Board Members Present:
Steve Shelton, President, District #3
Tim Menzies, District #1
Mark Beals, District #4
Debbie Burton, District # 5

Interested Parties Present:
Nickolis Landgraff, Arif Ghouse, Ryan Zulauf & Jeff VanDyck, Snohomish County Airport/Paine Field/Future of Flight
Grant Dull & George Sherwin, Lynnwood Convention Center
Joe McIwain & Matt Keller, Edmonds Center for the Arts
Gary Weikel & Rick Comeau, Angel of the Winds Arena/Everett PFD

Staff Present:
Brad Cattle, Anderson Hunter Law Firm
Robin Selfridge, Snohomish County Finance Department
Sharyl Raines, Snohomish County Finance Department
Nathan Kennedy, Snohomish County Finance Department
Shannon Fleming, Snohomish County Public Works

Guests:
Alan Dashen, Northwest Municipal Advisors
Ken Klein, Snohomish County Executive’s Office
George Sherwin, LPFD Board Chair
Michelle Corsi, Snohomish County Prosecutor’s Office
Roy Henslee, Boeing

Call to Order
Steve Shelton called the meeting to order at 3:01 p.m.
Introductions were made.

Public Comment / Correspondence
Grant Dull inquired about the minutes from 2008 meeting regarding a decision about the tier 2 allocation, as there is missing information in our records. Steve will ask Travis Snyder regarding that to help research the mystery.

Approval Items
Debbie Burton moved to approve the January 25, 2018 minutes. Tim Menzies seconded the motion and it passed unanimously.

Debbie Burton’s board term will run out at the end of June. Tim Menzies nominated Debbie for another term. Debbie seconded, motion passed unanimously.

After review of the vouchers, Debbie Burton moved to approve the Q1 Financials and vouchers for January through March 2018 in the amount of $560,679.20. Tim Menzies seconded the motion and it passed unanimously.
Disbursements:
Fund X10
(January through March 2018)
Voucher/warrant numbers: 5012190, 1980478 Total $1,302.50
Voucher/warrant numbers: 1982914, 1982922, 1983077, 1983003, 1982824 Total $185,849.72
Voucher/warrant numbers: 5012444, 1985681, 1985682, 1985685, 1985683, 1985684, 1985680,
1985687, 1985679, 1985688, 1985676, 1985688 Total $181,692.87
Voucher/warrant numbers: 1986929, 1987160, 1987051, 1986786 Total $5,854.35
Voucher/warrant numbers: 1989332, 1989334, 5012618, 1989388, 1989361, 1989290
Total $185,979.76

New Business
Washington State PFD Association Update  Grant Dull
The annual meeting is the September 26 & 27 in Seattle at the WA State Convention Center.
Steve encouraged anyone from a PFD that has not yet attended one of these annual meetings to
do so. This is the group that got the tax rebate extended for 15 years.

Project Financial Updates
Future of Flight — Jeff Van Dyke
- Financial Summary Handout
- Tickets sales up over last year
  - Busy year
  - 1000 attendees to Family Steam Night
  - Classes being held 3 times a day
  - 2 guided tours through the gallery portion of the museum
  - Around 2900 students this quarter for over 37 different classes
  - Free First Thursday 5-7
  - Art show on display from a Boeing employee with paintings from inside the factory.
  - There are 2 small yellow airplanes gifted from the Museum of Flight that will be worked
    on and then displayed with the ability for people to climb on board and experience what
    it’s like to be in a real airplane cockpit next to the Smithsonian Exhibit
  - Happy Hours every Friday starting June 8 until around September 1 that will be catered
    on the Stratodeck, catered by Red Cork with big screen TV’s.

Lynnwood Convention Center — Grant Dull
- Community Outreach 2017 Annual Report handout, which is sent out to every resident in the
city of Lynnwood via the newspaper
- Summary Income Statement Handout
  - 2017 final financials/income statement
  - Capital expenses report for 2017
  - Bar graphs indicating the first 2 months of 2018 were slow, but March and April are
    picking up
  - Economic impact bar graphs
  - Pie charts showing direct & indirect economic impacts
- The amount of revenue generated by these facilities is more than the amount of money the
  state is providing to them
- Steve asked how the numbers are generated, Grant clarified that based on the events a
  consultant was able to come up with an economic multiplier based on each event type.

New Business
Preparation for County Finance Committee Presentation  Sharyl Raines

There are 2 dates for this meeting, June 12 or 26. The Board and PFD’s deliberated (Edmonds is okay with either day, the 12th worked for Steve, Mark will be out of the country) and chose June 12 as the preference. Start time for that meeting is 10:30.
Robin Selfridge reminded everyone that an email with the documents that need to be completed and the due dates was sent.
Steve stressed that this would be an important meeting.

**Project Financial Updates**

**Edmonds Center for the Arts** – Joe McLalwain

- No handouts
- Gearing up for Annual Center Stage event, which is a sponsorship development event
- Roof project over gymnasium is underway and should be completed in the next 2 weeks
  - Thanked SnoCo finance committee & Council
  - State grants may be able to help with more upgrades to the gymnasium
- About to finish a second 5 year strategic plan
  - Within 2 months of finalizing and approving strategic planning for the next 5 year plan
  - A copy will be brought to the PFD Quarterly meeting when it has been completed
- In the midst of refinancing a 2008 bond
  - So far interest rates have been too high on the private end
  - Now going forward with public agencies
    - Spokane County and Stevens County have expressed interest in buying the debt
    - More to come on this
- Almost done with the 2017 audit, financials will come in the next meeting after that has been completed
  - Cleanest and strongest financials in years
  - It’s going very well and faster than previous years
  - Will be included with the City of Edmonds financial report
- 18/19 Season is about to be announced that begins in October
  - Announce to local community
  - Invite people to invest in sponsorship shows
  - Individuals and businesses have gotten involved in the past
  - Wednesday night the 2nd, at 5:30, many artists could be on the lineup
  - Sunday matinee film series with a focus on classic films
  - The Center Stage Event has generated about $160-$170k which helps make the season possible – and invitation to all present was extended

**Angel of the Winds Arena** – Rick Comeau

- Quilt show happening now
- Really good start to 2018
  - $153K ahead of plan
    - Silvertips strong attendance
    - Motorcycle ice racing
    - Disney On Ice
    - WWE
- Reviewing proposals for new arena boards and glass
  - WHL requirement to have those changed prior to the 2019 season
Hoping to get it done this year if possible, but will have to be done next year at the latest.

- Past events
  - 5th Annual Motorcycle Ice Racing – about 3400 people, 75% over last year
  - Disney Live in January – 10% over 2016
  - February brought back WWE, last show was in June 2017 – up 40% over previous event
  - Drone racing – small attendance, 400-500 people, streamed live on FaceBook

- WWE was looking at holding a televised event in the fall, however Key Arena will be remaining open so this even will likely be there – more events will likely come to Everett after Key Arena closes

- April 14 – NW Kids Fair with almost 10,000 people; same event last year had 6000
  - Talks for coming back next year.

- Silvertips great season
  - Increase in ticket sales
  - In the Playoffs!

- Bollywood concert on 4/22 – attendance was not great, about 1700 people compared to 1900 in the San Jose market

- Hosted a free health clinic with 700 volunteers – around 1000 people came in for treatment

- 2018
  - May 26 Ladies Night Out
    - Bel Biv Devo
    - Genuwine
    - Next
  - June
    - Graduations – 18 ceremonies again this year; 6000+ people
    - 2019 season will add at least 1 more for 19
  - July
    - Quiet, maintenance work
    - Indoor Box Lacrosse games potentially
  - August 19
    - Alice Cooper – 1500 tickets sold already
  - October
    - Skate America – still selling full packages, 940 sold = over $180k in sales
    - Single event tickets will go on sale closer to the event

Special Report – Alan Dashen
Steve gave a brief history of PFD and explained that Alan Dashen is a financial advisor to this board. The board members received a special handout, and Alan explained that the folks who were in the meeting last week saw 90% of the information. The Allocation Analysis handout was included in the board packet.

The 15 Year Rebate Extension and how to allocate that was the focus of the discussion. The Future of Flight and the Everett Garage were set aside from this analysis. There are more needs than there is money available. Recommendations were given based on a comprehensive base case which was explained in the Allocation Analysis handout.

Steve reminded everyone that this is a first phase analysis about what to do from 2027-2041. All funds are currently locked in by Inter Local Agreement up to 2026. He then opened up the meeting for
questions and comments, stating that more information was needed in order to write up any proposals for future distribution of funds.

Alan was asked if it was taken into consideration that the cities get tax rebates back through to these organizations. Alan stated that was built into the analysis.

A question was asked about why Future of Flight and the Garage were left out of the analysis. The understanding was that the garage was a separate agreement between Everett PFD and the County. Alan answered that a small portion of the garage was allocated to the Everett PFD. The questions was reworded to ask if there was an agreement between the Snohomish County PFD and the garage, or was it between the Everett PFD and the garage. Alan answered that it was between the Snohomish County PFD Board and the garage. Or rather, a certain percentage of the funds for the garage were allocated by the SCPFD Board, separate from Everett PFD. Steve requested Gary Weikel to clarify. Gary explained that the agreement he was aware of was that Everett received 500 parking stalls, an agreement with the County. It is not clear about the exact nature of the negotiations. It was then asked where the agreement came from and what it is; Gary stated that there must be an agreement with the SCPFD since 500 parking stalls is not the total in the garage. It has not been renegotiated. Steve’s recollection of looking through the initial ILA’s, Everett’s being the first one that the Board dealt with, was to fund the Arena and the garage. The amount of money that was allocated to the garage was a separate agreement with the Everett PFD and that garage.

The next question was that since the management agreement between the County and Future of Flight has been cancelled, the negotiations with the Museum of Flight have gone by the wayside, but there may be negotiations with Boeing; if Boeing does take over, this will no longer be a non-profit County operation and funding would no longer come from the PFD.

Alan answered that he does not know what the status of the Future of Flight is at this time, but this is a question that will be asked. A follow up question was posed that if FoF were still a public facility, would it still get funds. Alan said yes.

Arif Ghouse with Paine Field jumped in with a few questions.

1. When is the Board looking to make a decision on the future funding?
2. If the cities/or city wasn’t going to borrow from future allocation, when would that decision be made?

Steve answered Arif’s questions that currently the challenge is making the right decision for the tax payers of Snohomish County. At this point, more information is needed.

Arif continued stating that no changes regarding the use of the building are intended. It will remain a public facility open to the public with a conference center, and public events. What’s being looked at is who will elevate that and enhance the customer experience. The goal is to improve the facility and attract tourism. Boeing is currently in the due diligence phase, but regardless of their decision, the condition of the County is that the Future of Flight will remain a public facility. In Arif’s opinion, a P3, or Private/Public Partnership, might be a great solution for this facility.

Roy Henslee from Boeing Tours then stated that they are confident that by July they will be very transparent in what is currently happening. But there has been no discussion that this would not remain a public facility. Basically, the arrangement will remain that same as it is now. Arif asked Roy to share with the board on when a decisions is expected to me made, to which Roy reiterated that they should be able to be more transparent about their plans in July.

Alan explained that since the future of the Future of Flight facility is still being negotiated, that is the reason for leaving it out of the analysis.
Steve continued saying that at this time, he is not comfortable making a decision on how to distribute the funds, and will be in information gathering mode between now and the next PFD meeting on July 19, but that may even be too soon to make a decision. He also stressed that the P3 model is not new, but that more information is needed on the intended uses of the building. The PFD Board is responsible for ensuring that the facility continues to adhere to the original Public Facility legislation. Arif stated again that the intent is to keep the building a public facility, the intended use of the building is not to change.

Everett PFD is concerned that the decision will not be made in time for refinancing of their bonds, but it is understandable. Steve responded by asking fellow board members what more information is needed to make a decision regarding allocation of PFD funds to the FoF facility. Debbie stated that hearing that Future of Flight will remain a public facility then it needs to be pulled into the conversation in order to make a better decision; she highly doubts that a decision will be made in July – if a decision can be made by the end of the year, great, but 2019 will be ok also.

Steve reminded everyone that this is a board and decisions need to be made regarding the right thing to do for the County as a whole. More work is needed on the issue of the garage and the Future of Flight since the Inter Local Agreement on these facilities is directly with the County and not a separate PFD, more conversations will need to happen.

Roy Henslee stated that it is not Boeing’s intent to disconnect with the community, it is their intent to connect better, which is why they are currently looking at the facility.

The question was then asked of Alan that if the current Boeing negotiations come to fruition, is a new analysis going to be completed with the new information? Alan said yes.

It was mentioned that bonds for the garage were refinanced to 2035 so there are concerns that the County finances for the foreseeable future, funds are needed from the PFD at least through the end of the bond payments. There are no guarantees about where the rest of the dollars would come from if the PFD funds did not exist, so it is important that information is included in the conversation as well. Alan concurred.

Steve clarified that the contract with the County and the Future of Flight was that there was a portion of funding from the PFD and an additional amount directly from the County. He posed the question if the intent was to keep that arrangement with the new operator going forward, but the answer is not known. Steve asked if that was part of the current negotiations. Arif clarified that if a contract was entered into with Boeing, they would be leasing the entire building and the land that it sits on. The County would receive revenues from the lease. Steve Shelton continued saying that around $600k of the funding comes from sales tax distributions which the Board has approved to go. An additional $900k that comes directly from the County. The question is if that revenue stream continuance is part of the current negotiations with Boeing. Arif says that Boeing is currently in the due diligence phase, so negotiations have not yet started on how the lease will be structured. Currently Boeing leases 20% of the building, which is paid directly to the County.

Alan pointed out that this is why the Future of Flight is not included in the current analysis, as there are a lot of questions surrounding this facility and much more information is needed about the future of the building. He thanked Steve for all the help, and then let the remaining board members know that they could call him anytime. He also commended the city PFD’s for their patience and understanding. Lastly, there will not be any new PFD’s.

Debbie mentioned Everett’s pending refinancing, then asked Grant Dull if Lynnwood was looking at that as well. Grant said a bond is likely, but they are not sure yet what that will look like.
Alan encouraged the city PFD’s to come up with contingency plans for the bond refinance backing.

Steve Shelton then stated that the Board will be in information gathering mode between now and the next quarterly meeting and will have meetings with the County to assess them of the state of the union as well. He would prefer to come up with a simple percentage basis way to divide the funds between the facilities, it’s just not yet clear how to come up with that percentage. The initial design was first come first serve. Right now Everett is first but Lynnwood is getting most of the funding as they are collecting on the compound interest. A fair distribution for all facilities to benefit from current and future growth seems like the best solution, the challenge is figuring out what that number is. The County Council will have a say in this decision as well.

Steve Shelton adjourned the meeting at 4:32 p.m.

Next meeting: Thursday July 19, 2018 3:00pm Institute of Flight& Boeing Tour, Mukilteo