handout of the tentative budget for 2020.

- Does not include update from Boeing
- 1.2 Million Renovation completed. Conference center and offices all refreshed
- Airport will have a \$633k deficit for 2019
- Airport contribution of \$500k in 2020

Edmonds Centre for the Arts – Joe McIlwain & Matt Keller

Interlocal update: Edmonds general council approved the language of the Interlocal Agreement and has sent it to the City of Edmonds electronically. The City is requiring the original signed document and has requested that be delivered to them in addition to the four extra original signed copies that they have requested.

ECA 2019 financials are being completed but are not finished

- Net positive \$80-90k 2019 Non-Capital budget
- 2019-2020 \$300k in total improvements to ECA
 - Completed modification to box office to add a will-call window
 - Completed modification to bar area to increase concessions
 - Modify placement of the sound board to increase ADA seating and pass through
- Received a LPAC \$125k grant to replace the aging soundboard and adding technology to the meeting spaces, adding smart boards and window dressings

ECA Winter brochure which includes a month end financial report, staff report and newly produces rental space brochure.

Attrition of the ECA Board for a number of reasons. New members have been elevated to holding executive roles. Newly elected president David Brewster has been on the board a short time and had hoped to be on it longer before being named President.

A steering committee has been formed to do some strategic planning for the next 10 years and will be meeting to in the next two weeks to begin that planning.

The ECA Winter season has been the highest selling most successful season to date in attendance and money earned. Sponsors have really stepped up and artists coming in have been top notch.

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Angel of the Winds Arena – Corey Margolis

Interlocal update: Everett Interlocal was approved by the City Council on January 22, 2020 and is with the Mayor for approval and signature.

- Income Statement handout
 - Net operating income YTD through December is positive about \$265k, \$440k ahead of budget
 - Net income is \$181k year of year, \$50k ahead of budget
 - Operating expenses are almost \$175k below this time last year, due largely to open positions and department restructuring
 - Strong revenues are a result of increases larger admission taxes based on several high grossing events
 - Combining Operating and District income, net profit for the facility is \$773k for 2019
- Operations
 - Main arena events: For King and Country, Manheim Steamroller, Silvertips Hockey, Disney on Ice (7), Cirque du Soleil, Sesame Street Live and Harlem Globetrotters
 - Community ice rink is in full swing for Winter with learn to skate, parties and public skate for kids out of school
 - Hockey tournaments
 - Gaming events are happening more often and AOW is happy to be a host to these events as they grow in popularity
- Upcoming events for 2019
 - International Tennis event, including Serena Williams, largest one to date in Washington
 - WWE Raw
 - Cirque du Soleil Axl
 - Silvertips Hockey
- LTAC funding \$550k to finish retractable seating upgrade
- LTAC funding an additional \$10.5m through 2023 to assist with debt service

Steve thanked everyone for their presentations.

Steve Shelton adjourned the meeting at 4:10 p.m.

Next meeting: Thursday April 16, 2020 at 3:00 pm, at Boeing Future of Flight.

Chairperson Signature

Date