

**SNOHOMISH COUNTY**  
**PUBLIC FACILITIES DISTRICT MEETING MINUTES**  
Tucker Conference Room  
Sept. 14, 2001  
3:00 p.m.

Attendance:

**Board Members Present**

Steve Juntwait, District #2  
Erik Nelson, District #3  
Travis Snider, District #4

**Staff Present**

Dan Clements, Finance Director  
Larry Springer, Planning & Development Services  
Connie Mennie, Executive Office

**Others Present**

Doug Ferguson, Anderson Hunter  
Don Hale, City of Everett  
Ned Johnston, Everett City Attorney's Office  
Sarah Spence, South Snohomish County PFD  
Eva Wallace, Marsh USA, Inc.

**Call to Order**

President Travis Snider called the meeting to order at 3:04 p.m. He said, "This is a very sad day. Our work is very small compared to the events going on this week. We need to work to go forward and pull the community together."

**Approval of Minutes**

Aug. 17 minutes were amended on page 3 to specify that sales tax collections will begin Sept. 1, and the first checks will be received in November. Steve Juntwait moved to approve the minutes as amended, Erik Nelson seconded; minutes were unanimously approved by the Board.

**Project Updates**

Everett Arena:

Doug Ferguson reviewed and discussed interlocal agreement for Everett events center. For the majority of the project, the Everett PFD takes the lead. The

County PFD, however, has joint authority with respect to insurance. Provision on page 11 (F-2) contains a nondiscrimination clause that specifies this is not a city project and that county residents shall have equal access to the facilities. There was a discussion between attorneys regarding indemnification provisions.

Board discussion followed about Everett project coming first in regard to dollars collected. Estimates are that about 1/3 of the tax collections would satisfy the Everett PFD obligation. Some needs to be directed toward the county garage, then the balance could be divided among the other approved and eligible projects. Revenue estimates are conservative, so it is not likely that the Everett project would take all the funds. We can't know the future, however, and the number of projects could raise the issue of regional equity for distribution of economic development funds. Cost estimate for the Everett project is \$50 million, and Lynnwood's is \$34 million. A third approved project in the \$10-15 million range would still leave enough money to provide for and accumulate a reserve.

Board discussed the dilemma of not currently knowing how many projects will meet the eligibility criteria before the Dec. 1 deadline. Board will then determine viability of individual projects. The Everett project, however, needs financial assurance by the end of September in order to avoid costly delays in construction time. It was noted that Everett got a specific dollar amount and deserves prioritization in this process because it had a specific project and business plan when the County Council formed this PFD.

At the next board meeting on Sept. 28, the board wants sales tax background on financial projections and a worst-case economic scenario.

Travis Snider asked if the board then feels better about the degree of financial security and that there will be at least two viable projects, can it give Everett the priority position it needs? Erik Nelson said he wants to know more about the impact on the Lynnwood project if it were in a secondary funding position.

Lynnwood Special Events Center:

Last week, the City of Lynnwood turned in a hotel/motel tax project application as background information to begin considering that project's viability.

Larry Springer said the Everett project was granted \$450,000 of hotel/motel funds.

South Snohomish County has more than \$1 million available. The Lynnwood project, the largest of four eligible projects in the South County region, requests \$400,000 annually. The Lodging Tax Advisory Committee will develop funding recommendations that will be forwarded to County Council for final decisions.

At the next meeting, the board wants to compare the dollar requests between Everett and Lynnwood. Lynnwood numbers should be available next week. Sarah Spence reported that property acquisition for the Lynnwood property is moving forward.

### **Correspondence and Media Information**

None.

### **Old Business**

PFD Authority:

Doug Ferguson expressed the opinion that the board can enter into contractual agreements. The board asked for a written opinion supporting that position.

Expense Policy:

Draft policy was adapted from the county employee policy and allows for reimbursement of expenses. It also would allow for payment to board members at the rate of \$50 per meeting, not to exceed \$3,000 per year. Erik Nelson moved for approval of the expense policy, Steve Juntwait seconded; motion passed unanimously.

Directors Insurance:

Eva Wallace distributed two versions of an insurance policy through AIG Insurance, a large and respected company; one version quotes a \$1 million limit and the other a \$3 million limit, both with \$5,000 deductible per claim. Policy covers both the board as an entity and the board members individually, as well as any future employees. Coverage begins when PFD was formed. Insurance company's duty to defend is specifically stated. Board opted for \$3 million limit, which does not cost much more than the smaller limit. Board also wants to delete exclusion 3G from the policy, which Eva thought would not be a problem. Erik Nelson moved to approve purchase of \$3 million policy with amendment to delete exclusion 3G, Steve Juntwait seconded; motion passed unanimously.

Eva agreed to provide benchmarking information for insurance coverage for other projects for the board's consideration.

### **New Business**

Hotel/Motel Tax Discussion:

Travis Snider said he needs to see the differentiation between projects under consideration to have reasonable assurance that the Everett Arena and

Lynnwood Special Events Center will not be competing for the same audiences and same dollars. Larry Springer said he shares that concern, and notes that the Tulalip Tribes are also planning and convention and trade space development. Board directed the addition of a supplemental question to funding application, which should ask applicants to demonstrate public need or benefit as well as describe how proposals would compete with or complement one another. The answers will help the board determine financial feasibility.

Next Meeting:

Board will meet again here at 3:00 p.m. Friday, Sept. 28, 2001.

Don Hale issued an invitation for the County and City PFD boards to meet jointly in the near future.

Erik Nelson requested more information on the projected tax inflows and outflows for the Everett Arena project (including parking garage) vs. Lynnwood Special Events Center.

Meeting was adjourned.

A handwritten signature in blue ink, appearing to read "Larry Springer", is located in the lower-left quadrant of the page.