
SNOHOMISH COUNTY PUBLIC FACILITIES DISTRICT
PUBLIC FACILITY DISTRICT MEETING MINUTES
HENRY JACKSON BOARD ROOM
JULY 21, 2005
3:00 P.M.

Board:

Steve Juntwait, District #2
Boyd McPherson, District #1
Travis Snider, District 4
Erik Nelson, District #3

Staff:

Roger Neumaier, Finance
Sherri Kelley, Planning

Interested Parties:

Fred Safstrom, Everett PFD
Grant Dull, Lynnwood PFD
Bill Lewallen, Future of Flight
Stephen Clifton, Edmonds PFD
Doug Ferguson, Attorney

Call to Order: Travis Snider called the meeting to order at 3:00 p.m. The minutes for April, May and June meeting were approved as submitted.

Travis reviewed the purpose of the meeting today was to bring forth the various suggested criteria and principals for allocation of future funds and develop a plan, and to discuss appropriate reserve amounts and emergency needs for the projects.

Roger provided a document for discussion, notes and structure for addressing an array of issues that have been previously discussed. Roger reviewed the worksheet briefly with the Board suggesting alternative approaches or proposed solutions for each of these items for the Board's discussion and consideration.

Rogers explained Attachment 1, the worksheet from last meeting. What we have here is a combination of the original allocation that was made to the Future of Flight and a column reflecting deferred payments and the one time payment, although a schedule has not been put into place. The projected model is based on a 4.5% growth in future years, which Roger mentioned this figure is comfortable/reasonable but not aggressive. The formula shows on the worksheet establishes a reserve amount at 3% increasing from 2005 and grows one percent until 2012 and then will be at 10% for several years and then decline for several years. It is a possible schedule and still allows for surpluses in most of the years. The purpose of this document is to create a map so the Board can make decisions on targeting reserves and put a schedule in place for dispensing amounts already committed for the Future of Flight payments.

Roger also reviewed the PFD Allocation Analysis, these previously discussed principals are not in any particular order, and are important policy statements for consideration that ensure a level of fairness. Below are the policy statements and principals of discussion with modifications/edits made by the Board:

1. The board discussed several criteria for future distributions of revenue in excess of revenue already committed to projects. In addition, individuals from the various Public Facility District projects suggested additional criteria. These criteria for equitable allocation of future funds included the following:
 - Economic Drivers in the Community as measured by return on investment;
 - Fairness of geographic distribution;
 - Proportion of investment to overall cost of and/or prior funding to project;
 - New value for the community created by the additional commitment;
 - Availability of other sources that could reasonably be used by a project as alternative sources of funding;
 - Immediate urgency of need by projects for funds; and
 - Performance of project in line with original commitments for funding.
2. The board has agreed that all of these criteria are relevant, but has decided to defer consideration of which of these criteria should be factors in additional allocations until such a time as the board is ready to consider making those allocations.
3. The Board retains flexibility in future additional distributions, to make commitments either as specific additional amounts or as percentages of all future amounts beyond amounts currently committed.
4. The Board believes it is premature to make allocation of additional funds until:
 - a. A cash stream had been defined to fund the amounts already committed to the Future of Flight.
 - b. Reserves have been set aside for unanticipated emergencies.
 - c. Such a time as the funds are available.
5. Prior to any additional allocation of revenues except in emergency circumstances, the board will give sufficient notice to each project about what the criteria will be and invite requests from each project for funding.
6. The Board hereby schedules additional distributions (including the \$1.804 million present value and Future of Flight amount previously committed by the Board as detailed in Attachment 1):
7. The Board also establishes the target of a \$250,000 reserve to be funded as dollars are available above currently scheduled payments (as illustrated on attachment 1). This amount would be set aside for project emergencies as determined by the Board.
8. Any additional project allocations will be made by amendment to the original project interlocal agreements.

The principals of geographical distribution, management of projects in line with their original commitments, and utilizing other sources of funding prior to further Board allocations were discussed.

Doug Ferguson reminded the Board that any additional project allocations will require an amendment to their Interlocal Agreement and the Council needs to be a party when the allocation exceeds \$50,000. The Charter for the PFD requires equitable principals of fairness, although equitable has not been defined. Doug stated their discussions have been in a very fair light, with a presence of fairness and impartiality, justice and rightness, and it doesn't have to be equal. The process used by the Board has been fair and equitable in requesting input from the projects and public.

Travis asked what would be the appropriate level of reserves and invited the Board to entertain conversation or a Motion based on the revenue projections. Eric asked what the reserve fund is going to be used for. The consensus was we should have extra funds for emergencies or to help a project and make payments if necessary. Boyd stated we had decided to have one year of County services and insurance. If we build a reserve, Eric stated he is unsure of escalating the percentage every year. Boyd stated that once we meet stable amount he does not feel it needs continue escalating. Roger offered an option to reserve an agreed amount and in a stable environment, no need to have extra funds sitting unused. Travis stated we would want get dollars to the projects as soon as possible and mentioned operations costs are still unclear for the projects.

Roger commented that he felt in a very severe economic downturn that the Future of Flight should not be the only project impacted; a broad range of projects should be impacted together, a shared risk. Roger and Travis feel that if sourcing is implemented, it will enable the Board to proceed with additional allocations. Roger recommended if we utilize a reserve account target amount of \$250,000 that we not make future allocations until payment schedule for the Future of Flight was established. Doug Ferguson stated the Board could also allocate temporary emergency loans that would allow the projects time to utilize/secure other funding. Roger stated it looks like it would be the end of 2006 when the additional allocations would be available.

Bill Lewallen stated the Future of Flight is already discussing financial planning reserves and that the projects could set aside a maintenance reserve or a debt service reserve funds too.

Eric made a Motion that we set aside a reserve amount of \$250,000. Doug Ferguson suggested we draft the Motion and send it out for review to assure that we have met the intent of the Board. Eric stated the last column on the worksheet should not exist; any dollars should be allocated; and he withdrew his previous Motion. Travis said he would like to see the new format at 3.2% sales tax revenue. Roger will delete the last column and update the draft allocation analysis which may be a basis for a Resolution or Motion at the 4.5% sales tax. He will forward the revenue forecasts prior to the next meeting to allow the Board to review: the likely and worst case scenarios. The Board will have their final discussion at our next meeting and approve a plan.

Travis thanked the Board and projects for their input on this future allocation plan. Bill Lewallen thanked the Board collectively for their impressive process.

Financial Report

Roger reported the first three months of the year were not as strong as the past three months. County sales taxes is stronger with the Seattle Outlet Premium Mall and the Everett Mall was lagging a little due to remodeling. Roger will provide a sales tax comparison for next month.

Voucher Approval. The payment of vouchers totaling \$302,477.69 for April through June 2005 was unanimously approved by the PFD Board members present.

Joint Board Member Needed for Future of Flight

Bill Lewallen sent a letter requesting a member be appointed for the Future of Flight Oversight Board. This is a new Board and will meet once a month now, or special occasions and then quarterly. The meeting times will be flexible to accommodate members. Eric is already on the Foundation Board for Future of Flight. Travis asked if any Board member have an interest in this opening. Travis offered to serve on this Board until next year and then we can evaluate it or consider rotating Board members to serve. The Motion was made by Boyd, seconded by Eric to appoint Travis to the Future of Flight's Oversight Board for one year and Motion passed unanimously.

Board Member Appointments: Roger reported the Executive Office was still working on filling the Board vacancy.

Meeting Adjourned: The meeting was adjourned at 4:32

Next Meeting: The next regular quarterly meeting will be October 20th at 3:00 p.m.

Tom Sunde
President

1/19/06