Board:  
Debbie Emge, District #5  
Steve Juntwait, District #2  
Boyd McPherson, District #1  
Eric Nelson, District #3  
Travis Snider, District #4

Interested Parties:  
Trey Bell, Everett Events Center  
Grant Dull, Lynnwood PFD  
Doug Ferguson, Anderson Hunter  
Bill Lewallen, Paine Field  
Joe McIalwain, Edmonds PFD  
Barry Smith, Paine Field/Future of Flight  
Sandy Ward, Future of Flight

Staff:  
Roger Neumaier, Finance Department  
Cristy Schelm, Finance Department  
Linda Rhoades, Solid Waste Division

Call to Order:  Travis Snider called the meeting to order at 3:00 p.m.

Approval of Minutes – Minutes from the October 29, 2006 meeting were approved with the following changes: Old Business, Financial Report – The administrative expenditures are at 40% of budget. Grant Dull asked for a change in the Lynnwood Update. The sales tax has exceeded their expectations coming in at almost 9% of what was projected.

New Business:

Edmonds Update – Joe McIalwain provided an update about the Edmonds Center for Performing Arts. The Center opened with a reception in the lobby area, a sit down meal in the gymnasium, a performance in the theater and a post show reception in the upper level. The performance was extraordinary and the event went very well in spite of the power outage that threatened the area the night before.

Joe shared information from the Center’s brochure and the schedule of performances. The press has been very good and the Center has been very well received by the community. Over the next several months they will be determining what the monthly expenses will be and how they will balance their artistic programming with the need to meet the bottom line. Joe will have 2007 budget information at the April PFD meeting.
Eric Nelson asked if any post construction/project financial information was available. Joe replied that the project came in under budget by approximately $200,000. A portion of their costs were on a line of credit with the Bank of America and the Center is providing them with regular updates. The Building for the Arts Grant is still pending and it is included in the calculation to bring the amount down to $2.8 million. Joe noted that he is still looking for a building sponsor and will provide financial information in April.

Travis Snider asked for an update on the Center’s Board and plans for the rest of the capital campaign. Joe explained that the Center’s Board has developed to an 18 member board and has set up its committee structure. The Resource Development committee will meet in the coming week to discuss capital and fundraising strategies. The Board will assume the responsibility for the direction of the capital campaign. Joe will provide an update on these strategies at the April meeting.

Roger Neumaier noted that he will be distributing the format that the group agreed upon last year for financial information. The project contacts will be asked to complete the form and submit it at the beginning of April so that it can be consolidated for the next PFD meeting.

Everett Update – Trey Bell represented the Everett Events Center and noted that financial information will be provided at the April PFD meeting. He noted that the Silvertips have been bringing in five to six thousand people per game and the concessionaire/caterer had their strongest month in December. Trey reviewed upcoming bookings and stated that the Everett Events Center has been pleased with the attendance level compared to other venues and expects this trend to continue.

Roger asked that someone from the Everett PFD provide financial information in the coming week for distribution to the Snohomish County PFD Board. He expressed the importance of having some information because the Board has not received financials since last year. Trey will schedule a meeting in the coming week so that Roger and Travis can receive a financial update from Kim Bedier from the Everett Events Center.

Future of Flight – Bill Lewallen provided an update on the Future of Flight. Bill explained that they now have financials for a complete year and are making adjusted projections based on these numbers. The Future of Flight sold 145,928 tickets in 2006, an 80% increase over the number of tickets sold for the Boeing Tour in 2005. Although the ticket sales are up, it is still 35% lower than what was projected in the business plan so they will continue to work on this issue.

Bill announced that there has been a change in the management structure at the Future of Flight. Now that the Future of Flight facility has been fully developed/constructed and the business operating for a year, he is leaving his project management position at the Future of Flight and returning to his Land Development position at the Airport. Dave Waggoner, Airport Director, has assumed responsibilities of Project Manager for Future of Flight. Bill expressed his respect for the Board and was grateful for the relationship they have had.
Bill noted that Paul Allen will be bringing his collection of historical aircraft to Paine Field. This will make Paine Field more of an aviation destination and the marketing program will develop aviation tour combined tickets. Special events have been a highlight for the Future of Flight and they are approaching three times what they projected. Overall they have developed an attractive tour venue, an exceptional tour and marketing program, an expanding aviation destination at Paine Field and a professional staff that has taken ownership and a sense of pride in their work.

Travis asked Bill how close they will be to budget. Bill replied that they will be short of breaking even by approximately $600,000 and the Airport will fund that.

**Lynnwood Update** — Grant Dull provided an update on the Lynnwood PFD. He explained that the Lynnwood PFD Board completed a master planning project in the fall of 2006 that focused on the following:
- Identify potential expansion footprint for the Convention Center.
- Hotel development in the region - the Board is optimistic about negotiating a long term land lease with a hotel.
- Evaluate parking needs - there are occasions when the parking capacity is not sufficient and they are exploring the possibility of a parking garage.

Grant distributed a summary of the three portions of the Lynnwood PFD’s business. The shopping and convention centers are doing better than budget, revenue has been either at or exceeding expectations and they are making bond payments as scheduled. Grant will provide 2007 budget information at the next meeting.

Roger asked if the Lynnwood PFD expects to realize any direct revenue from a hotel. Grant noted that he plans to make the lease a straight land lease. The PFD does not want to commit business to one particular hotel in Lynnwood. Travis asked about a timeframe for the hotel and Grant is hoping that there will be substantial construction a year from now.

**Public Comments and Correspondence**

There were no public comments or correspondence.

**Old Business**

**Financial Update** — Cristy Schelm provided an update of the financial information. She noted that all required payments to the PFDs were made from the 2006 budget and all deferred payments were made to the Future of Flight. Administration is under budget due to the decrease in insurance costs and there was no annual audit. The State Auditor’s Office has moved to a two year cycle and the PFD will be audited in 2007.

**Voucher Approvals** — Eric Nelson made a motion to approve the October – December, 2006, vouchers. Boyd McPherson seconded the motion and it passed unanimously.
New Business

Adoption of 2007 Budget – Roger Neumaier explained that he has used the sales and use tax rebate to conservatively forecast the investment interest earnings and these are the total revenues. They are using the amounts of expenditures that the Board has authorized with the schedules. The year will begin with $457,000 and end with $883,000. The revenue is a 4% increase over the actual 2006 revenues.

Debbie Emge moved to adopt the PFD budget for 2007 as presented. Boyd McPherson seconded the motion and it passed unanimously.

Election of Officers – Roger Neumaier explained that the PFD Bylaws indicate that during the first meeting of each year there will be an election of officers. Roger asked that anyone wanting a change in officers contact him before the April meeting and it will be placed on the agenda.

Review and Approval of Resolution 2007-01, Appointment of Agent to Receive Claims for Damages – Doug Ferguson explained the basic premise behind this resolution. When the State Legislature waived sovereign immunity to allow people to sue, they also enacted a provision to allow municipal entities to be sued and they adopted a Non-Claim Statute. This requires any claimant that wants to bring a suit against a municipal entity to file a claim. If the claim is not filed 60 days before bringing the suit, the suit is barred. It has been a complicated process so the Legislature amended the statute several years ago and required every entity that wants to take advantage of this to designate where a person should file their claim and record it with the County Auditor. This resolution is a means of specifying who the filing officer is and where claims should be filed. Eric Nelson noted that it is important that all of the PFDs approve their own resolutions. Cristy Schelm added that this resolution was a template from the insurance company and she would be glad to e-mail it to the Project Contacts.

Boyd McPherson made a motion to adopt the resolution and designate the Snohomish County Finance Director as the Filing Officer. Eric Nelson seconded the motion and it passed unanimously.

Continuing Disclosure Undertaking – Doug Ferguson explained that the Everett PFD is going out for permanent or long term financing. One of the sources of revenue that they are submitting to get their bond rating is the commitment from the Snohomish County PFD to provide statements showing the financial position of the County PFD related to their project. The Everett PFD is requesting a commitment from the County PFD to file these in a timely fashion to whomever they commit in their bond undertaking. If the County defaults, the only remedy is to bring an action for specific performance. It doesn’t impose any undue burden but it will allow the Everett PFD to file. Cristy Schelm
noted that the statements will already be done in order to meet the State Auditor’s requirements.

Debbie Emge moved to allow the Board to sign the Continuing Disclosure Undertaking. The motion was seconded and passed unanimously.

**Legislative Update on Sales Tax Source** – Roger Neumaier explained that this is moving through the Legislature and he has not heard concerns about it moving forward. There is mitigation in the legislation for cities and PFDs. Lynnwood has determined that the mitigation, in an environment where there is a natural increase in revenue, might be less than what will be fully needed to assure that the original trends will continue. Roger does not expect that there will be a lot of movement on the mitigation. There has been a tremendous effort to not renegotiate the issue. The impact on the County PFD over the life of the PFD is a present value of approximately $2.6 million increase, based on initial estimates. Roger added that it would be inadvisable to assume that any revenue stream had occurred until the receipts are received. He anticipates that this will happen during this legislative session.

Travis Snider suggested that workshops be scheduled to bring in people to help the Board sort through the sourcing issues. Travis would like to devote some time at the next meeting to develop an agenda for a forum.

**Miscellaneous**

Steve Juntwait announced his resignation from the County PFD Board, effective February 1, 2007. Steve expressed his gratitude to the Board and his pleasure to have worked with the other Board members, staff and project contacts. Travis thanked him for all of his work and attendance and noted that he will be missed.

Eric Nelson asked that there be discussion about surplus at a future meeting. The idea of the County PFD sitting on cash is the most unproductive use of funds. Travis agreed and noted that this issue can be addressed in the workshops.

**Meeting Adjourned:** The meeting was adjourned at 4:45 p.m.