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PUBLIC FACILITIES BELLINGHAM WHATCOM **DISTRICT**

MINUTES OF THE PUBLIC MEETING OF THE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT THURSDAY, DECEMBER 6, 2012

CALL TO ORDER

Dunham Gooding, Vice President, called the meeting to order at 2:15 p.m.

ROLL CALL

Board members present were Dean Brett, Dunham Gooding, Charles Self and Brent Walker. Also present were Bob Carmichael, Alison Henshaw and Brian Henshaw.

OPEN PUBLIC COMMENT PERIOD

None.

APPROVAL OF MINUTES

CHARLES SELF MOVED TO APPROVE THE MINUTES OF THE APRIL 25, 2012 REGULAR BOARD MEETING. DEAN BRETT SECONDED.

Motion carried 4-0.

BRENT WALKER MOVED TO APPROVE THE MINUTES OF THE OCTOBER 24, 2012 REGULAR BOARD MEETING. DEAN BRETT SECONDED.

Motion carried 3-0-1. Charles Self abstained, as he was not at the October 24, 2012 meeting.

AGENDA REVIEW

None.

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status:

a. Authorization of expenditures for the second quarter of 2012:

Expenditures for the second quarter of 2012 total \$280,889, consisting of \$4,566 in operating expenses and \$276,323 in debt service. This amount is within the legally appropriated budget.

CHARLES SELF MOVED TO AUTHORIZE EXPENDITURES FOR THE SECOND QUARTER OF 2012, IN THE AMOUNT OF \$280,889. DEAN BRETT SECONDED.

Motion carried 4-0.

- b. Authorization of expenditures for the third quarter of 2012:

Expenditures for the third quarter of 2012 total \$252,685, consisting of \$7,243 in operating expenses and \$245,442 in debt service. This amount is within the legally appropriated budget.

CHARLES SELF MOVED TO AUTHORIZE EXPENDITURES FOR THE THIRD QUARTER OF 2012, IN THE AMOUNT OF \$252,685. DEAN BRETT SECONDED.

Motion carried 4-0.

- c. Approve Resolution 2012-1 fixing the times and dates of the 2013 regular BWPFD Board meetings:

DEAN BRETT MOVED TO APPROVE RESOLUTION 2012-1 FIXING THE TIMES AND DATES OF THE 2013 REGULAR BOARD MEETINGS. CHARLES SELF SECONDED.

Motion carried 4-0.

- d. Discuss a proposed written funding plan for the BWPFD:

Finance Director John Carter sent an e-mail to the Board on November 28, 2012, recommending nine (9) steps for possible adoption by the Board in order to respond to the State Auditor's requesting the BWPFD to prepare a written statement addressing a potential financial shortfall in 2018. Brian Henshaw, Budget Manager, said staff is looking for direction from the Board. The Board discussed the steps and in general were not supportive of items 4, 5 or 6:

"4. That the PFD pursue grant options for reducing the debt obligation."

The consensus of the Board was that it is difficult to obtain funding for projects that are already built. Additionally, it is not the PFD's role to seek grant funds. This will be modified to have museum and city staff pursue grant options.

"5. That the PFD board recommend that General fund payments to the Museum operations be reduced and that funding of the Museum operations from Tourism fund revenues be increased thereby freeing up General fund \$'s that could be used to pay a portion of the PFD Debt Service."

Charlie and Dean are not in favor of reducing the commitment to the Museum. Also, this decision should be that of City Council, not the PFD board. Dunham is

concerned about tapping into the Tourism fund for operations, as the purpose of the fund is marketing.

"6. That the PFD board ask the Mayor to place as a high priority, proposed legislation to the state legislature that would extend the sales tax rebate to the PFD for an additional period (up to 10 yrs) to allow PFD's to fully fund (and refinance) the debt service that was originally obligated based on an economic forecast that has not been realized. This would reassure the bond holders and make debt refinancing in the future for PFD's more likely to be completed."

Charlie and Dean are not supportive of the legislative change and the Board previously voted against such a legislative change. The State's reduced revenue may be better used on education expenditures. Further discussions on a legislative change that would work for all PFD's may be acceptable. The Board was against individual PFD bailouts by the State, which was proposed earlier for Wenatchee.

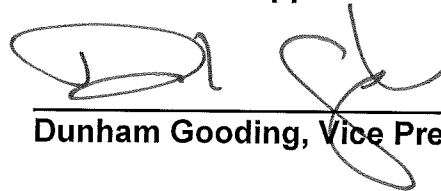
Brian Henshaw will pass the Board's comments along to John Carter.

ADJOURNMENT

Dunham Gooding adjourned the meeting at 1:40 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant.

Final Minutes Approved:

A handwritten signature in black ink, appearing to be "D. Gooding", written over a horizontal line.

Dunham Gooding, Vice President

AGENDA

**BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING
THURSDAY, DECEMBER 6, 2012
10:30 A.M. – 11:00 A.M.
Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham**

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

Citizens may speak informally to the Board on subjects not scheduled for public hearing. Each speaker is allowed a maximum of three minutes. A copy of any written comments for the Board should be provided to the Administrative Assistant, preferably before the meeting.

APPROVAL OF MINUTES

ACTION: Approve minutes of the April 25, 2012 and October 24, 2012 regular board meetings.

AGENDA REVIEW

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status:
 - a) **ACTION: Authorization of checks issued for second quarter of 2012.**
 - b) **ACTION: Authorization of checks issued for third quarter of 2012.**
 - c) **ACTION: Approve Resolution 2012-1 fixing the times and dates of the 2013 regular BWPFD Board meetings.**
 - d) Discuss a proposed written funding plan for the BWPFD.

ADJOURNMENT

FOR CITIZENS WITH SPECIAL NEEDS, the Mayor's Boardroom is fully accessible. Elevator access to the second floor is available at City Hall's west entrance. Hearing assistance is available in the Mayor's Boardroom and a receiver may be checked out through the clerk prior to the meeting. For additional accommodations, persons are asked to contact Alison Henshaw a 738-7403 at least 3 working days in advance of the meeting. Thank you.

PUBLIC FACILITIES BELLINGHAM WHATCOM DISTRICT

MINUTES OF THE PUBLIC MEETING OF THE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT WEDNESDAY, OCTOBER 24, 2012

CALL TO ORDER

Dunham Gooding, Vice President, called the meeting to order at 2:15 p.m.

ROLL CALL

Board members present were Dean Brett, Dunham Gooding, and Brent Walker. There was no quorum. Also present were Alison Henshaw, Brian Henshaw, Tara Sundin, Brad Burdick and Dan Lerner.

OPEN PUBLIC COMMENT PERIOD

None.

APPROVAL OF MINUTES

Due to the lack of a quorum, no vote was taken on approval of the April 25, 2012 minutes.

AGENDA REVIEW

None.

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status:

- a. Board vacancies: Dean pointed out that for today's meeting and the previously scheduled meeting, there has not been a quorum of board members so he recommended active recruitment of volunteers to fill the two Board vacancies. He also offered that as the BWPFD has supported both the Mount Baker Theatre and Whatcom Museum in its capital projects, that perhaps a representative from those organizations would be interested in serving on the Board.
- b. Authorization of expenditures for the second quarter of 2012: Due to the lack of a quorum, no vote was taken on authorization of expenditures for the second quarter of 2012.
- c. Authorization of expenditures for the third quarter of 2012: Due to the lack of a quorum, no vote was taken on authorization of expenditures for the third quarter of 2012.

- d. Approve Resolution 2012-2 fixing the times and dates of the 2013 regular BWPFD Board meetings: Due to the lack of a quorum, no vote was taken on approving Resolution 2012-2.
- e. Financial Reports: The City's Finance Director, John Carter, is working on a written funding plan as requested by the State Auditor's office.

2. City of Bellingham and Whatcom County Activities and Issues

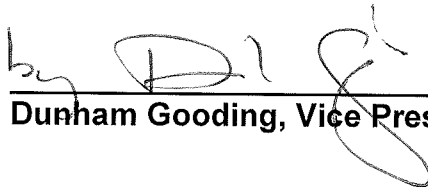
- a. Brad Burdick, Executive Director of the Mount Baker Theatre and Dan Lerner, President of the Mount Baker Theatre Board, gave a presentation on the Mount Baker Theatre's annual report for 2011-2012. The theatre has been doing well since the renovations, with an increase in attendance – this season 108,000 people came to the theatre.
- b. Mayor Linville thanked the BWPFD Board for not taking any action on the resolution drafted by the Spokane PFD, which sought to extend the PFD state sales tax rebate for 15 years. (See minutes from February 2, 2012 Board meeting). Dean informed the mayor about the BWPFD's cash-flow projections and specifically the financial problems it foresees beginning in 2019, in spite of the City's Finance Director succeeding in re-financing the bonds at a very favorable rate. Mayor Linville said she knew about this and was making economic development a priority for the City.

ADJOURNMENT

Dunham Gooding adjourned the meeting at 3:14 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant.

Final Minutes Approved:



Dunham Gooding, Vice President

AGENDA

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING
WEDNESDAY, OCTOBER 24, 2012
2:00 P.M. – 3:00 P.M.
Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

Citizens may speak informally to the Board on subjects not scheduled for public hearing. Each speaker is allowed a maximum of three minutes. A copy of any written comments for the Board should be provided to the Administrative Assistant, preferably before the meeting.

APPROVAL OF MINUTES

ACTION: Approve minutes of the April 25, 2012 board meeting.

AGENDA REVIEW

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status:
 - a) **ACTION: Authorization of checks issued for second quarter of 2012.**
 - b) **ACTION: Authorization of checks issued for third quarter of 2012.**
 - c) **ACTION: Approve Resolution 2012-2 fixing the times and dates of the 2013 regular BWPFD Board meetings.**
2. Public Awareness & Communication.
3. BWPFD Capital Project Updates.
4. City of Bellingham and Whatcom County Activities and Issues: Update from Mayor Linville.
5. Cultural District Stakeholders Activities and Issues.

ADJOURNMENT

FOR CITIZENS WITH SPECIAL NEEDS, the Mayor's Boardroom is fully accessible. Elevator access to the second floor is available at City Hall's west entrance. Hearing assistance is available in the Mayor's Boardroom and a receiver may be checked out through the clerk prior to the meeting. For additional accommodations, persons are asked to contact Alison Henshaw a 738-7403 at least 3 working days in advance of the meeting. Thank you.

PUBLIC FACILITIES BELLINGHAM WHATCOM DISTRICT

MINUTES OF THE PUBLIC MEETING OF THE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT WEDNESDAY, APRIL 25, 2012

CALL TO ORDER

David Warren, President, called the meeting to order at 2:07 p.m.

ROLL CALL

Board members present were Dean Brett, Dunham Gooding, Charles Self, Brent Walker and David Warren. Also present were Bob Carmichael (BWPFD Counsel), John Carter, Alison Henshaw, and Tara Sundin.

OPEN PUBLIC COMMENT PERIOD

None.

APPROVAL OF MINUTES

DEAN BRETT MOVED TO APPROVE THE MINUTES OF THE FEBRUARY 2, 2012 SPECIAL BOARD MEETING. CHARLES SELF SECONDED.

Motion carried 4-0. (Brent Walker was not present for the vote).

AGENDA REVIEW

None.

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status:

a. Authorization of expenditures for the first quarter of 2012:

Expenditures for the first quarter of 2012 total \$285,544, consisting of \$9,182 in operating expenses and \$276,362 in debt service. This amount is within the legally appropriated budget.

DEAN BRETT MOVED TO AUTHORIZE EXPENDITURES FOR THE FIRST QUARTER OF 2012, IN THE AMOUNT OF \$285,544. CHARLES SELF SECONDED.

Motion carried 5-0.

b. Financial Reports: David Warren reported that he attended the audit exit conference on March 15, 2012 and that John Carter, City of Bellingham Finance Director, worked hard to address the auditors' concerns. John Carter will be

working on a written funding plan for the PFD as requested by the State Auditor. The plan will include options such as an increased state sales tax rebate, an extension of the interfund loan, refinancing the PFD-issued 2007 bonds, and using the City's role as a backstop. John will explore these options and revisit them with the Board in the fall.

The auditors were paying closer attention to public facilities districts especially since the failure of the Greater Wenatchee PFD (GWPF) project. The GWPF was only able to obtain 3 year financing for \$42 million. Since then, a court ruling stated the GWPF and City of Wenatchee were responsible for the entire \$42 million and that it exceeded the City of Wenatchee's debt capacity. More recently, the GWPF has gained a new revenue stream due to the citizens of Chelan and Douglas Counties agreeing to tax themselves 0.10% and the citizens of the City of Wenatchee agreeing to tax themselves 0.20% to raise money for the project.

John Carter distributed a new debt service schedule resulting from the City's recent refinancing of the City-issued 2004 bonds. Overall, the City saved \$917,000, which will be passed onto the PFD. The Board members expressed their gratitude to John for bringing the bond refinancing forward to City Council and for securing such a good rate.

The PFD's state sales tax revenues for the first quarter of 2012 show an increase of 5.7% over the first quarter of 2011.

- c. Fundraising Status: The PFD should receive about \$13,000 this year in pledges due to be collected by the end of 2012. An additional gift of \$50,000 has been on hold for a year but is expected to be received this year.

2. City of Bellingham and Whatcom County Activities and Issues:

- a. City performance measures update by Nicole Oliver: Nicole Oliver, IT Projects & Training Manager, gave a presentation on the City's performance measures and community indicators. The database can be found at www.cob.org/metrics.

ADJOURNMENT

David Warren adjourned the meeting at 2:52 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant.

Final Minutes Approved!



**Dunham Gooding, Vice President
for David Warren, President**

AGENDA

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING
WEDNESDAY, APRIL 25, 2012
2:00 P.M. – 3:00 P.M.
Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

Citizens may speak informally to the Board on subjects not scheduled for public hearing. Each speaker is allowed a maximum of three minutes. A copy of any written comments for the Board should be provided to the Administrative Assistant, preferably before the meeting.

APPROVAL OF MINUTES

ACTION: Approve minutes of the February 2, 2012 special board meeting.

AGENDA REVIEW

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status:
 - a) **ACTION: Authorization of checks issued for the first quarter of 2012.**
2. City of Bellingham and Whatcom County Activities and Issues:
 - a) City performance measures update by Nicole Oliver.

ADJOURNMENT

FOR CITIZENS WITH SPECIAL NEEDS, the Mayor's Boardroom is fully accessible. Elevator access to the second floor is available at City Hall's west entrance. Hearing assistance is available in the Mayor's Boardroom and a receiver may be checked out through the clerk prior to the meeting. For additional accommodations, persons are asked to contact Alison Henshaw a 738-7403 at least 3 working days in advance of the meeting. Thank you.

PUBLIC FACILITIES BELLINGHAM WHATCOM DISTRICT

MINUTES OF THE PUBLIC MEETING OF THE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT THURSDAY, FEBRUARY 2, 2012

CALL TO ORDER

David Warren, President, called the meeting to order at 11:00 a.m.

ROLL CALL

Board members present were Dean Brett, Dunham Gooding, Charles Self, Brent Walker and David Warren. Also present were Bob Carmichael (BWPFD Counsel), John Carter, Alison Henshaw, Brian Henshaw, John Stark (Bellingham Herald), and Tara Sundin.

OPEN PUBLIC COMMENT PERIOD

None.

APPROVAL OF MINUTES

DUNHAM GOODING MOVED TO APPROVE THE MINUTES OF THE OCTOBER 14, 2011 SPECIAL BOARD MEETING. DEAN BRETT SECONDED.

Motion carried 5-0.

AGENDA REVIEW

None.

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status:

a. Authorize the City of Bellingham's Finance Director to refinance 2004 City Bonds, if refinancing results in cost savings to the BWPFD:

John Carter, City of Bellingham Finance Director, outlined his plans for refunding (refinancing) the 2004 bonds issued by the City. The Bellingham-Whatcom Public Facilities District was a partial beneficiary of those original bonds and has to repay part of them.

Staff from the State Auditor's Office are conducting an accountability audit of the Bellingham-Whatcom Public Facilities District for 2009, 2010 and 2011. The auditors are paying closer attention to public facilities districts especially since the failure of the Greater Wenatchee PFD (GWPF) project. John's understanding is that the GWPF issued a contract to build and operate an arena. The Lehman Brothers bankruptcy put the municipal bond market in turmoil before long term financing was secured. However, the GWPF was only able to obtain 3 year financing for \$42 million. Since then, a court

ruling stated the GWPFD and City of Wenatchee were responsible for the entire \$42 million and that it exceeded the City of Wenatchee's debt capacity.

The BWPFD is different from the GWPFD because it has long term financing as a result of two separate bond issues; City bonds in 2004 and PFD bonds in 2009.

John Carter explained that rates have dropped on bonds so it makes sense to refinance the 2004 bonds this year. The City of Bellingham has an AA rating, which is good.

Finance is preparing paperwork for refinancing the 2004 bonds. John will be coming before City Council on February 13 with a bond ordinance, recommending the refinancing of the bonds that would likely save the PFD about \$1.1 million and could delay expected cashflow liquidity challenges for a further two years. The new bonds would have the same end maturity rate as the current bonds.

DEAN BRETT MOVED TO AUTHORIZE THE CITY OF BELLINGHAM'S FINANCE DIRECTOR TO REFINANCE 2004 CITY BONDS, IF REFINANCING RESULTS IN COST SAVINGS TO THE BWPFD. BRENT WALKER SECONDED.

Motion carried 5-0.

Since 2008, John Carter and other Finance Department staff have been meeting regularly with the BWPFD concerning cashflow projections and options to assist the BWPFD with meeting future bond and loan payments. The auditors have asked for the City's written plan to address this potential forecasted cashflow problem. The auditors would like to meet and discuss a contingency plan with John Carter. Assuming interest rates remain low, another potential option would be to refinance the 2007 PFD bonds in a few years. Other options would be to restructure the interfund loan and to work with the State legislature on extending the state sales tax rebate.

With regard to the audit exit conference, Tara would like to ensure that it is scheduled so that Board members will have the opportunity to attend.

b. Schedule quarterly board meetings:

Tara mentioned that the auditors are recommending that the BWPFD Board take formal action on its budget and approval of expenditures. Typically, boards authorize the Finance Director to approve expenses in line with the budget and report back at the next quarterly meeting. Because of this, the auditors would like the BWPFD to meet quarterly.

DEAN BRETT MOVED TO SCHEDULE REGULAR QUARTERLY BOARD MEETINGS. BRENT WALKER SECONDED.

Motion carried 5-0.

c. Authorize the City of Bellingham's Finance Director to approve and pay all expenses which are in accordance with the adopted annual budget:

DUNHAM GOODING MOVED TO AUTHORIZE THE CITY OF BELLINGHAM'S FINANCE DIRECTOR TO APPROVE AND PAY ALL EXPENSES WHICH ARE IN ACCORDANCE WITH THE ADOPTED ANNUAL BUDGET AND TO REPORT BACK TO THE BOARD ON AT LEAST A QUARTERLY BASIS. CHARLES SELF SECONDED.

Motion carried 5-0.

John Carter said that the State Auditor's office did not recognize his authority over the BWPFD. Tara said the Board would take formal action on this recognition at its April 25 meeting.

d. Adopt 2012 Budget:

Brian Henshaw, the City of Bellingham's Budget Manager, reminded the Board that the City posts its financial reports monthly on the City's website, and that the reports include the BWPFD fund. Additionally, the Board is sent the BWPFD monthly financial report via e-mail. Brian presented the 2012 budget to the Board, as approved by City Council.

January sales tax receipts for the BWPFD are 5% higher this year than last. The improved sales tax receipts can be attributed to Canadian shoppers and big box retail stores.

With regard to other revenue, there is some concern about pledged donations not being realized, although they are budgeted at \$67,686 for 2012.

CHARLES SELF MOVED TO APPROVE THE 2012 BWPFD BUDGET AS APPROVED BY BELLINGHAM CITY COUNCIL. DEAN BRETT SECONDED.

Motion carried 5-0.

e. Consider for approval a Resolution calling on Washington State Legislature to extend the state sales tax rebate:

Tara explained that she had attended the PFD Association meeting in Seattle in January. The resolution was drafted by the Spokane PFD. The bill for the state sales tax rebate extension for 15 years is still active, but its outcome is uncertain. If passed, the bill would be beneficial to the BWPFD's financial outlook.

Brent had expressed his lack of knowledge about other PFD's in the State and that the BWPFD would not be planning for longer term capital needs. He also had some misgivings about PFD's providing 'critical' jobs and 'vital' economic activity. Tara said the BWPFD could tweak the draft resolution to reflect the BWPFD's stance. Dean added that he was not supportive of the sales tax extension because of the BWPFD's fiduciary responsibility to the State and its own jurisdiction. Both Dean and Brent

believed any additional state sales tax could be used for other, more important, priorities such as education. David didn't have confidence that the bill would pass due to the lack of support of the Ways & Means Committee chair.

In any event, Tara would like to include legislation as another financial option for the BWPPD.

No action was taken on the resolution.

ADJOURNMENT

David Warren adjourned the meeting at 12:03 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant.

Final Minutes Approved:



David Warren, President

AGENDA

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING
THURSDAY, FEBRUARY 2, 2012
11:00 A.M. – 11:45 A.M.
Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

Citizens may speak informally to the Board on subjects not scheduled for public hearing. Each speaker is allowed a maximum of three minutes. A copy of any written comments for the Board should be provided to the Administrative Assistant, preferably before the meeting.

APPROVAL OF MINUTES

ACTION: Approve minutes of the October 14, 2011 special board meeting.

AGENDA REVIEW

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status:
 - a) **POTENTIAL ACTION: Authorize the City of Bellingham's Finance Director to refinance 2004 City Bonds, if refinancing results in cost savings to the BWPFD.**
 - b) **ACTION: Adopt 2012 Budget.**
 - c) **ACTION: Authorize the City of Bellingham's Finance Director to approve and pay all expenses which are in accordance with the adopted annual budget.**
 - d) **ACTION: Consider for approval a Resolution calling on Washington State Legislature to extend the state sales tax rebate.**
 - e) **ACTION: Schedule quarterly board meetings.**

ADJOURNMENT

FOR CITIZENS WITH SPECIAL NEEDS, the Mayor's Boardroom is fully accessible. Elevator access to the second floor is available at City Hall's west entrance. Hearing assistance is available in the Mayor's Boardroom and a receiver may be checked out through the clerk prior to the meeting. For additional accommodations, persons are asked to contact Alison Henshaw a 738-7403 at least 3 working days in advance of the meeting. Thank you.

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT

210 Lottie Street
Bellingham, Washington 98225

MINUTES OF THE PUBLIC MEETING OF THE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT WEDNESDAY, DECEMBER 18, 2002

CALL TO ORDER

Dunham Gooding, President, called the meeting to order at 11:00 a.m.

ROLL CALL

Board members present were Jerry Chambers, Dunham Gooding, Robin Halliday, Charles Self, Phil Sharpe, Manca Valum and David Warren.

APPROVAL OF MINUTES

A. Charles Self MOVED TO ADOPT THE MINUTES OF THE NOVEMBER 26, 2002 BOARD MEETING. Robin Halliday seconded.

Motion carried 7-0.

BUSINESS

Unfinished Business:

1. At their last meeting on November 26, 2002, the Board did not vote on the District's 2003 budget. **Charles Self MOVED TO ADOPT THE 2003 BUDGET OF THE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT. David Warren seconded.**

Motion carried 7-0.

New Business:

2. Les Reardanz gave a Powerpoint presentation on the legal requirements of the Bellingham-Whatcom County Public Facilities District, including requirements under the Public Disclosure Act, Open Public Meetings Act, and Competitive Bidding. As a follow-up, Mayor Asmundson clarified the roles of the Board, the City, the Centennial Group, and the Downtown Renaissance Network. All groups need to be involved and coordinate the cultural district. However, the Board is the policy-making group and City staff serves the board. This arrangement is stipulated in the interlocal agreement between the City and the County regarding the formation of the Public Facilities District. The roles of the Centennial Group and the Public Facilities District are not the same. Phil Sharpe added that the Downtown Renaissance Network is an advocacy group. Mayor Asmundson explained that the City already contracts with the Downtown Renaissance Network.

3. Resolution setting meeting dates for 2003.

Discussion:

There was a question as to whether or not the board should meet more frequently than monthly. This had been discussed previously and instead the monthly board meetings were extended from 2 hours to 3 hours. Jerry Chambers, Robin Halliday and David Warren were not interested in more than one regular monthly meeting, but would make themselves available for special meetings. Don Keenan reminded board members that if they were not available in person, they could still join the meeting and vote by telephone. David Warren mentioned that the County Council meets on Tuesdays so County staff do not always have the opportunity to attend board meetings.

Jerry Chambers MOVED TO CHANGE THE BOARD MEETINGS FROM THE FOURTH TUESDAY OF THE MONTH TO THE FOURTH WEDNESDAY OF THE MONTH, FROM 11 A.M. TO 2 P.M. Charles Self seconded.

Motion carried 7-0.

4. Resolution approving a Purchasing Agreement between the District and the City of Bellingham. **Phil Sharpe MOVED APPROVAL OF THE RESOLUTION APPROVING A PURCHASING AGREEMENT BETWEEN THE DISTRICT AND THE CITY OF BELLINGHAM. David Warren seconded.**

Motion carried 7-0.

5. Resolution Setting Forth the Concept of the Regional Center.

Discussion:

David Warren suggested a change to the resolution, that after the "NOW, THEREFORE", section, item 1, "The District's regional center project may include" a comma be inserted, followed by the words "but not be limited to". Jerry Chambers asked if the elements were listed in priority – Les Reardanz said they were not. Manca Valum stated that she was concerned about the public's perception of the Centennial Project, which includes the Library, versus the PFD's regional center project, which does not. Phil Sharpe said the public needs to know the extent of the PFD's projects. Robin Halliday summed up the PFD's work as "facilitative and foundational". She added that she would like a summary of the PFD's projects for the public.

Charles Self MOVED APPROVAL OF THE RESOLUTION SETTING FORTH THE CONCEPT OF THE DISTRICT'S REGIONAL CENTER, INCLUDING THE CHANGE TO ITEM 1, WHICH WILL READ "THE DISTRICT'S REGIONAL CENTER PROJECT MAY INCLUDE, BUT NOT BE LIMITED TO ANY OR ALL OF THE FOLLOWING ELEMENTS:" Jerry Chambers seconded.

Motion carried 7-0.

6. Discussion of the Northwest Keyboards property acquisition. Don Keenan reported that City staff had carried out due diligence and he recommended that the Board finalize the purchase of the Northwest Keyboards property. He also stated that, at their meeting on December 16, 2002, the City Council approved the ordinance for the loan to the PFD for the property purchase.

Jerry Chambers MOVED TO APPROVE COMPLETION OF THE PURCHASE BY THE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT OF UNIT 5 OF MOUNT BAKER CONDOMINIUM FOR THE PURCHASE PRICE OF \$365,000. David Warren seconded.

Motion carried 7-0.

7. Funding request by Downtown Renaissance Network for \$40,000 for a fundraising feasibility study of the Centennial Project.

Discussion:

A great deal of discussion ensued. Les Reardanz advised that given the legal requirements for the PFD, the PFD is not in a position to contract for fund raising or other consulting services without going through the Request for Proposal process first. Jerry Chambers opined that a fund-raising feasibility study is not a good use of the PFD's funds and that it should be done by the private sector. Phil Sharpe said there are three projects that can be carried out by the PFD: The Mount Baker Theatre renovation, the Museum renovation, and the parking garage. He agreed that a feasibility study is necessary, but that it should be carried out only for the PFD projects. Charles Self said a study is necessary, but he wants the PFD to pay only part of it and the City the rest. Manca Valum said it's an essential piece, but should not be funded through the PFD. She thinks the Downtown Renaissance Network should do this. Les Reardanz explained the legalities. David Warren agreed that the study is integral, but has reservations about the PFD funding it. Robin Halliday believes the feasibility study needs to be done. Mauri Ingram of the Downtown Renaissance Network explained that if a fund-raising feasibility study were carried out for the entire Centennial Project, the PFD may be able to fund other parts of the Centennial Project as a result of the findings of the study, so it may not be easy to distinguish between PFD funded projects and non-PFD funded projects. Charles Self wanted to know how much of the \$40,000 would pertain to the Library, and asked that that portion be removed from the quote.

This item died for lack of a motion. However, the Board directed staff to investigate legal and appropriate options available for the PFD regarding fund-raising feasibility studies, and how much such studies would cost.

8. Funding request by Downtown Renaissance Network for \$20,000 for an outline of more specific facilities needs of the Mount Baker Theatre and Whatcom Museum, as well as a draft scope of work.

Discussion:

Les Reardanz advised that again, because of legal requirements, since the City is providing staffing for the PFD by interlocal agreement, the City is the appropriate entity for contracting with consultants for this type of work. Don Keenan said that a study for the specific facilities needs of the Mount Baker Theatre would cost between \$8,000 and \$10,000, as would a study for the Whatcom Museum. City staff need to obtain quotes from architects and then get back to the Board with options. Robin Halliday suggested the City include the groups and individuals already been contacted by the Downtown Renaissance Network.

This item died for lack of a motion. However, the Board directed staff to investigate legal and appropriate options available for the PFD regarding the specific facilities needs and draft scope of work for both the Mount Baker Theatre and the Whatcom Museum.

9. Report on the Executive Session.

The Board considered the acquisition of two properties and received a report from staff. The Board gave direction to staff.

ADJOURNMENT

Dunham Gooding adjourned the meeting at 1:42 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT

210 Lottie Street
Bellingham, Washington 98225

AGENDA

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING WEDNESDAY, DECEMBER 18, 2002

11:00 A.M. – 2:00 P.M.

Mayor's Boardroom, City Hall, 210 Lottie Street

CALL TO ORDER

ROLL CALL

APPROVAL OF MINUTES

Approve minutes of the November 26, 2002 board meeting.

BUSINESS

Unfinished Business:

1. Bellingham-Whatcom Public Facilities District 2003 budget for Board approval.

New Business:

2. A review of the legal requirements for Board meetings.
3. Draft Resolution setting meeting dates for 2003.
4. Draft Resolution approving a Purchasing Agreement between the District and the City of Bellingham for Board approval.
5. Draft Resolution Setting Forth the Concept of the Regional Center for Board approval and adoption.
6. Discussion of Northwest Keyboards property acquisition.
7. Funding request by Downtown Renaissance Network for \$40,000 for a fundraising feasibility study of the Centennial Project for Board consideration and discussion.
8. Funding request by Downtown Renaissance Network for \$20,000 for an outline of more specific facilities needs of the Mount Baker Theatre and Whatcom Museum, as well as a draft scope of work for Board consideration and discussion.
9. Executive Session (RCW 42.30.110) regarding acquisition of two properties.
10. Report of Executive Session.

ADJOURNMENT

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the meeting. For additional accommodations, persons are asked to contact Alison Henshaw at 676-6979 at least 3 working days in advance of the meeting. Thank you.

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT

210 Lottie Street
Bellingham, Washington 98225

**RECORD OF PROCEEDINGS OF THE
BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT
CITY OF BELLINGHAM, WASHINGTON**

**WEDNESDAY,
NOVEMBER 26, 2002**

PUBLIC MEETING

**11:00 A.M.
MAYOR'S BOARD ROOM**

CALL TO ORDER

Dunham Gooding, President, called the meeting to order at 11:00 a.m.

ROLL CALL

Board members present were Jerry Chambers, Dunham Gooding, Robin Halliday, Phil Sharpe, and David Warren. Charles Self was present via telephone. Manca Valum was excused.

APPROVAL OF MINUTES

A. Minutes of the October 22 regular board meeting were approved with the following changes: Page 2, paragraph 2, "Mayor Asmundson is proposing the concept..." should be changed to "Mayor Asmundson is recommending the concept..."

Page 4, number 4, "Build some new theatres and indoor public spaces" should be changed to "Build two new theatres with indoor public spaces"

Page 4, number 6, "Renovate the Whatcom Museum" should read "Renovate the Whatcom Museum (old City Hall building)".

David Warren MOVED TO ADOPT THE MINUTES OF THE OCTOBER 22, 2002 BOARD MEETING. Robin Halliday seconded.

Motion carried 6-0.

B. Robin Halliday MOVED TO ADOPT THE MINUTES OF THE NOVEMBER 20, 2002 SPECIAL BOARD MEETING. Jerry Chambers and David Warren seconded.

Motion carried 6-0.

BUSINESS

1. A. Julie Carterson, Library Director, gave an in depth presentation on the Centennial Project needs of the Bellingham Public Library (BPL). She described (a) how much the Library is used, (b) the need for a new Library, and (c) how the Library can be a vital partner in the Centennial Project.

- The city's population has grown by 50% in the last 20 years, but Library use has increased by more than 90%.
- There are 47,000 active Library users of the 69,000 people who live in Bellingham.
- The frequency of BPL's use exceeds that of all but two public libraries in the United States for cities of comparable size.
- BPL serves 850 walk-ins per day.
- BPL's website has 350 - 500 log-ins daily. This has doubled in the past two years.
- In 1998 and 1999, Bellingham citizens ranked the need for a new library equally for the need for a new fire station.
- Over the next 20 years, Bellingham's population is likely to grow to 125,000.
- By 2022, BPL's collection will increase from 289,000 items to 500,000 items.
- BPL's seating capacity of 110 is insufficient and needs to increase to 250.
- BPL's 25 public computers are insufficient and need to increase to 70.
- BPL's current meeting space of 600 square feet is used daily and could be four times as large as demand exceeds supply. It is also BPL's revenue generating activity.
- BPL will receive about \$20,000 this year from meeting room rentals.
- BPL has no meeting rooms, reading rooms, or computer laboratories.
- BPL has 44,000 square feet of space but needs about 70,000 square feet.
- BPL has inadequate shelving space but cannot add new shelves because of ADA requirements.
- BPL has inadequate space to support many activities that are typical of libraries.
- BPL has restrooms only on the lower floor.
- BPL's building design is inefficient.

The BPL could collaborate with educational and cultural partners by sharing technology, computer laboratories, servers, and satellite transmissions. It could have continuing education programs and town hall meetings. Joint programming with the Children's Museum is another possibility.

Discussion:

Robin Halliday asked about people wanting to bring their own technology to the Library. Julie confirmed that the Library doesn't have the power to support that, nor does it have the Internet connections to allow individuals to plug in their laptops. Phil Sharpe asked if stacks are still needed in libraries. Julie said there is just as much need – the experience of reading a book is different from that with a computer. In fact, the addition of the Internet to the library increased circulation.

B. Jeff McClure, Vice President of the Museum Board, and the Museum's representative on the Centennial Project and Scott Wallin, the Museum's Exhibition Manager,

gave an in depth presentation on the Centennial Project needs of the Whatcom Museum. Jeff McClure is an architect and has worked in Bellingham for 20 years. Scott Wallin has been with the Museum for 6 years. The Museum needs more space for programs, collections, and exhibitions. The Museum uses four facilities - the old City Hall, the Syre Education Center, Arco Exhibits Gallery and the Whatcom Children's Museum. However, the space in these buildings is used beyond capacity.

- Last year, 103,000 people visited the Museum, including 56,000 school-age children who participated in programs.
- The Children's Museum caters to children ages 2 – 8.
- Last year, 32,000 children came through the Children's Museum.
- The Children's Museum has 3,500 square feet and 300 square feet for a classroom in the Syre building.

The Museum's needs are:

- Increase the age of children using the Children's Museum to 12 or 13.
- Add new exhibits and permanent installations to the Children's Museum.
- Add more classroom space to the Children's Museum.
- Have exhibition space that meets facilities requirements for Heating, Ventilation, and Air Conditioning. The standards are a fluctuation in relative humidity of 5% and in temperature of 5°F. The Museum's fluctuations are 30% - 35%. Without these requirements, the Museum cannot accept traveling shows.
- Space for collections. Currently there are seven storage facilities, none of which are HVAC controlled.

The Museum envisions using the existing Library building for the needs of the Children's Museum and climate-controlled exhibition space for the main Museum and to use the Old City Hall building for interpretation of our community's history. Seismic upgrades would be needed for the current Library building and fire suppression, also HVAC upgrades at the Old City Hall building. The current Library building could also be used for gathering space, education, and gift shops. The current Children's Museum would then be vacant and could be used for staging space for preparation of exhibits. The Arco Exhibits Gallery could be used for the Museum's archive collection.

Discussion:

Jerry Chambers asked about the Museum's annual operating budget, which is \$1.4 million, over \$400,000 of which comes from the private sector. Revenue sources are the gift shop, rental spaces, admission charges at the Children's Museum, memberships, photo archives contributions, donations, and grants. Charles Self asked what sort of life expectancy the Museum would have with the additional space. Jeff McClure suggests 20 –30 years. Charles Self was involved with the renovation of the Syre building and ARCO building some years ago. David Warren asked for a tour of the Museum. Dunham Gooding thought it would make sense for the board members to come up with a couple of dates when they are available so that they could have coordinated tours of the Library, Museum and Mount Baker Theatre.

C. Brad Burdick, Executive Director of the Mount Baker Theatre, gave an in depth presentation on the Centennial Project needs of the Mount Baker Theater. The Mount Baker Theatre went through renovations in 1994-1995, when an apron was added and the floor was raised.

- 100,000 people came to the theater last year.
- 150 events each year.
- Five to six years ago, the MBT was a community theatre. Now it is more of a performing arts center, attracting more visitors from out of the County.

The Theatre needs:

- More room for a back stage area.
- More dressing room space.
- More green room space. (A green room is where actors can gather before a show and where they eat before or after the show).
- Upgrade of the original 1927 heating and ventilation systems, including the stage heating.
- Seismic upgrades to increase safety.
- A black box theatre, which is about 35 – 40 feet tall, covered with a grid, with seating for 200 – 250 people.
- A new theatre with seating for 500- 700 people. The Bellingham Festival of Music would use this space as well as other performances designed for smaller audiences.

Discussion:

Robin Halliday asked about productions the theater cannot currently bring. Brad gave examples of Broadway shows – “Stomp” and “Cats”. Phil Sharpe asked about the anticipated increase in costs and revenues resulting from the theatre renovation. Brad doesn’t anticipate an increase in operational costs. Robin Halliday asked about the Bellingham High School auditorium. Brad said it is used for students rather than the community and has no place for sets. The theatre has an annual operating budget of \$1.5 million, \$200,000 of which comes from the City.

The Bellingham Festival of Music has a need for something that is specifically designed for performances of chamber music and for smaller audiences, as well as a downtown location, with rehearsal, practice and meeting rooms.

On behalf of the Downtown Renaissance Network, Mauri Ingram presented two funding requests to the board. As these items were not on the agenda, they were postponed to the December 18 meeting.

2. Gary Pitcher presented the Bellingham-Whatcom Public Facilities District 2003 budget for Board approval. It includes expenses of \$258,214. **David Warren MOVED TO ADOPT THE BELLINGHAM-WHATCOM PUBLIC FACILITIES BUDGET FOR 2003. Charles**

Self seconded. Robin Halliday requested that the vote be reserved until after the Executive Session.

David Warren withdrew the motion.

3. Resolution fixing the time and date of the December 2002 regular meeting of the Board of Directors of the Bellingham-Whatcom Public Facilities District. **Robin Halliday MOVED TO ADOPT THE RESOLUTION FIXING THE TIME AND DATE OF THE DECEMBER 2002 MEETING FOR DECEMBER 18, 2002. Jerry Chambers seconded.**

Motion carried 6-0.

3. Report of Executive Session and discussion of potential property acquisition. The board discussed two property acquisitions. On one, the board gave direction to staff for further actions on their part, but the board has made no specific decisions. On the second, there is a purchase and sale agreement to decide upon. **Phil Sharpe MOVED APPROVAL OF THE REAL ESTATE PURCHASE AND SALE AGREEMENT BETWEEN THE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT AS BUYER AND KENNETH SWANSON AND JUSTINA SWANSON AS SELLERS FOR THE SALE OF UNIT 5 OF MOUNT BAKER CONDOMINIUM FOR THE PURCHASE PRICE OF \$365,000. Robin Halliday seconded.**

Motion carried 6-0.

The subject property is the Northwest Keyboards portion of the Mount Baker Theatre complex with the adjacent sublet property to the south, which is the sheet music store. Under the purchase and sale agreement, the Bellingham-Whatcom Public Facilities District has until December 15, 2002 to do due diligence. The property purchase will come back before the board at their December 18, 2002 meeting.

ADJOURNMENT

Dunham Gooding adjourned the meeting at 2 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT

210 Lottie Street
Bellingham, Washington 98225

RECORD OF PROCEEDINGS OF THE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT CITY OF BELLINGHAM, WASHINGTON

**WEDNESDAY,
NOVEMBER 20, 2002**

SPECIAL PUBLIC MEETING

**11:00 A.M.
MAYOR'S BOARD ROOM**

CALL TO ORDER

Dunham Gooding, President, called the meeting to order at 11:00 a.m.

ROLL CALL

Board members present were Dunham Gooding, Robin Halliday, Phil Sharpe, Manca Valum, and David Warren. Charles Self was present via telephone. Jerry Chambers was excused.

EXECUTIVE SESSION (RCW 42.30.110): An executive session to discuss acquisition of two properties.

REPORT OF EXECUTIVE SESSION AND DISCUSSION OF POTENTIAL PROPERTY ACQUISITION

The Board discussed two potential property acquisitions in Executive Session. Staff provided information regarding both potential property acquisitions. The Board provided guidance to staff and no action was taken.

ADJOURNMENT

Dunham Gooding adjourned the meeting at 11:45 a.m.

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT

210 Lottie Street
Bellingham, Washington 98225

RECORD OF PROCEEDINGS OF THE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT CITY OF BELLINGHAM, WASHINGTON

**TUESDAY
OCTOBER 22, 2002**

PUBLIC MEETING

**11:00 A.M.
MAYOR'S BOARD ROOM**

CALL TO ORDER

Dunham Gooding, President, called the meeting to order at 11:05 a.m.

ROLL CALL

Board members present were Manca Valum, Dunham Gooding, Charles Self, Phil Sharpe, Robin Halliday, Jerry Chambers, and David Warren.

APPROVAL OF MINUTES

Jerry Chambers moved and David Warren seconded to approve the minutes of the September 24th meeting. All in favor. Motion carried.

David Warren moved and it was seconded to approve the revised minutes of the September 4th meeting. All in favor. Motion carried.

BUSINESS

The Board then proceeded with the agenda items:

1. Mayor and County Executive's vision for what project the PFD should be doing:

Mayor Asmundson made a presentation on his vision for a project the PFD should be doing. The concept is consistent with PFD statutes and the needs of the community. He outlined three projects for which the rebated state sales tax could be used:

- A. A Convention Center;
- B. Athletic Facilities; and
- C. A Cultural and Educational Center.

Mayor Asmundson suggested that the current waterfront planning between the City and the Port of Bellingham may include a convention center, and that hotel/motel tax funds could be used for a convention center. He stated that the Civic Field complex could be a back-up plan if the Cultural and Educational Center is not approved by the board. However, public support for athletic facilities is evident by virtue of the Aquatic Center, the improvement of Civic Field by the replacement of grass with artificial turf, the ice arena and soccer complex, and the skateboard park. The capital improvements of the parking lot and locker room and expansion of the

skateboard park can be made by using funds other than PFD funds. A new Greenways levy will be proposed that could include these items.

Mayor Asmundson is recommending the concept of a cultural and educational center because it allows leveraging of foundation and grant funding; it doesn't require the PFD to look for additional funding; and it allows the local participation match to be performed without having any negative impact on current budgets of the City or County. The concept has five elements:

1. The renovation and acquisition of condominium space for the Mount Baker Theatre (partial PFD funding);
2. Acquisition of the Central Avenue block (between Central, Flora, Commercial and Grand);
3. Acquisition of the land at the south end of the County's parking lot;
4. Seismic upgrades to the Whatcom Museum (partial PFD funding); and
5. Conversion of the existing Library to a Children's Museum on the lower floor and exhibit space for the Museum on the upper floor.

These five elements would take all available PFD funding. The key element of the concept is the purchase of the Central Avenue block.

Mayor Asmundson envisions the proposed Library having parking underneath: the Library, Parking fund and County could each pay for a floor of parking. Development would be stimulated by the expansion of the Civic Center. The City has to provide a 30% match to the state sales tax funds, which could be done by conveying to the PFD ownership of the Mount Baker Theatre, the Arco building and current Library building through interlocal agreements. The new proposed Library would be a signature building for the future.

Given the deadline of January 2004 for beginning construction, the Mayor wants the board to adopt the concept, not the details.

County Executive Kremen stated that the County is in general agreement with the concept. His main concern is that parking issues be addressed.

Manca Valum suggested that the name of the project, "Bellingham Cultural District Plan" be changed to include "commercial" or "civic" so that the public can embrace and identify it. The Mayor and County Executive were also discussing the possibility of using the term "centennial".

2. Overview of Whatcom County Facilities Master Plan:

Dewey Desler, Whatcom County Deputy Administrator, said that the County owns several buildings in the Civic Center: The courthouse, jail, senior center, health department, public safety building, and civic center building. The buildings do not currently meet the needs of the County's operations. To make adjustments to buildings and add buildings for the County, a Master Facilities Plan is needed. There are three consultant groups working on the Whatcom County Facilities Master Plan: Stewart & King Partnership; HDR Architects and Engineers; and the Omni Group. David King said Stewart & King would be working on the administrative buildings and Don Hogan and Harris Falkin of HDR would be working on the justice buildings

and jail. Dewey Desler emphasized that the County would be coordinating its facilities planning efforts with the City, including the City's City Center Design Guidelines and City Center Master Plan.

3. Presentation on the Cultural District Task Force:

Pursuant to a request made at the last meeting, certain documents were distributed to the board members: Evolution of the Cultural District Development Strategy (a summary) and Evolution of the Cultural District Development Strategy (a chart), both prepared by Steve Price; and Capital Project Priorities for Bellingham (a summary), prepared by John Watts. These documents were provided to show a history of how the cultural district concept developed. Dunham Gooding asked that if any of the board members had comments or questions about the documents, they contact him or the recording secretary, Alison Henshaw.

Mauri Ingram, Executive Director of the Downtown Renaissance Network, said the Downtown Renaissance Network has been working on the Cultural District project with four other groups: The Library, the Bellingham Festival of Music, the Mount Baker Theatre, and the Whatcom Museum. Present at today's meeting are Brad Burdick, Director of the Mount Baker Theater, and Ken Culver from the Theatre Board; Tom Livesay, Director of the Whatcom Museum, and Jeff McClure from the Museum Board; and Julie Carterson, Director of the Bellingham Public Library, and Barney Goltz from the Library Board.

The Cultural District Task Force has involved other cultural and arts organizations in the community, including Western Washington University.

Mauri Ingram distributed a brochure, "Arts & Economic Prosperity".

The Cultural District Task Force has come up with a new working title for the Cultural District project – "Centennial Project: Education, Entertainment and Economic Development". Mauri Ingram distributed a summary sheet on the Centennial Project, including a progress report. The project is in the conceptual stage; there is no information available yet as to what property could be acquired, or what kinds of private sector contributions can be made in terms of fund-raising. Transportation issues need to be addressed other than parking. On September 24, the Cultural District Task Force made presentations to the boards of all four of the participating organizations and the project was well received. The boards have all passed a resolution in support of the work that has taken place and their individual participation in the joint planning. The Task Force has considered all properties that are potential sites.

Mahlon Clements of the Zimmer Gunsul Frasca Partnership gave a PowerPoint presentation on the Centennial Project. He said that the project had five goals:

1. The project needs to support the mission of each institution independently;
2. The project is of a distinctive quality which tries to match what has been done in the past;
3. The project needs to look outside its immediate needs, and it really needs to be a project about economic development. Cultural arts districts leverage many more dollars than just ticket sales;

4. The project needs to provide efficiencies in construction and program; and
5. The project needs to be realistic and affordable.

The results of looking at different variations of configuration of different buildings, using these goals, were to:

1. Renovate and expand the Mount Baker Theatre building;
2. Build a new Library with underground parking;
3. Rebuild streets and a public plaza in the center of the area;
4. Build two new theatres with indoor public spaces;
5. Renovate the existing Library for some use, most likely a Children's Museum and art gallery space; and
6. Renovate the Whatcom Museum (old City Hall building).

Dunham Gooding asked if the Board could agree to the concept of the Centennial Project. Dave Warren agrees with the concept, but has some questions. Jerry Chambers wants to know about the need for a new Library and theatre. Robin Halliday is comfortable endorsing the concept as long as the board members have the freedom to scrutinize project by project. There seems to be no conflict between the City and the County about the concept. Phil Sharpe doesn't want to agree on exact projects necessarily, but agrees that the purchase of land is a priority. Manca Valum says it's important to buy the land and have it connected to the overall plan. Charles Self endorses the concept. Robin Halliday moved and David Warren seconded as follows:

MOVED THAT THE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT BOARD ENDORSE THE CONCEPT PRESENTED BY THE MAYOR AND COUNTY EXECUTIVE FOR THE PUBLIC FACILITIES DISTRICT TO PURCHASE SEVERAL PROPERTIES IN THE CITY CENTER; TO INVESTIGATE INVESTMENT IN THE RENOVATION OF THE MOUNT BAKER THEATRE; TO INVESTIGATE INVESTMENT IN THE SEISMIC RENOVATION OF THE WHATCOM MUSEUM; AND TO INVESTIGATE INVESTMENT IN THE RENOVATION OF THE CURRENT LIBRARY FACILITY.

Discussion:

Manca Valum said the concept of parking was really prominent. The Mayor said his recommendation was that the strategic investment of the PFD be utilized so that the role the PFD plays vis à vis parking is to buy land. If the PFD's determination is to build parking, it will use all its resources to build a parking garage. It was decided to leave the motion as proposed.

Motion carried 7-0.

4. Financial Report as of September 30, 2002:

Therese Holm provided the first quarterly report for the Public Facilities District. The report shows two months of anticipated revenue of \$117,000, which we expect to receive in November and December. In the meantime, the PFD will receive an interfund loan of \$30,200 from the City to meet cash flow needs. Expenditures made to date are \$14,769.

5. Budget for 2002:

Gary Pitcher described the ordinance that was presented to the City Council last evening. It was approved for first and second reading. The ordinance establishes a fund, creates a budget for the year, creates a position and creates the interfund loan. Jerry Chambers moved and Charles Self seconded the following motion:

MOVED TO ADOPT THE PFD'S BUDGET AS PRESENTED FOR 2002. (See attached ordinance).

Motion carried 7-0.

6. Update on Interfund Loan:

The interfund loan is included in the ordinance. At its meeting on September 24, 2002, the PFD board approved receiving such an interfund loan.

7. Executive Session:

The Board adjourned to an executive session to discuss property acquisition. The Board met in executive session for approximately 15 minutes. The Board gave direction to staff but no action was taken.

ADJOURNMENT

Charles Self moved to adjourn the meeting.
Dunham Gooding adjourned the meeting at 1:05 p.m.

ORDINANCE NO. _____

AN ORDINANCE RELATING TO THE 2002 BUDGET AND CREATING CODE SECTION 4.49 TO ESTABLISH THE PUBLIC FACILITIES DISTRICT FUND, ESTABLISHING A BUDGET FOR 2002, AND AUTHORIZING A SHORT-TERM INTERFUND LOAN UNTIL THE FIRST TAX PROCEEDS ARE RECEIVED; FROM THE UNANTICIPATED TAX REVENUES AND LOAN PROCEEDS.

WHEREAS, a Public Facilities District has been established for the purpose of receiving sales tax dollars and using them for various improvements as authorized under the Revised Code of Washington; and

WHEREAS, rather than create a separate administrative structure the Public Facilities District will have the City of Bellingham perform those functions for the District; and

WHEREAS, the Bellingham Municipal Code is hereby amended to add section 4.49 to create a fund to account for the transactions of the Public Facilities District; and

WHEREAS, there is a need to recognize the revenues to be received for the district and authorize anticipated expenditures for 2002, including a half-time position; and

WHEREAS, there will be a need to expend money prior to the receipt of the first sales tax dollars and an interfund loan of \$30,000.00 is hereby authorized to cover the interim period;

NOW, THEREFORE, THE CITY OF BELLINGHAM DOES ORDAIN:

Section 1. There is hereby added to the Bellingham Municipal Code:

Section 4.49 - Public Facilities District

4.49.010 – Created

There is hereby created a Public Facilities District Fund. All funds received by the Public Facilities District from sales tax and other sources shall be deposited into the Public Facilities District Fund.

4.49.020 – Use

All sums accumulated into the Public Facilities District Fund shall be used exclusively for the operation of the district including administration, planning, projects, and any debt service costs needed to finance projects or cover cash flow loans.

4.49.030 – Administration

The daily administration of this fund will be performed by the City pursuant to the direction provided by the Public Facilities District appointed board.

Section 2. The sum of \$147,000.00 is hereby appropriated in the Public Facilities District Fund for the purpose of covering anticipated costs for 2002 and reserving the balance for use in future years. The source of funding will be from:

165	Public Facilities District Fund		
3000	Public Facilities District Department		
	0001310	Local Retail Sales and Use Tax	\$ 117,000.00
	0008110	Interfund Loans Received	<u>30,000.00</u>
			\$ 147,000.00

To be debited as follows:

165	Public Facilities District Fund		
5000	Public Facilities District Department		
	0000820	Ending Designated Reserve Balance	\$ 53,892.32
5961	Admin Public Facilities District		
	111	Administration	
	1101	Salaries & Wages	5,198.00
	2101	Personnel Benefits	1,457.00
	3103	Office Operating Supplies	600.00
	3105	Food For Human Consumption	450.00
	3114	Books, Publications, Pamphlets	100.00
	3503	Office Equipment	1,650.00
	4199	Other Professional Services	18,000.00
	4301	Travel Expense	2,000.00
	4303	Mileage Reimbursement	550.00
	4401	Advertising	500.00
	9106	Planning	1,100.00
	9110	P.W. Administrative	1,600.00
	9111	Community Development	3,200.00
	9114	Administrative Services	13,000.00
	9125	Legal Services	5,000.00
	9131	Accounting/Budgeting/Finance	5,250.00
	9202	Telephone	1,200.00
	9302	Forms, Printing & Binding	500.00
	9338	Computer Hardware	1,552.68
	911	Loan Repayment – Principal	
	7902	Interfund Loans (Repayment)	30,000.00
	912	Interest – Interfund	
	8201	Interest (Interfund Debt)	<u>200.00</u>
			\$ 147,000.00

Section 3. One half-time position of Administrative Assistant in Plan E is created as of October 1, 2002. This will be the equivalent of a .125 FTE for 2002.

Section 4. An interfund loan is hereby authorized from the Claims & Litigation Fund to the Public Facilities District Fund in the amount of \$30,000.00 to cover a temporary cash flow deficit. The terms of the loan are that it will be start as soon as funds are dispersed and will be repaid on or before December 31, 2002 plus interest calculated as per City policy.

PASSED by Council this _____ day of _____, 2002.

Council President

APPROVED by me this _____ day of _____, 2002.

Mayor

ATTEST: _____
Finance Director

APPROVED AS TO FORM:

Office of the City Attorney

Published: _____

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT

210 Lottie Street
Bellingham, Washington 98225

RECORD OF PROCEEDINGS OF THE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT CITY OF BELLINGHAM, WASHINGTON

**TUESDAY
SEPTEMBER 24, 2002**

PUBLIC MEETING

**11:00 A.M.
MAYOR'S BOARD ROOM**

CALL TO ORDER

Manca Valum, acting President, called the meeting to order at 11:05 a.m.

ROLL CALL

Board members present were Manca Valum, Dunham Gooding, Charles Self, Phil Sharpe, Robin Halliday, Jerry Chambers, David Warren.

APPROVAL OF MINUTES

It was moved and seconded to approve the minutes of the September 4th meeting. All in favor. Motion carried.

BUSINESS

Manca Valum asked if there were any additions to the agenda.

Dunham Gooding indicated that at the end of the meeting he would like to discuss agenda items for the next meeting. He also stated that some board members indicated to him that perhaps meetings should be more frequent.

Manca Valum recommended adding an item to establish a way for the Board to stay more formally informed as to what Whatcom County's Master Facilities planning process is up to.

Les Reardanz cautioned that the Board shouldn't add any items to the agenda that involved anything of substance, because there has been no public notice. Manca then indicated that the topic she mentioned could be put on a future agenda.

Dunham's additions regarding the agenda for the next meeting and the frequency of meetings are OK to add to the agenda.

The Board then proceeded with the agenda items:

1. Review amendments to the PFD Charter and By-Laws:

Les Reardanz indicated the changes coincide with last meeting's discussion, plus the addition of the duties of Vice President.

David Warren made a motion to accept the Charter and By-Laws as presented. Dunham Gooding seconded the motion. All in favor. Motion carried.

2. Election of Officers:

Manca Valum explained that interim officers were elected at the first meeting to serve until permanent officers could be elected. Elections then proceeded as follows:

President: Phil Sharpe nominated Dunham Gooding. Manca Valum seconded. Dunham spoke briefly, giving his background on boards and committees, and his business, American Alpine Institute. A vote was taken and Dunham Gooding was elected as President of the Public Facilities District Board. Manca Valum then passed the torch to Dunham Gooding to facilitate the meeting. Manca was thanked for serving as acting President.

Vice President: Dunham Gooding nominated Manca Valum. Robin Halliday seconded the motion. A vote was taken and Manca Valum was elected as Vice President.

Treasurer: Dunham Gooding asked Charles Self if he would consider holding the office of Treasurer, to which Charles Self stated he would. Robin Halliday nominated Charles Self. Phil Sharpe seconded the motion. A vote was taken and Charles Self was elected as Treasurer.

Secretary: Dunham Gooding indicated the Secretary would review the minutes prior to dissemination. Robin Halliday nominated Phil Sharpe. David Warren seconded the motion. A vote was taken and Phil Sharpe was elected as Secretary.

The officers of the Public Facilities District Board of Directors are:

Dunham Gooding, President
Manca Valum, Vice President
Charles Self, Treasurer
Philip Sharpe, Secretary

3. Discussion of PFD revenues, budget and the bonding process:

Therese Holm, Finance Director, gave an overview regarding PFD financing mechanisms.

Therese provided a handout prepared by A. Dashen and Associates, financial advisor to the City, and proceeded to explain it briefly.

Page 1 – PFD Sources of Revenues: Overview of the various sources of revenues that the PFD can generate. The options are a 0.033% sales and use tax, a PFD authorized admissions tax, and a vehicle parking tax (10% limit).

PFD can also, with voter approval, collect revenues from an increase in hotel/motel tax (0.2%, which would generate about 3.5 million in revenues), and the PFD can increase sales and use tax by 0.2%.

Page 2 – Requirements to Qualify for 0.033% Sales Tax: Therese reviewed the information on this page. Regarding the requirement for matching funds, Therese said the sources can include hotel/motel tax, sales tax, private funds, donated property by the city, county or others, and city or county labor.

Steve Price explained the definition of what qualifies as a regional center. The legislation defined regional significance, with a \$10 million threshold. Anything less doesn't meet the definition of regional significance. There isn't a separate definition. It's tied to the \$10 million threshold.

Page 3 – Historical Retail Sales on which the PFD sales tax revenue will be projected. Shows actual sales from 1995-2001. Bar chart shows county and city combined growth rates of 3.5% over this period.

Page 4 – Amount of Debt Payable From Sales & Use Tax. This information projects PFD revenues, based on different assumed growth rates. This page shows that using a range of 0 – 4% growth rate, we would be able to fund a project of between \$10,100,000 and \$15,100,000.

The sales tax collected over a 25 year period is much larger, but we have to assume that the tax revenue includes debt service. We therefore have to build into that an interest rate component, so this page shows the present value of those 25 year of revenue stream, what we can actually finance today.

The Finance Department recommends we assume a fairly conservative growth rate of perhaps 75% historical sales over this period, which would generate 13.3 million dollars. The City match would be in addition to sales tax revenues.

Gary Smalling discussed two worksheets prepared by the City's Finance Department, "Projected PFD Revenues". One assumes a 75% growth rate to generate \$13.3 million in current year dollars, and the other is at a 100% rate, which would generate about \$15 million in current year dollars.

The pie chart in the upper right corner shows the way the 7.9% tax is divided up locally. The PFD revenues come from 0.033% of the existing 7.9% total sales tax rate.

The bar chart graphs the historical revenues received by the city and the county.

Numbers shown at the bottom are the total dollars collected as opposed to their value today. In the “Total” bar at the bottom, the left number is the amount of revenue generated, the right number is the amount that can be financed.

Robin Halliday asked Therese looking back 25 years, what has been the growth rate. Therese said we didn’t look back that far. The time period looked at is the relevant period of time in this economy and this community on which to project our assumptions. Gary Smalling said if you go back too far you get into a different community. Therese said these figures reflect the community’s growth over a reasonable and most relevant period of time.

Therese then discussed the bonding process. Financing takes time, and bond issues take time, and the board is facing a tight timeline. When the board begins to gel on what project they want to finance, then Therese will pull together the City’s financing team. The financing team consists of three players; i.e., the City’s bond counsel, the City’s bond underwriter, and the City’s Financial Advisor. They will help us structure the financing for whatever project the Board wants to proceed with. Timing for a bond issue that is solely dependent on repayment with PFD revenues is fairly short. Once the team is assembled and decides what to fund with the revenues, it takes about 60 days from that point to have funds available. We would need to determine what kinds of draw-downs or cash requirements are needed. It may be that we want to structure a bond issue where we don’t have all the proceeds at once, but over a period of time. Analysis will need to be done to determine that.

If the project includes a voted bond issue, that is a longer process. The finance team recommends that we have at least a 5 month period before a vote is taken. For example: The Board chose a project that had an element that included a voted bond issue to take to the voters in May. We need to be able to announce that in January. Five months is not an unreasonable time to announce that, get the word out, and do the advocacy that’s necessary to ensure successful passage. Such a voted bond issue would require 60% voter approval. There’s a significant amount of up front work to be done.

Once that is done, and assuming a vote issue is passed by the voters, it would take about 60 days to receive bond financing.

Charles Self asked if there were councilmanic bonds that could be used that do not require voter approval. Therese said there are and the City has plenty of debt capacity for those kinds of bonds, but there is no repayment source. Councilmanic bonds assume the repayment source will come out of existing City revenues.

Charles Self asked if the PFD project could be done in pieces. Therese said from a financing standpoint you can take one piece on at a time and they don’t have to be done at the same time.

What probably does need to happen is the overall vision and how the elements and components of the project are going to be financed. Then a timetable would be set up for each of those elements to determine the appropriate funding source, what funds can legally fund what component of the project, and then put together a timing plan.

Jerry Chambers asked if the PFD bonding ability affects overall limits of city bonding ability. Therese said yes. The assumption is currently that the City would issue the debt. The City has considered that not to be an issue because the City does have such a large debt capacity. The PFD can issue bonds, but it wouldn't get as favorable an interest rate because there is more risk, so it makes more sense for the City to issue the bonds. There is some risk to the City if the sales tax revenues projected are not generated, but those risks are fairly minimal.

Phil Sharpe asked if we can look to other sources of revenues for bonding capacity. Therese said if there are elements of the PFD project that generate revenues, the City can issue revenue bonds. The board would analyze what project the City would consider financing with revenue bonds, and whether those revenues would be sufficient to repay.

John McGarrity asked what is the differential between revenue and general obligation. Therese said as much as a percentage point.

Regarding councilmanic bonds, John Watts asked Therese what is the limit. Therese said she thinks the City's capacity is \$67 million, with about \$13 million currently outstanding. If it was a vote, the limit would be much higher.

Therese then talked about an interfund loan. The City has incurred staff and supply expenses. Funds won't actually be received from the State until late November even though accrual started September 1. The State Auditors and State Law do not allow one fund to benefit from another without going through a process, and the way that is funded is to do an interfund loan. She asked for Board approval in concept for the City staff to work on an interfund loan to advance the expenses that have been incurred and will be paid to the end of November when receipt of the sales tax revenues begins. The City Budget Director will identify the appropriate source of funding. The interest rate will be established according to City policy, which is basically the interest rate that the City would otherwise earn on that money, which is relatively low right now (about 3.5% - 4%).

Charles Self asked what happens if the project fails and the PFD has received state funding up to the point that it is determined the PFD is not going forward with the project, and the PFD has incurred expenses with the City. Does the PFD have to refund the State? Therese said no.

It was asked what amount of expenses have been incurred. Gary Smalling indicated a few thousand dollars. Therese explained that the support person is starting October 1 (half-time), so at that point more expense will be incurred.

Jerry Chambers moved to allow the interfund loan to be drawn up. Robin Halliday seconded the motion.

David Warren asked if we should set an upper limit that the loan shouldn't exceed.

Dunham Gooding asked Therese if an interfund loan is like a line of credit, or is it made in one chunk.

Therese said we need to establish a budget for the PFD. In other PFDs it is done a couple of different ways. Right now we're working under an actual cost reimbursement basis, and that will probably happen for the remainder of the year. The costs include Alison's salary/benefits, staff time, desk, computer, supplies.

Dunham asked if the loan document would specify a specific number.

Therese said they will come back to the PFD with a budget for the year (2002), and in the interfund loan document an upper limit would be specified for PFD approval. The loan will be for actual cost reimbursement.

A document with projected expenses will be available at the next meeting.

Therese explained a decision will have to be made for the future if reimbursement to the City will be on an actual cost reimbursement basis, or on a flat fee reimbursement (as some of the PFDs have done it). Flat fee reimbursement has the advantage of being predictable to the PFD and the City so you don't have revenue spikes. There are also administrative issues with the half-time support person; is she a City employee or a PFD employee? With the flat fee reimbursement, there would be no question that she remains a City employee. Therese said they will explore the issue more and let the Board know what other PFDs are doing.

Vote taken on motion to allow interfund loan. Motion carried.

4. Discussion of PFD legislation, eligible projects and projects by other Public Facilities Districts

Dick Little discussed the legislation, the reasons and history behind it.

Dick explained that we got one add-on, which is the increase in the ability to impose an admissions tax for any programs that take place at the facility, with the proviso that the tax could only be used for specific M&O related expenses of the public facility itself. It could not go into the City's general fund.

The 0.033% tax number was arrived at as follows: The City of Seattle received huge State benefits to build Safeco Field. Then Tacoma, Spokane and Vancouver came along and requested the same. So they worked the math backwards and figured out the present value of what money had been spent on the Seattle facility and came up with 0.033%.

The start-by construction date was staring us in the face and we wanted to extend that. The original proposal extended it to the end of the year, and to kick it out any further wasn't going to

work unless a provision was also included that the Public Facilities District itself had to be formed by July of this year. That was a compromise that was reached.

Dick was charged with coming up with a definition that expanded what a PFD could do. The language got twisted and turned around, and played with. They wanted it also to encompass the concept of art exhibitions (Museum), so Dick drafted a definition, ran it by bond counsel, and they came up with the language that a special events center is “a facility available to the public, used for community events, sporting events, trade shows, and artistic, music, theatrical or other cultural exhibitions, presentations or performances.”

The word “technology” was in the original definition, but is no longer there. Dick’s opinion is that this is for revenue generating or cultural exhibitions that will draw people here and allow the City to have cultural activities that we otherwise wouldn’t have.

There is the option of a 0.2% sales tax that the City could put to a vote as an additional source of revenue. We can’t use hotel/motel tax because the City is at the maximum on that.

Other PFDs with which Dick is familiar:

Everett PFD. Their web site is everettpfd.org. The project is called a Special Events Center and Arena and the overall construction is between \$50 million and \$60 million. They are going to try to open it by the fall of 2003 to accommodate hockey. The construction is taking place in downtown Everett and is well underway. It will offer hockey, as well as several thousand square feet of public space and exhibition space.

Spokane County expanded the Charter of the Spokane PFD to include the Spokane Veteran’s Memorial Arena, expansion of the Spokane Convention Center, significant improvements to the Spokane Fair and Expo Center, and construction of Center Place, which is an educational, recreational and cultural center at Mirabo Point. The Arena would be a 12,500 seat facility.

The Tacoma Regional Convention and Trade Center PFD includes Tacoma, Lakewood, Fife, University Place and unincorporated Pierce County. They have one project, a 240,000 square foot convention center with associated parking and adjacent limited service hotel. The project is \$120 million. Site preparation is completed, construction starts next month, and they hope to open in 2004.

Vancouver has struggled. They had the naming rights for a convention center sold contingent upon getting some of the legislation through, particularly the sales tax rebate that went south. Their project is in limbo. However, they combined efforts with Clark County in some way but Dick isn’t sure of details of that arrangement. They’re looking at a convention center in downtown Vancouver.

Also, as of last year there are also PFDs in Kennewick, Edmonds, Kitsap County, Snohomish County, and Yakima, and the existing Safeco Field and a couple of other projects that have been underway for some time.

Don Keenan distributed handouts about the statutory authority on current PFDs.

Robin Halliday asked if in the future handouts can be hole punched to put into binders.

David Warren asked about Spokane. Robin Halliday clarified her understanding that they're doing expansions as opposed to reconstruction.

Dick clarified. Spokane is expanding the Spokane Veteran's Memorial Arena, which opened in 1995, a 12,500 seat facility. They're also expanding the Spokane Convention Center, making significant improvements to the Fair & Expo Center, and new construction of Center Place, which is described as an educational, recreation and cultural center at Mirabo Point.

Robin Halliday asked about local option tax dollars. She said her understanding is that Chelan County did not form a PFD, but were using local option tax share dollars to fund a number of projects, including a cultural center in Leavenworth, a civic center, a technology center. She wanted to know why they were able to do that but yet had access to funding.

Dick said they didn't have access to 0.033 tax revenue.

Robin asked what are local option tax share dollars. She indicated they described it exactly the same way – that they were getting a percentage of local sales tax revenue without forming a PFD.

A question was asked – were they getting the dollars from the State or were they getting it from the County?

Robin said her understanding is that they were getting dollars from the State, and that they could through debt financing expand it to about \$12 million. She said she'd get more details and bring them back to the Board.

Jerry Chambers asked if PFD funds are only for the construction and development of the projects, and if so, from whose budget does ongoing maintenance and operation come?

He was advised that these funds can be used for operation as well.

Robin Halliday said we could charge admission to help pay for a portion of the operations.

Charles Self stated that the intent in going the route of a cultural center is to expand the opportunities of this community to grow and to raise additional taxes through that growth. If you don't believe that, it's pretty hard to believe that this facility can pay its way. Hopefully we're trying to make this a more attractive community.

Jerry Chambers stated that we have the ability to tack on additional taxes on the community as it sits now, and wonders if the community is supportive of this.

Dunham Gooding said that will be affected by whatever the proposal is.

John McGarrity asked Dick Little what constitutes the breaking of ground for construction. Dick assumes that if everything is in place and the Mayor turns ground in a formal ceremony, that constitutes commencement of construction. Dick said it's not defined anywhere.

A question was raised if the PFD puts out a contract to demolish a particular site and clear it, does that constitute beginning of construction, or do you actually have to award a construction contract to fulfill the requirements?

Les Reardanz said it will take a heavily factual analysis to determine that.

5. Review of the Capital Projects Committee recommendations

John Watts gave an overview of the history of the Capital Projects Planning Committee (16-18 people) which was formed in 1999.

Meetings primarily involved presentations by City departments and other groups like the Bellingham School District and the Chamber of Commerce. The difference between this committee and things that happened in the past, is that for some time we've had a 6-year capital facilities plan. This attempted to go beyond that up to 20 years. As a result of the first group of meetings the committee determined that the need for capital projects far exceeded the ability to pay for them.

The committee decided to look at those projects that were considered a community need, but were unfunded, and focused their efforts there.

In October, 1999, the committee presented a report of information gathered to City Council.

In 2000, the committee was renamed the Capital Improvements Advisory Committee, and became a citizen's committee. Council members sat as ex officio members, not voting members. The committee picked up where the previous committee ended, and attempted to structure in such a way that not only came up with a grouping of the projects that seemed to be high priority, but also to start looking at some means for funding these projects other than traditional means.

It has been a prolonged effort through at least 3 legislative sessions to get Bellingham included in the PFD mechanism. The PFD mechanism is a substantial funding source for projects considered to be a community benefit.

John Watts said he hopes the PFD doesn't feel that it's operating in a vacuum, because there's been a lot of work done before.

The Committees were both constituted of citizens from a wide range and interest in the community. The City wanted diverse thinking because we would have a better product in the end.

John Watts sees his and John McGarrity's role as being available to answer questions and outline parameters that they feel have been defined in the course of the two large committee meetings. There are not only parameters, but also projects that rated highest and prompted interest in PFD as a funding mechanism.

John Watts feels that the project funded by the PFD needs to be somewhere downtown.

John Watts also shared that the City Council has recently approved the new City Center Master Plan, which is the result of ten years of effort.

John Watts referred to Chapter 3 of the City Center Master Plan, which identifies some of the districts downtown. One district identified is the Civic Center/Cultural Center, bounded by the County Courthouse, City Hall, Library, Mount Baker Theatre and Museum. John pointed out (page 3-5) a brief description of the types of things the City Center Master Plan wants to see happen.

There is a need for a new library. The library is maxed out. The committee grouped projects which mutually support each other and might well be defined best by a master plan of some sort. The City Center Master Plan strongly points in that direction for whatever projects this group might consider.

John Watts next referred to the annual financial report of the City of Bellingham for 2001 (prepared by Finance). This report is available on the City's web site. On page 10 there are a couple of paragraphs specific to what they hope will happen in the downtown area. John read the paragraphs to which he referred.

John Watts said the bottom line is that the PFD is seen as a solution for funding several key projects that have been identified in recent years.

John Watts next referred to the City's preliminary budget for 2003, which is also available on the City's web site. Page 129, Section 19 refers to the Capital Facilities Plan, which is a 6 year look ahead. The monies for 2003 are the only monies that are actually committed, but the other years are being planned in advance. They tried to make the Capital Facilities Plan align with Capital Advisory Committee's recommendations. This section specifically mentions projects in City Hall, Municipal Court Annex, Library, Museum, etc. Also mentioned is parking for the Civic Center. John Watts invited the Board to take a look at this section of the Budget.

He also referred to the Capital Maintenance Plan on page 132, to take care of what we have.

Charles Self asked if funding is available for the items in the Capital Facilities Plan.

John Watts said there is not funding available, but each year funding is identified and approved for certain items in the plan.

John McGarrity indicated that was the reason for the Capital Facilities Plan. Projects and funding are looked at simultaneously.

He stated that former City Public Works Director Jack Garner came before the committee and one of the things he asked for was \$200 million for roads and sidewalks. The committee advised the money wasn't there, but they did discuss ways of dealing with the shortfall, one of which was the 6-year street plan.

The Parks department came in and former City Parks Director Byron Elmendorf had a long wish list/needs list to maintain the level of service the Parks Department currently has. The committee realized the greenways levy will expire in 2006 and recommended the levy be renewed, but become a capital levy for the Parks Department.

John Watts recommended that copies of the report to which John McGarrity is referring be provided to the PFD Board.

Robin Halliday said having access to the reports is very important. She said ultimately the Board is going to have to answer to the public in some form and explain why a project got selected over others. The Board needs to be able to say those projects are addressed in another way.

Phil Sharpe asked if this would be different if a third of the composition of those groups were from Lynden, Blaine, Ferndale, etc.

John McGarrity said they did meet with Dewey Dessler to discuss capital needs for the County. He said, in response to Phil's question, that it would have to be different because that planning hasn't taken place to the level the City's has.

John Watts said he can't speak for the Council as a whole, but by going through the process, the thinking has been narrowed, along with the various committees and public input, and that they've been able to come up a priority list. It's fair to say that the expectations of the City Council is that there would be something in the downtown core area.

He indicated it was wonderful when the PFD was established, and even more wonderful when the County decided to do the same thing. The City and the County have been talking about downtown parking for a long time, and both entities have recognized the need to do something but haven't had a way to finance it. It wouldn't be too off base to say that the County expectations for the use of their dollars might be in the form of a downtown parking solution.

Charles Self asked Don Keenan if he would characterize Mayor Asmundson's discussion with Pete Kremen as being clear about intentions for the Civic Center/Cultural Center.

Don said if it is feasible that is the first thing. As the County is doing their civic center planning, one of the big issues is parking. That's why in the Interlocal Agreement between the City and the County it talks about the project considering the needs of the County in terms of the civic center planning process. The cultural/civic center area is key for the whole county. It's the understanding that if there is a place to draw some kind of increase in benefit to the whole county, this would be the place to do it because it's the major city, county seat, etc.

Dunham Gooding asked Don if he was comfortable characterizing Pete & Dewey's thinking as being very clear about what the City's expectation was.

Don said that's why the City and County are coordinating in terms of the cultural/civic center.

Robin Halliday said what is missing is a document that essentially says that the County's capital projects analyses have come to the same conclusion that their largest project recommendation is a civic cultural center in Bellingham, and we're hearing that from the Capital Improvements Advisory Committee. And Council then said "this is our document and how we've selected the project we're recommending for the PFD."

Manca Valum said her understanding is that the County has just very recently entered into a contract with their master facilities consultant. They are just now in the beginning phases of taking a deep look at the primary facility needs for the County. The most pressing need for the county is a new minimum security incarceration facility. There has been substantial amount of discussion about its location being very contingent to this district. Manca's concern is knowing that process is not as far along as City's in terms of identifying specific key components, whether they fit with this funding or not. She would be hesitant to leap forward and say there is a clear picture on the part of the County as to what exactly they need and want.

Don Keenan said there is a clear understanding that what is wanted for the PFD is something in the cultural/civic center. The County's process is at least a year behind where they thought it would be. The City/County Interlocal Agreement says that what the PFD does will be done in coordination with the County.

Manca Valum agreed, but said we need to be cognizant that the County isn't as far along as the City is, because one of the huge things that they'll be looking at is where to put the jail. Even though that doesn't fit with the cultural district, it's going to have an impact on how we promote this area to this community.

Jerry Chambers said we've talked to the administrative end of the County, but we haven't consulted the citizens as to what they might like to see. It is their money. Whatever we end up doing needs to be presented to the citizenry of the county. He is concerned the citizens of the county haven't had enough input into the process thus far.

Dunham Gooding commented that it seems that what Pete Kremen realized was that the County wasn't in a position to do a \$10 million project with PFD money so the County deferred to the vision and planning that the City had constructed because it is better to put free (in a sense) money into a PFD run by the City to get something done as opposed to looking for a totally separate project that might or might not happen.

Robin Halliday said we're trying to educate ourselves so we can answer questions of county and city residents in a very simplified way. It's unfolding what the limitations of the PFD are. It's very well defined what the PFD can and cannot do. The County isn't at same point as the City, and the public hasn't been involved. She recommended that we find a way to distill it down into some very clear statements about what we know and what has happened in the past. Not

notebooks full, but in a newsletter type format that can help start informing the public. The public needs to know that all these other efforts are underway. As an example, other projects that a lot of the citizenry thought were very important, that weren't included in the recommendations because they had other sources of funding. That's an important point to make to the public. She asked Dunham how we can do that.

Manca Valum stated to go before the public and ask for support for this PFD project, the cultural element, it's excellent, it's well thought out, but coming right on the heels of that another bonding issue is coming forward and it's just as relevant to the citizens of this community and it's not going to be as beautiful and as fun. It's going to have a much tougher sell, and she's not so sure that the general public differentiates as neatly and cleanly between city and county when you're talking about projects or product or services that we all need to use. Her concern is that as we roll out these things we roll them out with an eye to the fact that we're going to be coming back around to the community with some other elements.

John McGarrity said all that was taken into account. Demographics were considered and were looked at from the standpoint of city and public education. There was an understanding on the part of the County that they can't go out and do a bond issue and do something that will fit this PFD.

Phil Sharpe asked where the November 2000 Civil Field bond issue fit. John Watts said the Civil Field bond issue never went through the Capital Improvements Committee. It was planned by private sources, well funded and well conceived, but it never got into the public process and so it never made the top 10 list. Elements of it were there in the Parks plan, but the total upgrade was a \$10 million hit at one time and that didn't make it through the process.

John Watts also said whatever this group decides for its first project, that it is just that, the first project. The PFD is in place for 25 years. There will be other projects.

Charles Self said he understands any funds which supplement the \$10 million that we get from the PFD will be the responsibility of the City and if it has to go to taxpayers for support, we go to City taxpayers, not County.

John Watts said the funding isn't limited to tax funding, it can also be from public/private donations. But yes, the agreement between the City and the County said that the City will assume the debt if debt is required.

John Watts said matches can be in-kind also; i.e., property, services, etc.

Don Keenan said regarding the County as it sees its needs, we're looking for something that will provide synergy, and from the county's perspective it's more like an agreement that the City should get this. If we can get something that will meet the needs and draw more people to the County, people will spend money in the county. And for employers who like quality of life we'll have many more cultural offerings for people, and will have a better venue than we have currently, and we can meet other needs. For example, the County knows that they need parking in the Civic Center. If we can combine the needs then we can, for example, get a better library.

The library isn't eligible for this funding, but if there's a library built and there are meeting rooms that are in a common center with parking available, you're going to get a better library as a result. We're looking for synergy, and that's why the County and the City are together on this. Without participating together there's not the ability to get the real synergy to get something moving that long term will be a dramatic benefit for the city and the county.

Robin Halliday agreed with Don Keenan and said having a master plan and vision long range that can be shared clearly with public is all that's needed. How do we do that in a simplistic way that doesn't draw a huge debate?

Dunham said that can be done with the help of staff. We can draw up a summary, combination history and vision.

Jerry Chambers doesn't want a county resident to come to him and say the City rammed a project down the throats of the county citizens. County citizens need to be informed and to have some input.

Dunham Gooding asked for a draft version for next meeting of how we got where we are. We can also ask for some clarity from Pete Kremen on how he views where we're going and also from Mark. Let's hear what the vision is of the two leaders that helped put this together.

Jerry Chambers made a suggestion that it would be nice to have background on the presenters and phone numbers/ways to contact them for additional information.

The next item discussed was whether the Board should meet more often than once a month. Dunham Gooding indicated that a couple of board members discussed trying to meet more frequently.

Les Reardanz said they can form committees and then the committees can bring information back to the Board.

It was suggested that the Board should stay on schedule and perhaps hold longer meetings rather than more frequent meetings. Staff needs time between meetings to prepare for next meeting. The Board discussed lengthening meetings and decided to meet for 3 hours, from 11 a.m. to 2 p.m., with lunch available.

Robin Halliday made a request that the packet and any supplemental information available for each meeting be provided well ahead of the meeting either in hard copy or electronic form to give the Board plenty of time to review prior to the meeting.

The Board then discussed items for the next meeting, to be held October 22nd. The items for the agenda are as follows:

1. Invite Pete Kremen and Mark Asmundson for clarity on their vision for what project the PFD should be doing.

2. Contract for interfund loan.
3. A resolution regarding reimbursement for travel and any other business expenses incurred.
4. Preliminary design work – more detailed information from cultural district task force.

Les Reardanz brought to the Board's attention a letter submitted by Phil Sharpe regarding his office on Commercial. Les indicated the situation has been looked at, that property value increases are incidental, but he felt it good to disclose in a public forum. Robin Halliday stated her building is on Cornwall, does she need to do a letter also? Les said no, by so disclosing in the meeting, the Board now knows.

ADJOURNMENT

Dunham Gooding adjourned the meeting at 1:05 p.m.

**RECORD OF PROCEEDINGS OF THE
BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT
CITY OF BELLINGHAM, WASHINGTON**

**WEDNESDAY
SEPTEMBER 4, 2002**

PUBLIC MEETING

**11:00 A.M.
MAYOR'S BOARD ROOM**

CALL TO ORDER:

Manca Valum, acting President, called the meeting to order at 11:05 a.m. The board members introduced themselves.

ROLL CALL:

The Board members present were: Jerry Chambers, Dunham Gooding, Robin Halliday, Charles Self, Philip Sharpe, Manca Valum and David Warren.

City staff present were: Don Keenan, Les Reardanz, Therese Holm, Gary Smalling, Dick McKinley, Patricia Decker, Steve Sundin, Steve Price, Dick Little, and Alison Henshaw.

Others present were: Mauri Ingram of the Downtown Renaissance Network.

APPROVAL OF MINUTES:

David Warren moved to approve the minutes of the July 31st meeting. Seconded by Charles Self. All in favor. Motion carried.

NEW BUSINESS:

1. Discussion of proposed PFD Charter and By-Laws

Les Reardanz stated that in drafting the By-Laws, he tried to lay a framework to stimulate discussion. It's up to the Board to make the policy decisions.

Les Reardanz pointed out a couple of things to the Board involving both the By-Laws and the Charter. There is an indemnification insurance section. Les indicated there is a Directors & Officers insurance available. The premium is approximately \$1,500 - \$3,000. There will be an application process to go through before we can get an exact quote.

Les also pointed out Article 8, Section 9 of the Charter, which talks about legal representation. Les reminded the Board that he works in the City Attorney's Office and that there could be a potential conflict of interest. We don't believe there is one but one could arise and we wanted to disclose that possibility to you and let you know that outside counsel is a possibility. Once the permanent president is appointed we'll submit a letter making sure the Board is aware of that and if the Board feels uncomfortable at anytime to let us know and we'll work on getting outside counsel.

David Warren indicated he noticed the reference to "conflict" and assumed that meant conflict of interest.

Les Reardanz indicated that there may be issues that arise that need to be viewed by outside counsel. Les indicated it is important that the Legal Department disclose to the PFD that there is the potential for conflict, and that the Board is aware of the fact that it's there. He advised that the Board will be notified in writing if the Legal Department feels there is actual conflict as opposed to a potential conflict.

Charles Self asked who established the charter.

Les Reardanz explained that the Charter is passed by the PFD, and the City Council will ultimately approve. Les explained the Charter is based on State law; i.e., the powers are from the State Authorization legislation.

Charles Self asked about the tenure of officers. He said it appears not to be consistent with the By-Laws. One calls for one year, and the other calls for the remainder of the term of the individual.

Les Reardanz explained that the Charter talks about the terms being for people on the Board itself, and the By-Laws refer to the President, Secretary and Treasurer will serve one year terms. A person may be on the Board for 4 years, but may only be the President for one year.

Les suggests the language in the Charter (page 7) be modified to read "the term of any officer shall be for one year or expire at such other time as the officer's membership on the Board ceases or terminates."

Phil Sharpe made a motion to modify the language as Les Reardanz suggested. Seconded by David Warren.

Les Reardanz clarified that the actual wording will be as follows: "The term of any officer shall be for one year or shall expire at such other time as the officer's membership on the Board ceases or terminates, whichever occurs first."

All were in favor. Motion carried.

Phil Sharpe refers to Article 8, Section 9 regarding seeking outside counsel. He moved to strike the language "any potential conflict" and also the language "in the event of conflict". The

language would then read “The Board may be represented by the City Attorney’s Office of the City of Bellingham provided, however, that the Board may engage separately in counsel of it’s choosing.”

David Warren seconded the motion. All in favor. Motion carried.

Clarification was made regarding Article 4 where it states “The District shall secure financing by the imposition of a sales and use tax of not more than .033.” The PFD is not actually imposing additional tax, but is getting a rebate of the tax that is already collected, not imposing an additional tax of .033. Les Reardanz explained that is the language that comes out of the statute.

Dunham Gooding made a motion to change language in Article 5 (1) to delete the word “possible”. Jerry Chambers seconded. All in favor. Motion carried.

Dunham Gooding stated that on Page 6 the list of powers should use consistent nouns instead of verbs. No motion necessary.

Dunham Gooding moved to change Page 8, Article 10, Amendments to By-Laws by unanimous vote to a two-thirds vote. Motion not seconded.

Phil Sharpe spoke to Page 7, Section 8, Conflict of Interest and Code of Ethics, which refers to 42.52. Phil indicated the first sentence of this section is an ethics rule and feels it should be forwarded to the State Ethics Board and it won’t become effective until the State Ethics Board approves it.

Les Reardanz indicated that once adopted he will forward to the State Ethics Board as an ethics rule. Copies of 42.52 Ethics Rules and will be distributed to Board members.

Robin Halliday said she would prefer an e-mail link or file of the ethics rules to save trees.

Robin Halliday moved to accept the charter as amended.

Charlie Self seconded the motion. All in favor. Motion carried.

David Warren referred to the Bylaws, Article 2, regarding successors. He feels the language is cumbersome. There was discussion clarifying the meaning of the language.

Les Reardanz asked if the Board wants the language to read something like “The Board shall fill any office that becomes vacant with an interim successor who shall hold office for the unexpired term.” The Board agreed with the suggested language.

Further discussion was held on the language of filling a vacant office.

Charles Self moved to delete last half of sentence.

David Warren seconded. All in favor. Motion carried.

David Warren indicated that on Page 3, Section 3.4 Notice of Special Meeting is redundant.

Robin Halliday moved to delete the second sentence.

Jerry Chambers seconded the motion. All in favor. Motion carried.

Les Reardanz referred to 3.1 and indicated the blank needs to be filled in where it indicates how often regular meetings will be held.

David Warren moved to insert the word “quarterly”.

Robin Halliday seconded the motion. All in favor. Motion carried.

Dunham Gooding referred to Page 1, Article 2.2 which states “the first slate of officers shall serve from election until December 31, 2002.” He feels election of officers should happen in conjunction with board appointments in July. He made a motion to delete the second to last sentence and the word “thereafter”. Motion not seconded.

Discussion of the language continued.

Manca Valum recommended that the language read “The first slate of officers shall serve from election until July 31, 2003. Thereafter each term shall be for one year.”

Dunham Gooding moved to change the language as stated above.

David Warren seconded the motion. All in favor. Motion carried.

Dunham Gooding made a motion to include in 2.1 proposed language for a Vice President.

Robin Halliday seconded the motion. All in favor. Motion carried.

Les Reardanz will draft language for Vice President’s duties to be considered at the next meeting.

Don Keenan indicated that section 9.3 of the Charter should be consistent with new suggestion.

David Warren moved to accept By-Laws as amended.

Jerry Chambers seconded the motion. All in favor. Motion carried.

Les Reardanz will make the amendments to the By-Laws and have them for consideration at the next meeting.

2. Election of Officers

Les Reardanz indicated it is too early to elect officers because the By-Laws and Charter are not approved yet. After some discussion, Les indicated if the Board wants to it can elect the President, Secretary and Treasurer, but not the Vice-President because the language for Vice-President is not yet in the By-Laws and Charter.

Phil Sharpe indicated, with respect to the regional center project, that he doesn't know what entities it involves. He indicated that if it's a facility that's right next to his property he would feel uncomfortable assuming a leadership position on the Board. He stated that without knowing what the potential project is, he doesn't know how anybody else can make a determination as to whether or not they might have a reason not to assume a leadership position. If there is a regional center project that has somebody's ear, it would be nice to know if there are potential problems internally.

David Warren moved to defer election of officers to the next meeting. Discussion was held regarding the delay of the election.

David Warren withdrew his motion.

Manca Valum will reorder the agenda to look at the proposal first and then select officers.

3. Presentation on a "regional center" project for the PFD

Don Keenan explained that Steve Price will give history and Mauri Ingram will offer up-to-date plans.

Steve Price proposed a project for the development of the Cultural District. The Cultural District's boundaries are Champion to the south, Whatcom Creek on the north and Cornwall Avenue. He presented a timeline starting in 1976 with the City assuming management of the Museum.

1984: The City bought the Mt. Baker Theatre. The theatre and museum both are keystones of the Cultural District.

1986: The Mt. Baker Theater Committee was formed to restore the theatre.

1992: The "Visions for Bellingham" process to enhance area.

1992: RUDAT (Rural Urban Development Action Team) study was done to create a cultural crown and highlight the uniqueness of Bellingham.

1996: The Mayor's Committee on Tourism. This group recognized the difficulty in financing cultural tourism enhancement facilities. What we do for tourism should also be for the benefit of the community. This group transitioned into the Bellingham Tourism Commission.

1997: The Mt. Baker Theatre capital plan laid out \$8-\$12 million scheme of phased development for facility and program improvements.

1998: Downtown Development Workshop. 160 people met 7 times over 5 months to identify priorities and new ideas. Also did a 300 person random sample telephone survey, which confirmed tremendous support for development of downtown cultural district.

1999: The State Legislature changed public facilities legislation to include the visual and performing arts to be supported by PFD.

2001: The City Center Master Plan developed. It addresses special opportunity areas; i.e., Railroad Avenue corridor, Morse Hardware, Farmers Market, Mason Building, Flame Tavern. Also the Cultural District/Civic Center area was identified as another opportunity area that would benefit from increased public attention and promotion. Finally, the central waterfront where we recently have acquired the former Sash and Door property. Also, a lot of activity in the Bay/Holly area.

2001: Capital Needs Report with a series of recommendations and the top priority was development of the Cultural District. Theatre, Library and Museum have significant capital needs. Creation of the Capital Improvements Advisory Committee.

Late last year, Council approved Railroad Avenue streetscape and detail plan beyond the Leland report for a multi-use venue with multiple funding sources. Capital needs bond to go the voters in 2003.

2002: PFD created. January 1, 2003 deadline for funding of this project.

Mauri Ingram brought brochure for Downtown Renaissance Network. Tourism Commission sees sustainable economic development from Cultural District. It can also help retain discretionary income locally. An arts and economic prosperity study last year found that arts generated over \$10 million excluding ticket sales. The Cultural District can be a catalyst for private investment activity due to investment of public funds. The Cultural Roundtable Committee of Downtown Renaissance Network found that the public would like to see organizations to promote themselves together, have a visual identity, and have partnership programming. The Cultural District triangle exists between the Mt. Baker Theatre, Museum and the Library, much of which is underutilized. They propose two new theatres, reuse of Library as Museum property, and new Library. Flora Street is the spine of this proposal. The total project cost is approximately \$60 million (shows chart with four different phasing options), \$10 million from Public Facilities District and \$25 million from bond for first phase of Option I, which includes land acquisition, portion of street improvements, and parking. Mauri will be making a presentation of the entire project on September 24th at a joint board meeting of the Festival, Theatre, Museum and Library.

Manca Valum asked if this process has included discussions with the County with regard to their law and justice needs? She stated that it is imperative to move forward collaboratively with a shared vision approach.

Mauri Ingram said the County's participation is being encouraged. She has spoke with Dewey Dessler.

Phil Sharpe asked Mauri, since the Library is not eligible for PFD funding, what she sees as the PFD piece of the project.

Mauri Ingram said underground parking, land acquisition and streetscape.

Steve Price indicated that he hopes to come back to the Board with more detailed recommendations on how this project flows, but said the possibility of multiple funding sources is huge. The coordination of these funding sources is going to be very complicated. Since there are multiple organizational structures involved, it might make sense for the PFD to act as the coordinating entity.

Election of Officers:

Manca asked if the Board wants to elect officers now or at a later date. Discussion was held.

Dunham Gooding made a motion to proceed with election of President, Secretary and Treasurer. David Warren seconded.

Jerry Chambers and Phil Sharpe want to wait. All opposed. Motion denied. Election of officers will be held at the next meeting.

4. A resolution fixing the times and dates of the 2002 regular meetings of the PFD

David Warren moved to set regular monthly meetings from 11:00 a.m. to 1:00 p.m. on the fourth Tuesday of each month, beginning September 24th

Jerry Chambers seconded the motion. All in favor. Motion carried.

OLD BUSINESS

Don Keenan indicated that there are no public disclosure commission requirements for PFD.

Several board members asked if there other projects that the Board should be aware of? Miscellaneous discussion held.

Don Keenan said an analysis can be done for the next meeting.

Manca Valum would like to hear from a diverse group of representatives.

Mauri Ingram stated the Board could also look at conference and convention facilities.

ADJOURNMENT

Manca Valum called the meeting to adjournment.

MEETING ADJOURNED 1:05 P.M.

**RECORD OF PROCEEDINGS OF THE
BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT
CITY OF BELLINGHAM, WASHINGTON**

**WEDNESDAY
JULY 31, 2002**

PUBLIC MEETING

**11:00 A.M.
MAYOR'S BOARDROOM**

WELCOME:

The meeting was opened with a welcome by Mayor Mark Asmundson. Mayor Asmundson thanked the Board for agreeing to participate, and talked about the benefits of the Public Facilities District to the community. Mayor Asmundson also thanked County Executive Pete Kremen and Deputy Administrator Dewey Desler for Whatcom County's cooperation with the formation of the Public Facilities District.

County Executive Pete Kremen spoke. He stated the opportunity for the Public Facilities District was created by the State legislature and will result in \$450,000 annually to the City and \$200,000 annually to the County that will be kept in the community. The Board of Directors will look at the best way to utilize the dollars to enhance downtown, and provide amenities and needs for the County and the City. Time and effort will be involved, but it will be gratifying and there will be a sense of accomplishment.

Mayor Asmundson introduced City and County officials and staff:

Joan Hoisington, City Attorney
Les Reardanz, Assistant City Attorney
Don Keenan, Deputy Administrator (City of Bellingham)
Dick McKinley, Public Works Director
Therese Holm, Finance Director
Patricia Decker, Planning Director
Gary Smalling, Accounting Manager
Kerry Messer, Legal Administrative Assistant
Pete Kremen, Whatcom County Executive
Dewey Desler, Deputy Administrator (Whatcom County)

Mayor Asmundson explained that the City will provide staff to the PFD on an as-needed basis. Les Reardanz will be the legal contact for the PFD. There will be a clerical position to provide administrative support, and Don Keenan will coordinate staffing efforts, and will be the lead City staff person. The City will draw from different departments for specific needs as the PFD moves forward.

Two board members, Robin Halliday & Jerry Chambers, were on vacation and unable to attend the meeting.

Those Board members present introduced themselves:

Dunham Gooding
Charles Self
Philip Sharpe
Manca Valum
David Warren

GENERAL BUSINESS

1. Election of Interim Officers

Mayor Asmundson stated the Board needs to elect a President and Treasurer to preside on an interim basis. A meeting will be held in the near future when bylaws will be drafted and election of permanent officers will be held.

Joan Hoisington indicated a draft charter and bylaws are in process. Because there are 7 members of the Board, 4 need to be present for a quorum. With 5 members present today, there is a quorum.

It will take 4 votes (a majority of the Board) to pass any motions at this time. This is a conservative approach until the Charter is completed.

David Warren nominated Manca Valum for interim President.
Philip Sharpe seconded the nomination.

Charles Self nominated Dunham Gooding as interim President.
Philip Sharpe seconded the nomination.

Discussion:

Manca Valum spoke, briefly went over her background and indicated she is willing to serve as interim President.

Dunham Gooding deferred to Manca Valum if she wants interim position and withdrew as a nominee.

Manca Valum elected unanimously as interim President.

Philip Sharpe nominated David Warren for Treasurer.
Dunham Gooding seconded the nomination.
No discussion

David Warren elected unanimously at interim Treasurer.

CONSIDERATION OF RESOLUTIONS

1. PFD RESOLUTION NO. 2002-1
A Resolution of the Bellingham-Whatcom Public Facilities District Authorizing the City of Bellingham, Washington to Incur Reasonable Start Up Expenses on the District's Behalf and to Provide the City of Bellingham With Reimbursement of Those Costs.

David Warren moved to adopt resolution
Seconded

Discussion:

Charles Self mentioned the resolution contained no dollar limitation.

Mayor Asmundson explained no actual reimbursement takes place until approved by the Board.

No further discussion.

Motion carried. Resolution adopted.

1. PFD RESOLUTION NO. 2002-2
A Resolution of the Bellingham-Whatcom Public Facilities District Implementing the Tax Authorized Under RCW 82.14.390 and Requesting That the Washington Department of Revenue Compute and Begin Collecting and Remitting the Tax Pursuant to State Law.

Charles Self moved to adopt resolution.
Philip Sharpe seconded.

Mayor Asmundson explained we are not sure when dollars will start coming in from the Department of Revenue, but advised Board will get reports as they are received.

Motion carried. Resolution adopted. 2002-2

OTHER BUSINESS:

Possible dates were discussed for the next meeting.

Two board members are absent and won't return until late August. There was discussion of whether the next meeting should be scheduled prior to their return, or after their return. It was decided to wait until after their return so they would both have the opportunity to be present as the next meeting will cover by-laws and charter.

It was moved by David Warren to schedule the next meeting of the PFD on Wednesday, September 4, at 11:00 a.m.

Seconded by Dunham Gooding

Motion carried.

Dunham Gooding moved that the Board of Directors of the Public Facilities District require a majority of members present to create a quorum; i.e., 4, and that any vote on a motion or other action require a vote of a minimum of 4 Board members to pass.

Philip Sharpe seconded.

Motion carried.

This provision will be put in the charter.

ADJOURNMENT

Charles Self moved meeting be adjourned.

Pete Kremen stated he would like to host a reception for Board members. It will be scheduled in early October.

MEETING ADJOURNED 11:45 A.M.

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT

210 Lottie Street
Bellingham, Washington 98225

MINUTES OF THE PUBLIC MEETING OF THE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT WEDNESDAY, DECEMBER 17, 2003

CALL TO ORDER

Dunham Gooding, President, called the meeting to order at 11:12 a.m.

ROLL CALL

Board members present were Jerry Chambers, Dunham Gooding, Robin Halliday, Charles Self, Philip Sharpe, and Manca Valum. David Warren was excused.

OPEN PUBLIC COMMENT PERIOD

Brad Burdick, Director of the Mount Baker Theatre, thanked the PFD for all the effort it has taken to get to the great start on the Mount Baker Theatre construction.

Mary Passmore, Program Manager of the Whatcom Symphony Orchestra, books guest artists. She says her task is difficult for 2005 because of the uncertainty of when the theatre will be closed due to construction of Phases Two and Three, although she understands why it is difficult to predict.

APPROVAL OF MINUTES

Phil Sharpe MOVED THAT THE MINUTES OF THE NOVEMBER 25, 2003 BOARD MEETING BE APPROVED. Jerry Chambers seconded.

Motion carried 6-0.

PRESIDENT'S REPORT

Dunham Gooding reported that the "wall breaking" ceremony on December 10 was well attended. Dunham, Phil, and Robin made remarks, as well as Mayor Asmundson, County Executive Kremen, and Gaye Godfrey, President of the Mount Baker Theatre Board.

BUSINESS

1. Approve Public Facilities District Budget for 2004. Don Keenan described the budget as a "place holder", with the expectation that in the next few months, the board will have a better idea of its projects. At that time, the budget will be amended. The City's Budget Manager, Gary Pitcher, explained the resources and expenditures. Sales tax revenues are higher than budgeted in 2003, and are expected to be higher than budgeted for 2004. Reserves are based on the City's policy of 5%. Gary asked the board to approve the 2004 PFD budget with the understanding that it will be amended in early 2004. At the January meeting, we will have the 2003 actual numbers available. For planning purposes, Charlie reported that the PFD will have spent about \$1.2 million

through this year and has committed an additional \$2.2 million to the Mount Baker Theatre Phase One renovations. Charlie suggested that the board take about \$3.5 million away from the estimated \$15 million. Charlie reminded the board that operating costs of the facilities that the PFD is developing are unknown and not in the budget.

Charlie Self MOVED THAT THE PFD BUDGET FOR 2004 BE APPROVED AS DRAFTED. Phil Sharpe seconded.

Motion approved 6-0.

2. Update from Centennial Project Consortium. Mauri Ingram reported that students from Western Washington University who have been working on the new theater plans have completed their project. The Consortium will have a summary document on the plans in the future. The Consortium met once since the last PFD board meeting and will meet again tomorrow.

3. Board Work Session on The Alford Group's Fundraising Feasibility Study. Dunham sees the next issues for the board as (1) how to proceed and (2) when to proceed. The common themes from the study are children, educational opportunities, shared family learning opportunities, things that benefit children and youth, and an outdoor element.

Discussion:

There was general agreement among the board members that the community would be most interested in funding a facility for collaborative educational programs that serve children and youth, incorporating an outdoor space.

Members then discussed the PFD's relationship to the additional fundraising effort. They concluded that the fundraising group would be separate from but work with the PFD and that the PFD needs to identify the leadership of the group that will start the campaign.

Tom Livesay explained that putting together some program ideas would be easy. However, he is concerned about the Consortium's role at this point, and is seeking some clear direction from the PFD. Dunham responded that while uncertainty is uncomfortable, sometimes there are periods where it has to exist. For the next couple of months, the PFD will be in a period of planning, so its role and the Consortium's role won't be clear, but that is no reason for the Consortium to disband.

At the board's direction, Tom Livesay and Brad Burdick will go ahead with program ideas so they can present them to the board in January. The programs should include collaborative children's educational programs with an indoor/outdoor space that have been successful in other cities around the country.

Don stressed the importance of following up right away on the feasibility study by getting together with The Alford Group and having a couple of sessions with those people that The Alford Group could identify and get their buy-in. He asked if he should

work with The Alford Group to assist in getting leaders together. At the board's direction, Don will contact The Alford Group and arrange for some private meetings in January.

Heather asked whether the board can begin the land identification process because the PFD knows it will build a facility. Manca and Charlie said it would be difficult to do this until the type of facility is known.

Charlie recommended that Dunham appoint a group to make sure the follow up with The Alford Group occurs. Dunham, Charlie and Manca will take that role, along with a representative of the Centennial Group Consortium.

4. Staff Report. Don stated that the ceremony went well last Wednesday, remarks were well made, and there is a good team working on the construction. There was also excellent press coverage by the *Bellingham Herald* and on KVOX TV. Robin mentioned an article about the PFD that appeared in the *Bellingham Business Journal*, in which the PFD was listed number one in the list of top ten events in Bellingham during 2003. Also on the subject of communications, Don explained that the brochure put together by Cartwright Creative Group should be finalized and the redesigned website should go live shortly. Regarding the request for qualifications for the streetscape, it is recommended that the PFD does not put this out in December because it is hard to get professional groups to respond this time of the year. It would be best to go out after the first of the year. Finally, Don said if board members would like to have a tour of the construction site, that could be arranged for after the first of the year.

Dunham mentioned that he gave an annual report of the PFD to the City Council on December 15, informing them what the PFD has done so far, and how it would need to decide soon on its next project. Finally, he suggested that one of the most important decisions City Council members will need to make in the next year is the location of the Library, and that it should be located within the Civic Center, so it could contribute positively to the Regional Center.

5. Old Business. Manca asked if the first task of the committee is to get together to identify the people with whom the PFD should discuss establishing leadership around the greater fundraising. Dunham said the committee would look at the top prospects, guided by The Alford Group's feedback.

Don brought up the subject of the resolution passed by the board last month – the Resolution of the Bellingham-Whatcom Public Facilities District Describing the Initial Components of the Regional Center. The word "initial" should be removed from the title, footer and last "whereas" paragraph. Phil recommended that at the end of paragraph 3 where the components of the regional center are listed, parking facilities should be added. The PFD bought a parking lot and it might have some parking in its future facilities. On subparagraph e, eliminate the word "and" and at the end of subparagraph f, delete the period and make it a semi-colon and add "and", and add subparagraph g, "Related Parking Facilities".

Phil Sharpe MOVED THAT THE RESOLUTION OF THE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT DESCRIBING THE INITIAL COMPONENTS OF THE REGIONAL CENTER BE APPROVED AS AMENDED. Robin Halliday seconded.

Motion approved 5-0. (Jerry Chambers left at 12:45 p.m.)

6. New Business. None.

ADJOURNMENT

Dunham Gooding adjourned the meeting at 1:37 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT

210 Lottie Street
Bellingham, Washington 98225

AGENDA

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING

WEDNESDAY, DECEMBER 17, 2003

11:00 A.M. – 2:00 P.M.

Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

During this period of time, citizens may speak informally to the Board on subjects not scheduled for public hearing. EACH SPEAKER IS ALLOWED A MAXIMUM OF THREE MINUTES. If the speaker has written comments for the Board, an additional copy should be handed to the Administrative Assistant, preferably before the meeting, for our office files.

APPROVAL OF MINUTES

*Approve minutes of the November 25, 2003 board meeting.

PRESIDENT'S REPORT

BUSINESS

1. *Approve Public Facilities District Budget for 2004.
2. Board work session on The Alford Group's Fundraising Feasibility Study.
3. Update from Centennial Project Consortium.
4. Staff Report.
5. Old Business.
6. New Business.

*Action items.

ADJOURNMENT

FOR CITIZENS WITH SPECIAL NEEDS, the Mayor's Boardroom is fully accessible. Elevator access to the second floor is available at City Hall's west entrance. Hearing assistance is available in the Mayor's Boardroom and a receiver may be checked out through the clerk prior to the meeting. For additional accommodations, persons are asked to contact Alison Henshaw at 676-6979 at least 3 working days in advance of the meeting. Thank you.

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT

210 Lottie Street
Bellingham, Washington 98225

MINUTES OF THE PUBLIC MEETING OF THE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT TUESDAY, NOVEMBER 25, 2003

CALL TO ORDER

Dunham Gooding, President, called the meeting to order at 11:10 a.m.

ROLL CALL

Board members present were Jerry Chambers, Dunham Gooding, Robin Halliday, Philip Sharpe, and Manca Valum. Charles Self was present via telephone. David Warren was excused.

OPEN PUBLIC COMMENT PERIOD

There were no public comments.

APPROVAL OF MINUTES

Discussion:

Charlie Self asked if on the first page under the Discussion section, "lowest responsive bidder" should be changed to "lowest responsible bidder". Don explained that it should say both.

Charlie Self MOVED THAT THE MINUTES OF THE OCTOBER 22, 2003 BOARD MEETING BE APPROVED, AS AMENDED. Jerry Chambers seconded.

Motion carried 6-0.

PRESIDENT'S REPORT

No report.

BUSINESS

1. Consideration of real estate exchange agreement with First Baptist Church for parking lot exchange. Don Keenan explained that the PFD purchased the parking lot right next to the Church earlier in the year and the Church owns the parking lot that's contiguous to the Mount Baker Theatre. The exchange agreement takes into account the difference between the value of the PFD-owned parking lot and the Church-owned parking lot, so that the PFD will pay \$21,000 in consideration of the exchange. Additionally, the PFD will allow the Church to continue to use the parking lot on Sunday mornings as long as it doesn't interfere with any other PFD business, such as construction.

Jerry Chambers MOVED THAT THE REAL ESTATE EXCHANGE AGREEMENT BETWEEN THE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT AND THE FIRST BAPTIST CHURCH BE APPROVED. Phil Sharpe seconded.

Motion carried 6-0.

2. Consideration of Parking License Agreement with First Baptist Church. Don Keenan explained that the agreement describes the property and states that the Church will be able to use the parking lot solely for purposes for their church patrons on Sunday mornings. The hours have not yet been finalized.

Phil Sharpe MOVED THAT THE PARKING LICENSE AGREEMENT BETWEEN THE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT AND THE FIRST BAPTIST CHURCH BE APPROVED WITH THE SIGNATORS BEING AUTHORIZED TO MAKE ANY NECESSARY MINOR MODIFICATIONS. Robin Halliday seconded.

Motion carried 6-0.

3. Presentation by The Alford Group on the fundraising feasibility study. Phil Sharpe explained that the PFD commissioned the feasibility study to determine whether there was the capacity and willingness in this community to undertake private fundraising to supplement the funds from the PFD in order to construct some or all of the elements of the Centennial Project. The Centennial Project has a total estimated price tag of \$72.5 million, of which \$15 million would come from the PFD, \$15 million from an anticipated Library bond levy, and the balance of about \$42 million through private fundraising, government and foundation grants. The purpose of the study was to determine whether it would be possible to raise the \$42 million and in what period of time. Phil added that there is strong support for development of the downtown area and the Cultural District, and that between \$10 million and \$15 million could be raised over a period of 3 – 5 years if certain conditions are met and through a carefully crafted campaign.

Leslie Johnson Stay and Karen Rotko-Wynn presented The Alford Group's fundraising feasibility study. The study looked at:

- Image and Project Appeal;
- Financial Support;
- Leadership;
- Internal Readiness; and
- Climate and Timing.

The main points highlighted were:

- The Whatcom Museum of History and Art, the Mount Baker Theatre, the Bellingham Festival of Music, and the Bellingham Public Library are well regarded;
- The study indicates the community could be successful in raising \$10 - \$15 million in an initial campaign and \$20 - \$25 million in a second campaign;

- Study participants are supportive of a Cultural Center downtown;
- Study participants wanted to know what would happen in the new facilities;
- Study participants wanted to know how the proposed projects would benefit children and youth, including entertainment and education programs;
- Study participants wanted the proposed projects to include an outdoor element, reflecting the community's love for its natural surroundings; and
- Study participants want the City and County to take financial responsibility for any parking and outdoor elements of the project.

The Alford Group recommended:

- Involving more people in the project;
- Involving people soon to formulate the campaign;
- A campaign for \$10 - \$15 million could be conducted over 40 months in 4 phases, with a more ambitious campaign of \$20 - \$25 million that would begin 7 – 10 years after the first campaign had been successfully completed; and
- A new separate entity (The Alford Group's preference) or existing non-profit organization (NOT a lead agency) would be needed to conduct the capital fundraising campaign.

Discussion:

Robin said the report mimics what the PFD Board has gone through, and she found it to be encouraging and positive. Manca asked if the outdoor element would be aesthetic or programmatic. Leslie explained it would be a design element, and study participants gave examples of outdoor sculpture, use of natural light, walkways, an art fair, music and theatre in the streets or in an outdoor public plaza. Manca asked if people interviewed included those who were not stakeholders or who were against the Centennial Project. Leslie and Karen responded that they were indeed included. Manca then asked about the Library's importance, according to the study participants. Leslie replied that most interviewees expressed that they liked it but saw it as a separate, publicly funded entity. Don asked about the effect of the proposed \$10-\$15 million campaign on other, smaller organizations trying to raise funds. Leslie replied that it would very likely elevate awareness of philanthropy. Karen opined that there is also strength in collaboration.

(Robin Halliday left at this point in the meeting).

4. Consideration of a Resolution of the Bellingham-Whatcom Public Facilities District Describing the Initial Components of the Regional Center. Phil Sharpe recommended several changes to the draft resolution, which were agreed to by the board.

Manca Valum MOVED TO APPROVE THE RESOLUTION OF THE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT DESCRIBING THE INITIAL

COMPONENTS OF THE REGIONAL CENTER, AS AMENDED. Jerry Chambers seconded.

Motion carried 5-0.

(Manca Valum left at this point in the meeting).

5. Consideration of a Resolution setting meeting dates for 2004.

Phil Sharpe MOVED THAT THE PFD BOARD MEET AT 11 A.M. ON THE FOURTH WEDNESDAY OF EACH MONTH IN 2004, EXCEPT FOR NOVEMBER AND DECEMBER, WHEN IT WOULD MEET ON THE THIRD WEDNESDAY OF THE MONTH. Charlie Self seconded.

Motion carried 4-0.

6. Update from Centennial Project Consortium. Mauri Ingram reported that the Consortium had been keeping a low profile because of the fundraising feasibility study. She added that the Consortium has answers for some of the questions raised by the findings of the fundraising feasibility study, including educational and performance opportunities for children and youth and economic impact. Mauri mentioned that the Consortium had been talking with the Regional Urban Design Assistance Team regarding connectivity between the Cultural District and the rest of downtown, the Central Business District and the waterfront. The Cultural Roundtable met this month, the new co-chairs being Alice Clark of the Whatcom Film Association and George Thomas of the American Museum of Radio and Electricity. The Cultural Roundtable will be focusing on more collaborative opportunities on programs, marketing, and public relations. There are two other fundraising campaigns – one for the Whatcom Film Association, to expand and relocate the Pickford Cinema, and the American Museum of Radio and Electricity to expand their facilities. Mauri handed out the second half of Don Drake's article on Richard Florida, which was published in the Whatcom County Business Pulse. Finally, Mauri reminded the board that she is leaving the Downtown Renaissance Network but she will stay on as the volunteer coordinator.

7. Staff Report. Heather reported on the City's progress regarding project labor agreements and apprenticeship set-asides. Steve Koch had said he'd provide the City with information as to whether other jurisdictions are doing either of these things. He recently gave the information to Dick McKinley. Dick explained that there are pros and cons regarding project labor agreements. The City is looking at the issues. Heather hopes to have more information to report early next year.

Don reported that working with the First Baptist Church has been a positive experience. The parking lot exchange will close today. The bidding process went well for the Mount Baker Theatre renovations. Ebenal General, Inc. was the lowest responsive and responsible bidder. At their meeting yesterday, the City Council approved awarding the bid to them. The bid was below the architects' low estimate by more than 20%. The estimate was for \$2.5 million; Ebenal General's bid was for \$1,949,000. Dawson,

Impero and Taylor were the other bidders. John Tawes, Dick McKinley, Rory Routh and Don have been working as a team to move forward quickly on the construction contract. Don expects there to be a groundbreaking event when construction begins.

8. Old Business. Regarding streetscape design, Don has spoken with LMN Architects. At the request of the board, Don also spoke with Mike Hollander, who was interested in the City doing something. The City has held off for a couple of years on doing a project to bulb out the intersections along Flora Street and change the traffic signals to stop signs. The City is going ahead with the replacement of sidewalks on Flora Street in January, as the contract has already been awarded. Dunham asked for Don to go ahead with the RFQ process for streetscape design.

9. New Business. Phil wanted to know at what point the PFD should move from feasibility to preparation of a fundraising campaign. He would like to discuss the findings of the feasibility study report at the next board meeting.

10. Report of Executive Session. The board received a report from counsel on potential litigation. The board took no action, nor did it give direction to counsel.

ADJOURNMENT

Dunham Gooding adjourned the meeting at 2 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT

210 Lottie Street
Bellingham, Washington 98225

AGENDA

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING

TUESDAY, NOVEMBER 25, 2003

11:00 A.M. – 2:00 P.M.

Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

During this period of time, citizens may speak informally to the Board on subjects not scheduled for public hearing. EACH SPEAKER IS ALLOWED A MAXIMUM OF THREE MINUTES. If the speaker has written comments for the Board, an additional copy should be handed to the Administrative Assistant, preferably before the meeting, for our office files.

APPROVAL OF MINUTES

*Approve minutes of the October 22, 2003 board meeting. (1-4)

PRESIDENT'S REPORT

BUSINESS

1. *Consideration of real estate exchange agreement with First Baptist Church for parking lot exchange. (5–14)
2. *Consideration of Parking License Agreement with First Baptist Church.
3. Presentation by The Alford Group on the fundraising feasibility study.
4. *Consideration of a Resolution of the Bellingham-Whatcom Public Facilities District Describing the Initial Components of the Regional Center. (15-16)
5. *Consideration of a Resolution setting meeting dates for 2004.
6. Update from Centennial Project Consortium.
7. Staff Report.
8. Old Business.
9. New Business.
10. Executive Session (RCW 42.30.110) regarding 1) potential litigation and 2) property acquisition.
11. Report of Executive Session.

*Action items.

ADJOURNMENT

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BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT

210 Lottie Street
Bellingham, Washington 98225

MINUTES OF THE PUBLIC MEETING OF THE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT WEDNESDAY, OCTOBER 22, 2003

CALL TO ORDER

Dunham Gooding, President, called the meeting to order at 11:06 a.m.

ROLL CALL

Board members present were Dunham Gooding, Robin Halliday, Charles Self, Philip Sharpe, Manca Valum and David Warren. Jerry Chambers was excused.

OPEN PUBLIC COMMENT PERIOD

There were no public comments.

APPROVAL OF MINUTES

David Warren MOVED THAT THE MINUTES OF THE SEPTEMBER 24, 2003 BOARD MEETING BE APPROVED. Charles Self seconded.

Motion carried 6-0.

PRESIDENT'S REPORT

Dunham Gooding reported that LMN Architects are keeping to the accelerated schedule.

BUSINESS

1. Presentation by Steve Koch, Business Manager of Laborer's Local 276 and President of the Northwest Washington Building & Construction Trades Council, and Brad Owens, Business Representative of the IBW, the Electricians, and Secretary-Treasurer of the Northwest Washington Building & Construction Trades Council. Steve Koch explained that having a represented local workforce means keeping money in our community. Local workers pay taxes here and have health insurance and pension benefits. He also mentioned apprenticeship set-asides and project labor agreements.

Discussion:

Phil Sharpe asked Heather Wolf whether it would be possible for the PFD to offer local preference, apprenticeships and project labor agreements in a public, low-bid context. Heather replied that the PFD has to take the lowest responsive and responsible bidder, so it cannot request local preference or local requirements. She also stated that she wasn't familiar with project labor agreements or the apprenticeship program. She confirmed that the City's public works department staff will administer the contracts and oversee the bid process for the Mount Baker Theatre project, so the PFD will use the City's standard bid documents. Public Works Director Dick McKinley added that his

department will work with Heather and talk about project labor agreements and apprenticeship set-asides. Rory Routh, Assistant Director of Public Works, mentioned that the City's legal department has been looking into and contacting other cities about apprenticeship opportunities generally. However, the City of Bellingham has not yet used a project labor agreement. In order to keep to the PFD's project bid specification schedule (out to bid on October 30, receiving bids on November 20, and going to City Council on November 24), Rory would need direction from the PFD right away. David would like to include a project labor agreement if legally possible. Dick explained that given the time restraints for Phase I of the Mount Baker Theatre project, it would not be possible to enter into detailed negotiations over contract terms and conditions. Charlie expressed his concern about the timing, suggesting that the PFD may have to overlook apprenticeship opportunities and project labor agreements for Phase I and study them for the next phases. Dick McKinley confirmed that he would follow up on the subject of apprenticeship set-asides and project labor agreements.

2. Presentation by Brad Burdick, Director of Mount Baker Theatre, regarding loss of income due to closure of Mount Baker Theatre during Phases II and III of construction. Brad explained that the "contribution to overhead" figures comes from the net amount of revenue that is generated from the theatre's shows and applied to overhead expenses. Brad stated that the figures are based on current budgeted income and current budgeted revenue. He looked at scenarios whereby the theatre is closed for 6 months (for Phase II alone) either from May to October or from April to September, and 8 months (for Phase III alone or for Phases II and III together) from April to November. The slowest time for the theatre is the summer, so the closure would have the least impact on the theatre's income from May to October. During this 6-month period, there would be a loss of revenue in the approximate amount of \$82,000, but there would be reduced overhead costs of about \$14,000, meaning the theatre would have to obtain additional income of about \$68,000 for the six-month period, or \$11,300 per month. Closing the theatre from April through September would be more expensive by about \$15,000 for the 6-month period or an additional \$2,500 per month. The most efficient time to close down the theatre for the 8-month period would be from April through November. When asked how the theatre would create revenue to make up for that lost due to the theatre's closure, Brad suggested that they are looking at using the new multi-purpose space, booking shows in space owned by the Port of Bellingham, and using additional fundraising activities. Brad confirmed that the figures shown include the annual management subsidy of \$200,000 from the City of Bellingham.

3. Financial report for the period ending September 30, 2003. Therese Holm explained that the annual budget amount reflects the budget modification approved by the board in August and the \$400,000 interfund loan. She added that the state sales tax revenue is better than expected.

Discussion:

Charlie asked if all the PFD assets were listed in the balance sheet, as the amount seemed lower than he expected. Therese said she would look into this and if any changes were needed, she would have Alison send the amended version to the board.

Note: Therese followed up on this item and reported that the current year capital costs are not yet reflected in the balance sheet assets. On October 24, 2003, Alison forwarded to the board members an e-mail from Therese with that explanation.

4. Accept an interfund loan of \$400,000 from the City of Bellingham to cover the budget modification approved at the August 27, 2003 meeting. Therese Holm explained that the City Council has already approved an interfund loan of \$400,000 from the City to the PFD. The Board needs to accept the loan so it can be used for anticipated expenses.

David Warren MOVED TO ACCEPT THE \$400,000 INTERFUND LOAN FROM THE CITY OF BELLINGHAM TO THE PFD. Robin Halliday seconded.

Motion carried 6-0.

5. Project commencement update. Don Keenan said that LMN Architects will have everything from their subcontractors by Friday, October 24, 2003. Gary Lange of Building Services will review the building permit application and the project will go out for bid on October 30, 2003, going before City Council on November 24, 2003. Don reported that at its hearing on October 8, the Landmark Review Board looked very closely at the alteration application. The Landmark Review Board members approved everything needed for Phase I. They approved everything for Phases II and III apart from the appearance of the exterior (such as the medallion) and the recessed lighting inside the theatre.

6. Update from Centennial Project Consortium. Mauri Ingram was not available, but had provided a written report. Mauri has met with Professor John Sands at Western Washington University and his class will have two groups of students: one working on the revenue potential of the two new theatres; and the other group is still developing their project. Mauri also met with Mark Kuntz, Chair of Western's Theater Department, to discuss potential uses of the new facilities at the Mount Baker Theatre. Finally, Mauri supplied the article by Don Drake written for the *Business Pulse* and the *Seattle Times* article about attendance at the Paramount and Moore Theatres being on the rise.

7. Staff Report. The Alford Group is finishing up interviews and should be done by next Tuesday, October 28, 2003. They should have their report available in mid-November. The report will be given first to the fundraising feasibility study group and then to the PFD board. Don confirmed that Cartwright Creative Group has been hired to do communication work for the PFD.

Discussion:

Robin recommended that Yvonne Cartwright be included in the study group meeting. Charlie said the PFD needs to be prepared with a response to The Alford Group's fundraising feasibility study report.

8. Old Business: Finalize meeting dates of regular board meetings for November and December 2003. All board members are available to meet on December 17, 2003. The November board meeting date has yet to be decided.

Discussion:

A great deal of discussion ensued regarding the November board meeting date. Board members discussed a date for the November meeting and decided to meet on Thursday, November 20, 2003. Note: It was later agreed that, due to a scheduling conflict with The Alford Group, the PFD board meeting would be held from 11 a.m. to 2 p.m. on Tuesday, November 25, 2003.

Manca asked the board members if they were interested in revisiting the subject of the project labor agreement and apprenticeship set-asides. Phil said as the City is pursuing these subjects, it would be a good idea for the board to hear about the City's progress. Robin would like to support the project labor agreement and apprenticeship set-asides as they may impact future phases or elements of the PFD project, but stated that the PFD cannot include them in the first phase of development. She opined that the board needs more education on these two topics. Heather has already spoken with Assistant City Attorney Les Reardanz about this, and will get together with Les and Dick McKinley and give a short update to the board at the next meeting as to where the City is in this process and how it could apply to future PFD projects.

9. New Business. Phil raised the issue of streetscaping for the regional center.

Discussion:

Manca said streetscaping would be a new, visible feature of the regional center, as well as a way to create a sense of place and purpose. Robin would at least like a visual connection between the Mount Baker Theatre and Museum. Robin reminded the board that the City Center Master Plan includes definitions of elements for streetscape design. Don will explore streetscape design with the architects.

Phil would like to give an opportunity to Mike Hollander of Hollander Investments to participate in the streetscape in order to tie their building into the regional center. Don will call Mike Hollander about this.

Charlie said at some point the PFD would have to sit down with representatives of the Mount Baker Theatre to clarify roles.

Discussion:

Heather would like to work with some of the board members on this, as it is not purely a legal issue. Dunham, Phil and David volunteered to discuss with the Mayor's office what the PFD would own and be responsible for versus the City as a result of the one-third match.

ADJOURNMENT

Dunham Gooding adjourned the meeting at 1:58 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT

210 Lottie Street
Bellingham, Washington 98225

AGENDA

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING

WEDNESDAY, OCTOBER 22, 2003

11:00 A.M. – 2:00 P.M.

Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

During this period of time, citizens may speak informally to the Board on subjects not scheduled for public hearing. EACH SPEAKER IS ALLOWED A MAXIMUM OF THREE MINUTES. If the speaker has written comments for the Board, an additional copy should be handed to the Administrative Assistant, preferably before the meeting, for our office files.

APPROVAL OF MINUTES

*Approve minutes of the September 24, 2003 board meeting.

PRESIDENT'S REPORT

BUSINESS

1. Presentation by Steve Koch, President of the Northwest Washington Building Construction Trades Council.
2. Presentation by Brad Burdick, Director of Mount Baker Theatre, regarding loss of income due to closure of Mount Baker Theatre during Phases II and III of construction.
3. Financial report for the period ending September 30, 2003.
4. *Accept an interfund loan of \$400,000 from the City of Bellingham to cover the budget modification approved at the August 27, 2003 meeting.
5. Project commencement update.
6. Update from Centennial Project Consortium.
7. Staff Report.
8. Old Business: Finalize meeting dates of regular board meetings for November and December 2003.
9. New Business.

*Action items.

ADJOURNMENT

FOR CITIZENS WITH SPECIAL NEEDS, the Mayor's Boardroom is fully accessible. Elevator access to the second floor is available at City Hall's west entrance. Hearing assistance is available in the Mayor's

Boardroom and a receiver may be checked out through the clerk prior to the meeting. For additional accommodations, persons are asked to contact Alison Henshaw at 676-6979 at least 3 working days in advance of the meeting. Thank you.

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT

210 Lottie Street
Bellingham, Washington 98225

MINUTES OF THE PUBLIC MEETING OF THE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT WEDNESDAY, SEPTEMBER 24, 2003

CALL TO ORDER

Dunham Gooding, President, called the meeting to order at 11:07 a.m.

ROLL CALL

Board members present were Jerry Chambers, Dunham Gooding, Charles Self, Phil Sharpe, Manca Valum and David Warren. Robin Halliday was excused.

OPEN PUBLIC COMMENT PERIOD

Steve Koch, President of the Northwest Washington Building Construction Trades Council, asked that the PFD board consider giving the Council some time on the agenda for the next board meeting to discuss the possibility of apprenticeship opportunities being involved in PFD projects that come forward. He also would like to speak about ways to ensure that local workers are doing the work on these PFD projects, keeping wages and benefits in our community.

APPROVAL OF MINUTES

Jerry Chambers MOVED THAT THE MINUTES OF THE AUGUST 27, 2003 BOARD MEETING BE APPROVED. Charles Self seconded.

Motion carried 6-0.

PRESIDENT'S REPORT

No report given.

BUSINESS

1. Update from LMN Architects on Mount Baker Theatre Project. Patreese Martin and Chris Eseman from LMN Architects gave the update. Mr. Eseman stated that the Schematic Design for Phases I, II and III has been completed, as well as the beginning of construction document work for Phase I. Ms. Martin said that the project is an opportunity for the theatre to move from a 1927 state-of-the-art to current state-of-the-art. Ms. Martin described one of the key components as expanding the stage and stage house in depth, height, and wing area, to meet the requirements of current traveling stage shows. There will also be higher loading areas and a higher wing area. The orchestra pit will be expanded to hold 40 orchestra members. The back stage areas will be improved by including two large chorus dressing rooms, each with stations for 20 performers, including ADA accessible toilet rooms and showers; an ADA accessible principal dressing room, and two other principal dressing rooms, each with showers and toilet rooms; a large wardrobe area with costume storage, washer and dryer; an

expanded Green Room; production offices, and stage office. The ticket office will be changed to include an ADA accessible ticket window on Commercial Street, and two new ticket booths on the ramp to the entry. There will be a new multi-purpose room constructed for meetings and small performances, which will hold 160 – 190 seats. The existing Encore Room seats 80 – 120. The existing storefronts will be replaced with new storefronts with insulating glazing to match more closely the original configuration. Damage to the parapet from water leaking off the roof will be repaired. Finally, there will be a great deal of seismic, mechanical, electrical and structural work.

Ms. Martin summarized that Phase I will include the early mechanical, structural and electrical work to prepare for the future phases, to get the multi-purpose room and the backbone of the backstage and changing area in place, and to repair the parapet. Phase II will be replacing the mechanical systems and more advanced work on the electrical system. Phase III will be the expansion of the stage-house, loading dock and orchestra pit, as well as the ticket office changes.

Discussion:

Charlie asked how long the theatre would be out of operation in Phase III, and what the resulting loss in revenue would be. Dunham responded that he had asked Brad Burdick to study that question and that Brad will have a report for the board at the next meeting to show how many months the theater will be out of operation and the resulting financial impacts. The theatre will also have to be closed during Phase II.

Mr. Eseman explained that the preliminary schedule and budget for the theatre renovations have been changed, due to some discoveries made along the way. Most of the scheduled work has been moved up. Permitting should take two weeks. Bidding for demolition and construction will occur in November, with construction work to begin the second week of December. Phase I will cost an additional \$198,170 because of the changes including upgrading the multi-purpose room, but the overall project will decrease by \$258,020. The schematic design phase revealed it would be more efficient to work on the corner of the basement during Phase I than during the later phases.

LMN Architects need to have some direction from the board regarding the changes to Phase I.

Discussion:

Charlie proposed that the architects go ahead with the amended Phase I. David Warren agreed, but was nervous about the schedule for demolition and construction. Chris Eseman explained that the demolition does not need to be treated separately now. The contractor hired for the project will do both the demolition and the construction. John Tawes expressed his wish for construction to start in an area that doesn't need asbestos abatement. Dick McKinley said that those details would be included in the bid documents. Rory Routhe warned that there would be increased costs if contractors work over the holidays. John Tawes suggested construction could start on the back corner with the removal of the boilers or with the work on the parapets. Public Works staff will work with the architects and contractors to begin construction by

December 31, 2003. Manca Valum expressed the importance of Phase I for the enhancement of the building.

Charles Self MOVED TO APPROVE THE NEW FIGURE FOR PHASE I OF THE MOUNT BAKER THEATRE RENOVATION AND CONSTRUCTION PROJECT IN THE AMOUNT OF \$3,516,520 FOR SCHEMATIC DESIGN PHASE PROJECT COSTS. David Warren seconded.

Motion carried 6-0.

2. Presentation by Whatcom Museum Director Tom Livesay and Whatcom Museum Society Board President Stan Miller regarding the Museum's Long Range Facilities Plan. Stan Miller, President of the Museum Board, introduced Jeff McClure, Vice President of the Museum Board, and a member of the building committee. Mr. Miller explained that attendance at the Museum has increased in proportion with the growth of Whatcom County, although the size of the Museum's facilities remains at about 45,000 square feet. The Museum comprises four different buildings and their space is not used efficiently. Whatcom Museum cannot attract major exhibits because the HVAC is not up to standard and there is no infrastructure for humidity control. It also cannot accept some collections because of a lack of space. Another drawback is due to the necessary separation of the disciplines of history and art. It is hoped that in the future, the Old City Hall building could be used exclusively for historical exhibitions. Consolidation of operations would be a logical step forward for administrative and operational efficiencies. The Museum needs to remain downtown. The Museum board is looking at other potential sites downtown, including the current Library. Essentially, the Museum board would like to know if the PFD could pay for a scope of work study for adapting the existing Library building to a museum. Also, the Museum board would like to know if the PFD could pay for assessing the costs of updating the old City Hall building to serve for displaying historical exhibitions. In any event, the Museum board is committed to funding the operating costs of either an adapted or a new facility, through the Museum Society's endowment fund. It also owns the Children's Museum and the ARCO building.

Discussion:

Charlie said the PFD needs to know that the City would be giving the existing Library building to the PFD before the PFD could look at paying for a scope of work for converting the library to a museum. Jerry asked about the Museum's potential for raising funds. Tom Livesay explained that the Centennial Project consortium has a better chance of raising funds from foundations than does each individual organization. The Museum Society does have an endowment fund for additional operating costs.

Phil asked when the Library Board and City Council would make a decision on the site selection for the new library. Don said he didn't know, but understands the Library is still holding information hearings to obtain input from the public and that the City Council won't be deciding anything until the Library has finished receiving input. Manca wants the PFD to give to the City Council the PFD's perspective on the library site selection.

Jerry said it is too premature to look at the use of the current library and that the PFD shouldn't have to pay for a study looking at changing the use of the library to that of a museum. Much discussion ensued regarding the future use of the current Library. Dunham is interested in satisfying bond counsel's requirement of attributing a dollar amount to the museum element of the Regional Center. This could be \$250 per square foot. Don added that bond counsel is looking for prioritization of the elements of the plan. Phil asked if the PFD is willing to spend money on the museum. Charlie said we still need the results of the fundraising feasibility study. Phil is concerned that the PFD's ability to make any visual impact in the area is dependent upon what the Library does and where it decides to move. Phil believes that if the Library moves outside of the Civic Center, the PFD's ability will be severely diminished. Manca expressed her desire to let the City Council know again how the Library should be included in the Cultural District and that it should remain in the Civic Center.

Manca Valum MOVED THAT THE PFD WORK TO ENCOURAGE CITY COUNCIL TO CONSIDER A SITE FOR THE LIBRARY THAT IS AT ITS EXISTING SITE OR ONE WHICH WOULD BE WITHIN THE REGIONAL CENTER BECAUSE OF ITS IMPORTANCE OVERALL TO THE WHOLE COMMUNITY. David Warren seconded.

Dunham Gooding MOVED FOR A FRIENDLY AMENDMENT TO INCLUDE "AND IN ORDER TO MAXIMIZE ITS POTENTIAL FOR CREATING A SENSE OF PLACE AND HAVING A POSITIVE ECONOMIC IMPACT ON THE CITY". Manca Valum accepted the friendly amendment.

Phil Sharpe MOVED FOR A FRIENDLY AMENDMENT TO CHANGE "REGIONAL CENTER" TO "CIVIC CENTER". Manca Valum accepted the friendly amendment.

Motion carried 6-0.

3. Update from the Centennial Project Consortium. Mauri Ingram said she would send to board members the article written by Don Drake for the October edition of the Bellingham Business Pulse on Richard Florida's speech in Seattle. The article gives Richard Florida's perspective on the shifting of economic development in response to the behavior of corporations and business. The old school version of economic development in terms of incentives being provided by communities has changed to "where does the workforce want to live"? Mauri distributed an updated Fact Sheet on the Centennial Project. Kris Tucker, Executive Director of the Washington State Arts Commission sent to Mauri a summary of her observations and recommendations made while she was here in Bellingham on September 11. Mauri distributed a copy of the summary to the board members.

4. Staff Report. Charlie explained that the fundraising feasibility study has been delayed due to the difficulty in reaching people to schedule interviews. There are 10 more interviews to be held. It is therefore likely that The Alford Group will not have their final report until the end of October or early November. Don said he, Phil and Robin have been meeting regarding potential consultants for the PFD's communications work.

5. Old Business. None.

6. New Business. The board discussed Steve Koch's request to make a presentation at the next board meeting regarding his request to include apprenticeships in the construction phase of the PFD's projects and a way to hire local workers on the job. The board agreed to allow Steve Koch to make a presentation at the next board meeting, and to limit it to fifteen minutes. Phil asked if because of the public bidding process, the requirement for local workers could be included in the bidding requirements. Heather Wolf said she would research this, but thinks a preference rather than a requirement for local workers could be included.

7. Report of Executive Session. The board discussed acquisition of property and potential litigation. The board took no action, but advised staff.

Phil Sharpe MOVED THAT THE PUBLIC FACILITIES DISTRICT AUTHORIZE FINAL COMPENSATION TO MARY JACKSON OF PIPER MUSIC IN THE SUM OF \$15,648.90. Jerry Chambers seconded.

Motion carried 6-0.

8. Scheduling of November and December Board Meetings. The meetings are currently scheduled for the day before Thanksgiving and the day before Christmas. Don asked that the board members be polled to reschedule the meetings.

ADJOURNMENT

Dunham Gooding adjourned the meeting at 2:10 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT

210 Lottie Street
Bellingham, Washington 98225

MINUTES OF THE SPECIAL MEETING OF THE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT WEDNESDAY, AUGUST 27, 2003

CALL TO ORDER

Dunham Gooding, President, called the meeting to order at 11:00 a.m.

ROLL CALL

Board members present were Jerry Chambers, Dunham Gooding, Robin Halliday, Charles Self, and Phil Sharpe. Manca Valum and David Warren were excused.

OPEN PUBLIC COMMENT PERIOD

There were no public comments.

APPROVAL OF MINUTES

Charles Self MOVED THAT THE MINUTES OF JULY 23, 2003 BOARD MEETING BE APPROVED. Jerry Chambers seconded.

Motion carried 5-0.

Jerry Chambers MOVED THAT THE MINUTES OF THE AUGUST 1, 2003 SPECIAL BOARD MEETING BE APPROVED. Robin Halliday seconded.

Motion carried 5-0.

BUSINESS

1. Annual election of officers.

Jerry Chambers MOVED THAT THE OFFICERS CURRENTLY SERVING CONTINUE FOR THE FOLLOWING YEAR, TO WIT: DUNHAM GOODING, PRESIDENT; MANCA VALUM, VICE PRESIDENT; PHILIP SHARPE, SECRETARY; AND CHARLES SELF, TREASURER. Robin Halliday seconded.

Motion carried 5-0.

2. Approve 2003 budget revision. Don explained that he, Alison, Therese Holm, Ed Carlson, and Charlie Self have been working on the budget revision. Therese explained the format of the budget revision spreadsheet. In the revenue section, there is an increase in the sales tax of \$40,000 through the end of December because retail sales have been stronger than projected. Also in the revenue section is a new line item for long-term rent for Mount Baker Theatre properties in the amount of \$8,000.

With regard to the expenditures, some line items have increased and others have decreased. The largest increase is in the professional services line item, which includes fees for outside legal counsel and technical studies, which were not anticipated when the original budget was adopted in 2002. The results are a total overall increase in operating and administrative expenditures of \$46,865. Under capital expenditures, the architectural expenditures reflect LMN Architects' fees for the scope of work, the schematic design of Phases I, II and III and the construction of Phase I. The land acquisition costs are for the purchase of land on which the Mount Baker Theatre building is located as well as the parking lot at the corner of Flora and Unity. The Mount Baker Theatre item is for the purchase of units in the building, and Engineering is primarily for time spent by John Tawes on the Mount Baker Theatre project. There is an overall increase in capital expenditures of \$816,345. With regard to the debt, expenditures reflect repayment of the initial interfund loan plus interest by the end of the year. Therese said that if the board approves the budget modification, an additional interfund loan of at least \$320,000 would be needed by the end of the year.

Charles Self MOVED TO APPROVE THE 2003 BUDGET REVISION AS PRESENTED. Philip Sharpe seconded.

Motion carried 5-0.

3. Presentation by Whatcom Museum Director Tom Livesay on construction costs for new museums. Tom presented a one-page summary of five different museums with a range in costs from \$68.28 per square foot for the Yakima Valley Museum to \$462.66 per square foot for the Museum of Glass: International Center for Contemporary Art, Tacoma. The anticipated construction cost for a new museum in Bellingham would be \$250 to \$275 per square foot, with a need for about 25,000 square feet. The board requested that the handout regarding Museum Operational Costs, which was presented to the board at its meeting on April 23, 2003, be e-mailed to them.

4. Update from the Centennial Project Consortium. Mauri Ingram said she had been working with Mount Baker Theatre staff to develop the syllabus for the entrepreneurship class at Western Washington University. The class will help user groups determine potential uses for the two new theatres, and will include a business plan and operational plan. The class project will take place in the fall quarter. Mauri also gave the board information about a couple of people who will be giving talks. One is author Richard Florida, who will be speaking on September 4, 2003 in Seattle. His research helps to quantify and qualify the value of creativity and cultural facilities in communities, particularly with regard to their economic health. The other is Kris Tucker, Executive Director of the Washington State Arts Commission, who will be speaking on September 11, 2003 in Bellingham. She has had experience working with a cultural district project in Idaho. Mauri will inform the board of the time and location of Kris Tucker's talk once they have been confirmed.

5. Staff Report. Don reported that The Alford Group is halfway through interviews for the fundraising feasibility study. Mid September is the due date to finish interviews, with

a report by The Alford Group to the PFD board in October. LMN Architects continues to work with the Mount Baker Theatre's building committee. The schematic design is almost done. The architects have started work on the state and local historical review. Whatcom Environmental Services, Inc. completed on July 25 an asbestos and lead paint inspection of the area of the Mount Baker Theatre that is to be remodeled. Geo Engineers Inc. is due to report on its examination of subsurface conditions, foundations, and column footings sizes of the Mount Baker Theatre at the end of this week. This information is needed for the architects to do the Phase I work. David Evans and Associates are due to report on their topography survey and utilities location at the end of this week. Once Donette Studio is vacated in September, the renovation project can move forward. In the next couple of days, there will be some work done on the façade of the building by removing parts of the tiles off the roof to examine the structure underneath to make sure that when the project is complete, there will be no water seepage.

6. Old Business. Phil Sharpe brought up again the issue of waiting for the results of the fundraising feasibility study, and asked if it would be possible to project some scenarios ahead of receiving those results. Phil wants to put something together in template form. Heather Wolf said the project is defined already and The Alford Group report would help set priorities and cost estimates. The Mount Baker Theatre portion should be easy to define. Heather said it was recommended to prioritize the elements of the regional center and assign a cost estimate for those elements, then allocate any funds The Alford Group determines are available for the project. Dunham Gooding added that it has been suggested that the Board continue to describe the full project, even if in the fall the PFD doesn't know how it will accomplish the whole project. The PFD needs to demonstrate how it will allocate and pay for the first \$10 million of the project, which should be fairly straightforward. Robin Halliday reminded the board about the resolution it passed outlining the components of the regional center, and how the components were in no particular order of priority. She maintained that The Alford Group's report would assist the PFD in prioritizing the elements. Phil wants to outline an interlocal agreement between the City and the PFD for the City to perform ongoing maintenance and operation, following the transfer of ownership of the Mount Baker Theatre to the PFD. Don confirmed that staff is working on this particular issue. Charlie said the most important priority is to make sure the project qualifies for funding, by satisfying the requirements of the law. Phil reiterated his wish to put a template together. His other concern is the bonds. Charlie said they're exploring that. The board directed staff to put together a template of the Mount Baker Theatre portion of the regional center.

On another item, Robin Halliday asked for an update on the PFD communications plan. Don answered that he has someone for Robin and Phil to consider this week before making a decision.

7. New Business. There was no new business.

8. Report of Executive Session. The board discussed property acquisition and potential litigation. The board was ready to take action on one item.

Phil Sharpe MOVED APPROVAL OF REIMBURSEMENT TO MARY JACKSON OF PIPER MUSIC FOR \$15,648.90 IN RELOCATION EXPENSES AND DEFER DETERMINATION ON PAYMENT OF APPROXIMATELY \$4,200 IN RELOCATION EXPENSES PENDING RECEIPT OF ADDITIONAL INFORMATION CONCERNING THE ACTUAL COST INCREASE FOR SIZE VERSUS SQUARE FOOTAGE.

Robin Halliday seconded.

Approved 5-0.

ADJOURNMENT

Dunham Gooding adjourned the meeting at 12:55 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT

210 Lottie Street
Bellingham, Washington 98225

AGENDA

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING

WEDNESDAY, AUGUST 27, 2003

11:00 A.M. – 2:00 P.M.

Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

During this period of time, citizens may speak informally to the Board on subjects not scheduled for public hearing. EACH SPEAKER IS ALLOWED A MAXIMUM OF THREE MINUTES. If the speaker has written comments for the Board, an additional copy should be handed to the Administrative Assistant, preferably before the meeting, for our office files.

APPROVAL OF MINUTES

*Approve minutes of the July 23, 2003 board meeting and minutes of the August 1, 2003 special board meeting.

PRESIDENT'S REPORT

BUSINESS

1. *Annual election of officers.
2. *Approve 2003 Budget revision.
3. Presentation by Whatcom Museum Director Tom Livesay on construction costs for new museums.
4. Update from Centennial Project Consortium.
5. Staff Report.
6. Old Business.
7. New Business.
8. Executive Session (RCW 42.30.110) regarding: 1) acquisition of property, and 2) potential litigation.
9. Report of Executive Session.

*Action items.

ADJOURNMENT

FOR CITIZENS WITH SPECIAL NEEDS, the Mayor's Boardroom is fully accessible. Elevator access to the second floor is available at City Hall's west entrance. Hearing assistance is available in the Mayor's Boardroom and a receiver may be checked out through the clerk prior to the meeting. For additional accommodations, persons are asked to contact Alison Henshaw at 676-6979 at least 3 working days in advance of the meeting. Thank you.

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT

210 Lottie Street
Bellingham, Washington 98225

MINUTES OF THE SPECIAL MEETING OF THE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT FRIDAY, AUGUST 1, 2003

CALL TO ORDER

Dunham Gooding, President, called the meeting to order at 10:40 a.m.

ROLL CALL

Board members present were Dunham Gooding, Robin Halliday, Charles Self, Manca Valum and David Warren. Jerry Chambers and Phil Sharpe were excused.

BUSINESS

1. Accept the assignment to the Public Facilities District of the City's rights and obligations under the purchase and sale agreement for the parking lot located at the NW corner of Unity and Flora Streets.

Discussion:

Don Keenan explained that the parking lot in question is across the alley from the First Baptist Church. Bellingham City Council voted unanimously on Monday night to assign the agreement to the Public Facilities District. If the PFD were to accept the assignment, it would then be the purchaser of the parking lot under the terms of the purchase and sale agreement. The purchase price is at the appraised value of \$144,000 plus closing costs of approximately \$500. Following board discussion, Heather asked Don if the closing date for purchase of the parking lot had been extended. Don responded that the closing date had been extended to August 15, 2003. Heather explained that as the closing date had been extended, the board would not need to sign the Assignment today.

Executive Session (RCW 42.30.110): An executive session to discuss property acquisition.

Report of Executive Session and discussion of potential property acquisition

The board discussed property acquisition. No actions were taken, but the board gave direction to staff.

BUSINESS

1. Accept the assignment to the Public Facilities District of the City's rights and obligations under the purchase and sale agreement for the parking lot located at the NW corner of Unity and Flora Streets.

David Warren MOVED THAT THE PUBLIC FACILITIES DISTRICT ACCEPT THE ASSIGNMENT TO IT OF THE CITY'S RIGHTS AND OBLIGATIONS UNDER THE PURCHASE AND SALE AGREEMENT FOR THE PARKING LOT LOCATED AT THE NW CORNER OF UNITY AND FLORA STREETS. Robin Halliday seconded.

Motion carried 5-0.

ADJOURNMENT

Dunham Gooding adjourned the meeting at 11:20 a.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT

210 Lottie Street
Bellingham, Washington 98225
(360) 676-6979

AGENDA

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT

SPECIAL MEETING

FRIDAY, AUGUST 1, 2003, 10:30 a.m.

**Human Resources Training Room, City Hall,
210 Lottie Street, Bellingham, WA 98225**

Call to Order

Roll Call

Business:

*Accept the assignment to the Public Facilities District of the City's rights and obligations under the purchase and sale agreement for the parking lot located at the NW corner of Unity and Flora Streets.

Executive Session (RCW 42.30.110): An executive session to discuss property acquisition.

Report of Executive Session and discussion of potential property acquisition

Adjournment

*Action item.

FOR CITIZENS WITH SPECIAL NEEDS, the Mayor's Boardroom is fully accessible. Elevator access to the second floor is available at City Hall's west entrance. Hearing assistance is available in the Mayor's Boardroom and a receiver may be checked out through the clerk prior to the meeting. For additional accommodations, persons are asked to contact Alison Henshaw at 676-6979 at least 3 working days in advance of the meeting. Thank you.

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT

210 Lottie Street
Bellingham, Washington 98225

MINUTES OF THE PUBLIC MEETING OF THE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT WEDNESDAY, JULY 23, 2003

CALL TO ORDER

Dunham Gooding, President, called the meeting to order at 11:07 a.m.

ROLL CALL

Board members present were Jerry Chambers, Dunham Gooding, Charles Self, and David Warren. Robin Halliday arrived at 12:15 p.m. Phil Sharpe was excused. Manca Valum was absent.

OPEN PUBLIC COMMENT PERIOD

There were no public comments.

APPROVAL OF MINUTES

Don Keenan recommended that a clarification be made to page 2 of the minutes under the Centennial Project report by adding the words "portions of" to the phrase "the Centennial Project" so the sentence would read "The Association is aware of the fundraising feasibility study the PFD is arranging for portions of the Centennial Project." David Warren explained that he would like to rephrase the last sentence under the President's Report on page 1. It currently reads "Robin Halliday and David Warren have recommended to Doug Tolchin that he speak with the Waterfront Futures Group". David would like to change the sentence to read "Robin Halliday and David Warren had a good, long discussion with Doug Tolchin. They talked about visions, and potential things happening down on the waterfront, and they suggested that one idea he might want to proceed with would be to talk to the Waterfront Futures Group."

David Warren MOVED THAT THE MINUTES OF THE JUNE 25, 2003 BOARD MEETING BE APPROVED, AS AMENDED. Jerry Chambers seconded.

Motion carried 4-0.

PRESIDENT'S REPORT

Dunham Gooding mentioned that in checking the Bylaws [Section 2.2], the election of officers is supposed to occur after the appointment of members to the board, which happens in July, so the election of officers should take place in August. The election of officers will take place next month.

BUSINESS

1. Financial Report. Therese Holm gave a brief summary of the operating statement and balance sheet. She reported that there would be a budget modification

in August, which the PFD board will need to approve. Also, the PFD may need to authorize an increase in the interfund loan because short-term financing needs are about \$850,000 for PFD expenses through the end of the year. The board has already authorized \$600,000. Regarding long-term financing, a bond issue is anticipated early next year.

David Warren MOVED THAT THE FINANCIAL REPORT BE APPROVED. Charles Self seconded.

Motion carried 4-0.

2. Approval to contract for development of public information materials about the PFD's Regional Center project and information for the District's web-site in an amount not to exceed \$5,000. This item was postponed to later in the meeting due to Robin Halliday's absence.

3. Library update. Julie Carterson summarized the research she had conducted. She has been reading a great deal about urban planning, design, and architecture regarding libraries, and the role of libraries in a community. From the literature that she has reviewed, citizens think that libraries should occupy great public spaces with access and linkages, they must have comfort and an image, they must have uses and activities, and they should have a sense of sociability. In answer to the board's question as to why the new library should not be located in a multi-story building, she said there are many reasons. She gave as an example the City of Minneapolis, where there is a huge controversy about the location of a new proposed library there. Some people want an upscale, monumental stand-alone building and others want it at the bottom floor of a multi-story business tower. The city council has voted for a \$140 million bond issue, but neither how the library will be structured nor where it will be located. Libraries should be central and include retail facilities such as bookstores and cafes. A library should be a public gathering place, an icon and a destination. Having a library in a government building that closes at 5 p.m. is not conducive to the use of that library. The Regional Urban Design Assistance Team has done a preliminary program review and presented it to the Library Board. The Bellingham Public Library continues to receive suggestions for new sites. There is an information center set up in the Library about library projects, library buildings, articles, papers and plans.

Discussion:

David Warren asked what sites are being suggested. Julie said that the library's current site is being suggested, although there are some serious drawbacks with it. In answer to Jerry Chambers' question about the negative aspects of the current site, Julie explained that it would cost about \$3 million to move the library out of the building and the building would have to be razed, gutted, and retrofitted. There would be traffic problems around City Hall and some unanticipated costs. David asked about the time line. Julie answered that the ballot measure for the bond issue would go ahead in September or November 2004. Bellingham City Council had asked for three site options, which the Library Board provided. Dunham thinks City Council will be asking for the PFD board's opinion on the potential library sites at some point. Dunham asked

about the \$3 million price tag. Julie explained that would be for leasing two buildings for the collection, and it would include telecommunications and storage for 18 months. David opined that \$3 million for a building expected to last for 75 years was a good long-term investment. Julie said the park would be lost if the current site is used. More sites will be looked at. Julie has installed counters to see how many people use the Library. On average, there are 1,400 users a day. Circulation increases by 2 – 3% per year. She introduced the board to Tom Glenn, an historian and former executive director of the Port, who has been instrumental in Julie's site research.

4. Update from the Centennial Project Consortium. Mauri Ingram reported that she had given a presentation to the Whatcom Film Association at the beginning of the month, and two hours of discussion followed that presentation. Mauri spoke to a representative from the Pacific Northwest Jazz Alliance, and they are very enthusiastic about opportunities to be involved with the project. Western Washington University students and writers from the Western Front have contacted Mauri about the project. In early August, Mauri will be meeting with the Acting Dean of Fine and Performing Arts at WWU to bring her up to speed. Mauri has been doing some research by talking to people in Tacoma and Seattle and getting information from them about similar projects. Bellevue has just put up a library and Seattle is in the midst of constructing a new library. Mauri is doing some research on fundraising to determine what the parameters need to be for people to make in-kind contributions to a public project. The Centennial Project Consortium will be working with a professor in the business school at WWU to develop a term project for one of the business classes that typically focuses on business plans. In particular, the class will be working on an operation plan for the two new theatres. Brad Burdick will assist. The class will work with potential users of the two new theatres. Mauri will send Alison a link to a Seattle Times article by Charles Royer regarding public spaces, for distribution to the Board.

5. Staff Report. Don Keenan reported that staff has been working with LMN Architects on the Mount Baker Theatre renovations. John Tawes, Don Keenan and Lon Butcher went to Seattle on July 1 and met with the architect from LMN who worked on the opera house. They went through the opera house spaces and asked questions. They also met with the electrical engineers and the mechanical and structural engineers, along with project architects from LMN. The LMN architectural firm is now working on schematic design and have met with City building & code staff and the fire inspector. LMN Architects are also working with the Mount Baker Theatre's building committee. The PFD closed on the purchase of the Green Touch Massage property on July 10. The Donette Studio closing should occur on August 1 or soon thereafter. Demolition work will likely begin in October. Actual construction will begin in December. The Alford Group fundraising feasibility study committee had their first meeting on June 26 and the consultants have begun interviews. The final report to the PFD Board is due in mid October from The Alford Group. The report will explain what can be raised from the private sector, foundations, and state and federal sources. It will also recommend whether or not the community is ready for this type of fundraising.

Discussion:

Charlie is concerned that we have to wait until October for the final report before the Board starts defining what it is going to do to qualify for funding. Bond counsel has to sign off on the project in order for it to be bondable. He wants to define a smaller project so we qualify for continued funding and then expand the project at a later date. Jerry asked Charlie what he would suggest for a smaller project. Charlie said the Mount Baker Theatre project could be defined. Don reassured Charlie that bond counsel will be available to discuss this at the end of August, as will Heather Wolf. Don doesn't think it will be difficult to define the project. Once The Alford Group's final report is available, some fine-tuning could take place. Interviews should be finished by September. Don said he did not think it would be a problem to define by December a regional center that is bondable. He recommended that the PFD define the entire regional center as its project and state that it is starting with the Mount Baker Theatre portion.

6. Approval to contract for development of public information materials about the PFD's Regional Center project and information for the District's web-site in an amount not to exceed \$5,000. Robin had not yet arrived, so the Board proceeded to discuss this item. Don said that the PFD has been using City staff for communications up until now. However, we need to get good, clear communication out to the public with upcoming deadlines. The City's Communication Coordinator, Janice Keller, doesn't have the time needed to work on the PFD's communications. Janice and Don have been working with Robin and Phil, and the proposal is to contract with a consultant to write the information and get it out in a timely manner. The consultant would be needed through the end of this year. A lot will be happening in a short amount of time. David expressed his strong backing of better communication because of misperceptions by citizens about the PFD project.

David Warren MOVED TO DEVELOP A CONTRACT FOR PUBLIC INFORMATION MATERIALS ABOUT THE PFD'S REGIONAL CENTER PROJECT AND INFORMATION FOR THE DISTRICT'S WEB-SITE IN AN AMOUNT NOT TO EXCEED \$5,000. Jerry Chambers seconded.

Motion carried 4-0.

7. Old Business: Dunham reported that Tom Livesay, Director of the Museum, has conducted research on costs for new museum buildings. Tom has heard back from 6 people who have shared information with him. He hopes to have a report for the August meeting. Dunham added that the Whatcom Museum was recently reaccredited. Less than 20% of the museums in the U.S.A. are accredited, so that is a fine accomplishment. The Museum just secured an exhibit of 50 original Rodin sculptures for August 2006 – a world-class exhibit.

8. New Business: None.

ADJOURNMENT

Dunham Gooding adjourned the meeting at 12:17 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT

210 Lottie Street
Bellingham, Washington 98225

AGENDA

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING

WEDNESDAY, JULY 23, 2003

11:00 A.M. – 2:00 P.M.

Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

During this period of time, citizens may speak informally to the Board on subjects not scheduled for public hearing. EACH SPEAKER IS ALLOWED A MAXIMUM OF THREE MINUTES. If the speaker has written comments for the Board, an additional copy should be handed to the Administrative Assistant, preferably before the meeting, for our office files.

APPROVAL OF MINUTES

*Approve minutes of the June 25, 2003 board meeting.

PRESIDENT'S REPORT

BUSINESS

1. Financial report for the period ending June 30, 2003.
2. *Approval to contract for development of public information materials about the PFD's Regional Center project and information for the District's web-site in an amount not to exceed \$5,000.
3. Library update.
4. Update from Centennial Project Consortium.
5. Staff Report.
6. Old Business.
7. New Business.

*Action items.

ADJOURNMENT

FOR CITIZENS WITH SPECIAL NEEDS, the Mayor's Boardroom is fully accessible. Elevator access to the second floor is available at City Hall's west entrance. Hearing assistance is available in the Mayor's Boardroom and a receiver may be checked out through the clerk prior to the meeting. For additional accommodations, persons are asked to contact Alison Henshaw at 676-6979 at least 3 working days in advance of the meeting. Thank you.

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT

210 Lottie Street
Bellingham, Washington 98225

MINUTES OF THE PUBLIC MEETING OF THE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT WEDNESDAY, JUNE 25, 2003

CALL TO ORDER

Dunham Gooding, President, called the meeting to order at 11:05 a.m.

ROLL CALL

Board members present were Jerry Chambers, Dunham Gooding, Robin Halliday, Charles Self, Phil Sharpe, and David Warren. Manca Valum arrived at 12 p.m.

OPEN PUBLIC COMMENT PERIOD

There were no public comments.

APPROVAL OF MINUTES

Charles Self recommended that at the top of page 4 of the minutes, "the exterior of the building would become higher..." be changed to "the exterior of the fly tower would become higher..."

Robin Halliday MOVED THAT THE MINUTES OF THE MAY 28, 2003 BOARD MEETING BE APPROVED, AS AMENDED. Jerry Chambers seconded.

Motion carried 6-0.

PRESIDENT'S REPORT

Dunham Gooding mentioned that officers needed to be elected at the next meeting. Robin Halliday's term on the board expires on July 30, 2003, and the Mayor and County Executive would like to reappoint her. Robin is willing to serve another term. Bellingham City Council approved her reappointment at their meeting on June 23, 2003. Whatcom County Council will also have to approve the reappointment. With regard to Doug Tolchin's proposal that he provided at the last board meeting, Dunham reiterated that both the City Council and County Council have already approved the interlocal operating agreement specifying that the Regional Center would be located in the downtown civic center. Robin Halliday and David Warren had a good, long discussion with Doug Tolchin. They talked about visions, and potential things happening down on the waterfront, and they suggested that one idea he might want to proceed with would be to talk to the Waterfront Futures Group.

BUSINESS

1. Library update. Julie Carterson will present an update at the July meeting.
2. Options for PFD financing of Phase I of the Mount Baker Theatre renovations. Don Keenan and Therese Holm have discussed with the City's financial advisers and bond counsel the options for financing the \$3.3 million for Phase I of the Mount Baker Theatre renovations.

One option is an internal, interfund loan from the wastewater fund to the PFD. The other option is external, either through a letter of credit with a banking institution or through a bond anticipation note. If the financing were to go ahead today, it would be cheaper to choose the interfund loan, but if the financing were to occur later in the year, it could be less expensive to use a line of credit. Accordingly, the financial advisers will continue to monitor the situation, and when it comes time to obtain the additional money, they will analyze the financial options and make a recommendation on the best option for the board. The current rate of interest from an interfund loan is 3%. With regard to the bond anticipation note, there would be an additional fee of \$7,000 to \$9,000.

Discussion:

Phil Sharpe asked about the term of an interfund loan. Don Keenan explained that the money would be available for at least a year. Phil mentioned that a clear description of the regional center would be needed both for PFD legislation and for bonding purposes. Don said that City Attorney Joan Hoisington, Heather Wolf, Therese Holm, bond counsel, financial staff, Charlie, another board member and Don need to get together in two months' time to discuss a number of issues, including what will be needed to describe the regional center.

3. Update from Centennial Project Consortium. Mauri Ingram reported that she had received enquiries from people regarding the alternative plans proposed. Mauri has provided these people with more background and information about the Centennial Project and the various elements. Mauri will be making a presentation to the Whatcom Film Association Board in July. The Waterfront Futures Group wants a presentation from Mauri in her capacity as Director of the Downtown Renaissance Network with regard to all of downtown, but also with regard to the Centennial Project. The Waterfront Futures Group was specifically enquiring about the idea of additional cultural arts and entertainment facilities on the waterfront. Mauri's message to them will be that while those types of facilities would be welcome, they should complement the Centennial Project. The Film Association is about to have its own fundraising feasibility study – the Association wants to purchase the building next to the American Museum of Radio. The Association is aware of the fundraising feasibility study the PFD is arranging for portions of the Centennial Project. David Allen, who has been involved in major arts projects in Tacoma, spoke to the City Club and Mayor's Arts Awards last year. He came up again this week to talk with the Centennial Project Consortium about strategies.

4. Staff Report. Don Keenan has met with people from the American Museum of Radio and the Whatcom Film Association and has helped them understand what the PFD has been doing, and about the fundraising issue. Don hopes to set up a meeting of The Alford Group and smaller community cultural groups to discuss their concerns and the community-wide benefits of a large fundraising effort. On June 23, Bellingham City Council voted to approve the \$600,000 interfund loan to the PFD. This means that the purchase of the Green Touch Massage property can go ahead in mid July and the Donette Studio property before August 1. The loan needs to be paid back by December 2004. Don has met with each of the City Council members and described the three phases of the proposed Mount Baker Theatre renovations. LMN Architects is working to come up with a proposal for schematic design for all phases of the Theatre's renovation. According to LMN Architects' preliminary schedule, construction is due to commence on December 15, but the PFD would like it earlier. Don explained that doing the

schematics for the total renovation project will make it possible to go through the historic review process at the state level and local Landmark Review process only once. The Mount Baker Theatre is in the National Register of Historic Places.

5. Old Business. Dunham asked the Board to think about the Museum's option of moving to the current Library building and whether or not the PFD should pay for a scoping project. Dunham has asked Tom Livesay to do some research on the cost of building new museums. Charlie gave an update on the Fundraising Feasibility Study Committee. The first meeting is tomorrow, June 26, 2003. Twenty-one people have agreed to serve on the committee, which will meet 3 or 4 times during the summer to support the consultants by providing them with names of people in the community who should be contacted and interviewed to get a sense of what funding might be available. Charlie is pleased with the response from those citizens we've asked to serve.

6. New Business: None.

7. Executive Session. The Board discussed property acquisition and potential litigation and gave direction to staff. No action was taken.

ADJOURNMENT

Dunham Gooding adjourned the meeting at 1:25 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT

210 Lottie Street
Bellingham, Washington 98225

AGENDA

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING

WEDNESDAY, JUNE 25, 2003

11:00 A.M. – 2:00 P.M.

Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

During this period of time, citizens may speak informally to the Board on subjects not scheduled for public hearing. EACH SPEAKER IS ALLOWED A MAXIMUM OF THREE MINUTES. If the speaker has written comments for the Board, an additional copy should be handed to the Administrative Assistant, preferably before the meeting, for our office files.

APPROVAL OF MINUTES

*Approve minutes of the May 28, 2003 board meeting.

PRESIDENT'S REPORT

BUSINESS

1. Library update.
2. Options for PFD financing of Phase I of the Mount Baker Theatre renovations.
3. Update from Centennial Project Consortium.
4. Staff Report.
5. Old Business.
6. New Business.
7. Executive Session (RCW 42.30.110) regarding: 1) acquisition of property, and 2) potential litigation.
8. Report of Executive Session.

*Action items.

ADJOURNMENT

FOR CITIZENS WITH SPECIAL NEEDS, the Mayor's Boardroom is fully accessible. Elevator access to the second floor is available at City Hall's west entrance. Hearing assistance is available in the Mayor's Boardroom and a receiver may be checked out through the clerk prior to the meeting. For additional accommodations, persons are asked to contact Alison Henshaw at 676-6979 at least 3 working days in advance of the meeting. Thank you.

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT

210 Lottie Street
Bellingham, Washington 98225

MINUTES OF THE PUBLIC MEETING OF THE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT WEDNESDAY, MAY 28, 2003

CALL TO ORDER

In the President's absence, Manca Valum, Vice President, called the meeting to order at 11:11 a.m.

ROLL CALL

Board members present were Robin Halliday, Charles Self, Phil Sharpe, Manca Valum and David Warren. Jerry Chambers was excused. Dunham Gooding arrived at 11:15 a.m.

OPEN PUBLIC COMMENT PERIOD

Doug Tolchin had questions and comments for the Board and in particular asked that the Board consider adding some words to the Interlocal Operating Agreement between the City of Bellingham and the Bellingham-Whatcom Public Facilities District. He asked that section 1.4 of the Agreement be changed. It currently reads "1.4 It is understood that the Regional Center will be located in the Civic Center area of the City of Bellingham and that it may include a parking component to accommodate parking needs for the Center". Doug would like it changed to read: "1.4 It is understood that the Regional Center will be located in the *Civic Center, Downtown Core, Waterfront and/or Civic Field* areas of the City of Bellingham and that it may include a parking component to accommodate parking needs for the Center". Doug wanted to keep options open, particularly for downtown merchants. He was also concerned that not everyone had had the chance to give their input about the potential use of PFD funds.

Adam Ward's main concerns were for Bellingham's micro culture organizations, that the PFD funding may be lost, the need for a parking facility, and the confusion about eligibility of the Library for PFD funding.

Dunham Gooding responded to the public comments by Doug Tolchin and Adam Ward. He stated that although some people may just be learning about the PFD project, there has been a long public process already. Dunham said the board members will review Doug Tolchin's materials, although at a glance, most of the elements of Doug's proposal would not qualify for PFD funding. Regarding Adam Ward's comments, Dunham said there is very little danger that the PFD money will be lost. To be eligible for funding, construction of the project has to begin by January 1, 2004. The micro culture (smaller art groups) has been included in the public process by way of the Centennial Project Consortium. Regarding the parking garage, the PFD has to plan for the future. More activity downtown will create a greater demand for parking. Dunham explained that he

didn't understand why The Bellingham Herald thought that the PFD would spend \$10 million on a parking garage. The PFD knows it cannot do that and has no intention of doing that. Parking has to be related to the Theatre and the Museum. The Library is not eligible for PFD funding, but it is an important component of the Centennial Project. Robin Halliday reminded Doug Tolchin and Adam Ward about the PFD's website at bwpfd.org.

APPROVAL OF MINUTES

David Warren MOVED THAT THE MINUTES OF THE APRIL 23, 2003 BOARD MEETING BE APPROVED. Robin Halliday SECONDED.

Motion carried 6-0.

PRESIDENT'S REPORT

Dunham Gooding reported on the PFD's open public house of May 8, 2003, co-hosted with the City and County. Dunham recently gave a quarterly report to the County Council, which was well received. They requested that the Powerpoint presentation given by Mahlon Clements also be given to County Council. There have been several meetings with LMN Architects, who have been very helpful. Dunham thanked Phil and Robin for their participation in the open house. Dunham recently gave a presentation about the PFD's project to the Cornwall Park Neighborhood Association.

BUSINESS

1. Informational presentation on site selection criteria for the Bellingham Public Library. Julie Carterson, Director of the Library, explained that the Library is very much aware that it cannot be a part of PFD funding sources, although it is a member of the Centennial Project Consortium. Site selection began in June 2001. The committee looked at several criteria, which were narrowed down to eight general categories: General, Location, Accessibility, Size and Shape, Environmental Considerations, Economic Issues, Social/Perceptual Issues, and Cultural Issues. Julie handed out a packet, including the Library's statistics, an essay on why the Library is unable to use the current site and remodel the current library, and Visions for Bellingham, 1998. The Visions process involved over 250 citizens. The Library has recently had three public discussions about site selection. As a general rule, the people of Bellingham want high visibility in the form of a landmark library, rather than in the bottom floor of a large building. Other concerns were green spaces and accessibility. The size of the new library should be about 70,000 square feet, with two stories. This takes into consideration the expected future population growth for the next 50 years. The full Site Evaluation Report is available for check out at the Library and will be posted on the Library's web site. Julie handed out to the board members excerpts from that report. There will be more public meetings this fall and next spring. The bond issue will go before the voters in September 2004. In reply to a question from Phil Sharpe, Julie confirmed that Lee Park is actually available for Library expansion. Library staff anticipates going back before City Council this summer with findings from the public forums. Council should make a decision on the site for a new library later this year. Once the site is decided upon, there will be architectural studies, and then there will be

a campaign board and many public presentations. The cost will be \$14 - \$15 million. The Library Board has recommended three sites to the City Council.

Discussion:

Phil Sharpe was curious as to why the Library couldn't use its current site. Julie responded that there are seismic issues and the building would have to be razed. There would also be relocation costs. Manca Valum mentioned the proposed waterview site and suggested that possible private development might be better economically than using the site for a public library. Dunham asked Julie to expand on why the Library couldn't be included in a multi-story, multi-use building. Julie stated that she would like to develop some bullet points on that issue and share those with the board members at a later date.

2. Update from Centennial Project Consortium. In responding to some of the public comments, Mauri Ingram explained existing and previous outreach and information to the community regarding the Centennial Project by way of the quarterly newsletter from the Downtown Renaissance Network, quarterly meetings, and the website available to downtown merchants and business owners. Brad Burdick and Mauri have met with the Bellingham Theatre Guild about the Centennial Project. The Bellingham-Whatcom County Convention and Visitors Bureau is undertaking a tourism "branding" effort. The consultant that worked with Tacoma and Pierce County is the same consultant that will be working with our Convention and Visitors Bureau. Mauri handed out an article from the Bellingham Herald about revitalizing downtowns and a map of Downtown Bellingham.

Ken Culver described the Centennial Project Consortium as an advocate for a grand vision. The Consortium believes the Central Avenue block is the best site for the Centennial Project to fulfill its vision. The Consortium doesn't want the PFD to drop the site based on cost alone.

3. Presentation by LMN Architects on cost estimates and a scope of work for the renovations to the Mount Baker Theatre. Performing Arts projects LMN Architects have worked on include the Benaroya Hall in Seattle, the Seattle Opera House, Bank of America Performing Arts Center in Wenatchee, and the WWU Performing Arts Center renovation. Sherrill Myers mentioned they are working on other PFD projects – the new performing arts center in Mount Vernon, and the renovation of a 1939 theatre in Edmonds. He went on to describe the inadequacies of the Mount Baker Theatre, including the size of the stage, limited height, and lack of space in the back of house such as wardrobe room, green room, dressing rooms, and assembly and set up space. The electrical system and mechanical system are inadequate and there is no air conditioning. The proposed renovations to the Mount Baker Theatre would cost \$15 million, including hard construction costs and soft costs for fees, permitting, development costs, project management, etc. The PFD does not have sufficient funding for all the renovations. The project could be undertaken in three phases. Tim Williams described the phases.

Phase I addresses the shortfalls in the back of house spaces, including safety issues. The storefront along Commercial Street would be renovated with the historic stonework and red tile roof restored. The storefront improvements would be removed and the spaces would be transformed into back of house spaces and a multi-purpose room. Adjacent to the multi-purpose room, there would be house toilets added. The ticket booth would be moved. Chorus dressing rooms, a green room, and principal dressing rooms would be added. All improvements would be in the newly acquired condo space. The office area would also be expanded.

Phase II comprises the mechanical system upgrade, electrical system upgrade and HVAC installation.

Phase III is the stage house expansion. The depth of the stage would be increased from 26' to 45', the wing space would be expanded by 18', the exterior of the fly tower would become higher, and the orchestra pit would be expanded for 40 players.

The timeline calls for construction of Phase I to begin before the end of the year. Phase I will not require closure of the Mount Baker Theatre, whereas Phase II will require 6 months and Phase III will require 7-8 months of closure, unless Phases II and III were to take place simultaneously.

Discussion:

In order to start construction before the end of the year, Don Keenan recommended the Board approve Phase I today or have a special meeting within the next week to approve Phase I and discuss the other phases.

Phil asked about the schematic design costs for Phases II and III. His concern was to include the historical design issues ahead of time.

David Warren MOVED TO PROCEED WITH PHASE I.

Phil Sharpe asked if David wanted to do anything on schematic design for Phases II and III. David stated he did, and would like to add that to the motion.

Robin Halliday seconded.

Dunham Gooding restated the motion: MOVED TO COMMIT TO THE FULFILLMENT OF PHASE I OF THE PROJECT AND TO INCLUDE THE SCHEMATIC DESIGN FOR THE ENTIRE BUILD OUT OF PHASES I, II AND III.

Discussion:

Don Keenan suggested including wording to negotiate an appropriate cost. Manca recommended including a cost threshold within the body of the motion and if a motion is approved, it doesn't preclude the option of fund-raising. Robin wanted to include language that the Board wants to ensure that Phase I is completed. That doesn't mean that the PFD is funding it 100%. Phil wanted to simplify the language of the motion.

Phil Sharpe restated the motion: MOVED TO PROCEED WITH PHASE I WITH AN ANTICIPATED PROJECT COST OF \$3,318,568 AND REQUEST THE ARCHITECTS TO GIVE THE BOARD A COST ESTIMATE FOR SCHEMATIC DESIGN OF PHASES II AND III.

Robin Halliday seconded.

Motion carried 6-0.

Discussion:

Don added that Jerry Chambers had called him this morning and he expressed his support of going ahead with Phase I of the renovations. Manca expressed that agreeing to proceed with Phase I meets the criteria of being foundational and facilitative. Phil asked Don for a layout of the financing picture of how the PFD will fund the \$3.3 million plus the acquisition costs. Don said staff would provide this at the next meeting.

4. Request for interfund loan of \$600,000 from the City of Bellingham 1) to complete the purchase of two condominium spaces in the Mount Baker Theatre building and 2) to cover payments through December 2003 for architectural, engineering, capital construction and other associated costs. Therese Holm handed out a cash flow projection of PFD activities for the remainder of the year. The first part of the year was financed by an interfund loan from the City and it is anticipated that the second part of the year will also be financed by an additional interfund loan from the City. The projected expenses that vary significantly from historical expenses include estimates for architectural expenditures, the planned purchase of the two condominium spaces in Mount Baker Theatre scheduled to occur in June and July, and estimated capital construction costs for the Mount Baker Theatre. The City's wastewater fund is able to loan \$600,000 to the PFD. The amount will be repaid from bond proceeds, which are expected to be issued in 2004 when the PFD projects have been determined.

David Warren MOVED TO AUTHORIZE THE INTERFUND LOAN OF \$600,000 FROM THE CITY TO THE PFD. Charles Self seconded.

Motion carried 6-0.

5. Staff Report. Don reported that the PFD will give its quarterly report to the City Council on June 9. Don has received a tremendous amount of positive feedback from the open house on May 8, including the video of the open house that is being televised on Channel 10. On May 19, at the City Council public hearing on the Interlocal Operating Agreement between the City and the PFD, City Council voted 5-2 in favor of the Agreement. Nobody on the City Council spoke against it; one wanted more information on a couple of points, and the other person wanted to see two proposals

instead of one. Staff has been meeting with The Alford Group and expects to have the first study committee meeting by the end of June. The committee will meet 3 – 4 times. Charles Self and Irwin LeCocq are co-chairs. Regarding communications, Don has been speaking with Janice Keller, the City's Communications Coordinator, and they will be working to put together a communication plan.

6. Old Business: Don asked if any of the board members had questions for Brad or Tom as a follow up to their presentations on operational costs for the Museum and Theatre last month. There were no questions.

7. New Business: Phil suggested that now the PFD has a project, a presentation be developed by the PFD to service clubs and community organizations in order to start the educational process. Phil suggested working with Robin to make those presentations. The presentation could be adapted to each board member's circle of influence. Robin asked for consistent communication pieces so each board member could do a presentation.

8. Executive Session. The Board discussed property acquisition and potential litigation and came to no particular conclusions. No action was taken.

ADJOURNMENT

Dunham Gooding adjourned the meeting at 2:25 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT

210 Lottie Street
Bellingham, Washington 98225

AGENDA

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING

WEDNESDAY, MAY 28, 2003

11:00 A.M. – 2:00 P.M.

Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

During this period of time, citizens may speak informally to the Board on subjects not scheduled for public hearing. EACH SPEAKER IS ALLOWED A MAXIMUM OF THREE MINUTES. If the speaker has written comments for the Board, an additional copy should be handed to the Administrative Assistant, preferably before the meeting, for our office files.

APPROVAL OF MINUTES

*Approve minutes of the April 23, 2003 board meeting.

PRESIDENT'S REPORT

BUSINESS

1. Informational presentation on site selection criteria for the Bellingham Public Library.
2. Update from Centennial Project Consortium.
3. *Presentation by LMN Architects on cost estimates and a scope of work for the renovations to the Mount Baker Theatre.
4. *Request for interfund loan of \$600,000 from the City of Bellingham 1) to complete the purchase of two condominium spaces in the Mount Baker Theatre building and 2) to cover payments through December 2003 for architectural, engineering, capital construction and other associated costs.
5. Staff Report.
6. Old Business.
7. New Business.
8. Executive Session (RCW 42.30.110) regarding: 1) acquisition of property, and 2) potential litigation.
9. Report of Executive Session.

*Action items.

ADJOURNMENT

FOR CITIZENS WITH SPECIAL NEEDS, the Mayor's Boardroom is fully accessible. Elevator access to the second floor is available at City Hall's west entrance. Hearing assistance is available in the Mayor's Boardroom and a receiver may be checked out through the clerk prior to the meeting. For additional accommodations, persons are asked to contact Alison Henshaw at 676-6979 at least 3 working days in advance of the meeting. Thank you.

May 5, 2003

Civic center proposals to be discussed at May 8 open house

Officials from the Bellingham-Whatcom Public Facilities District, the City of Bellingham and Whatcom County are hosting an open house May 8 to describe proposals and processes for capital projects in Bellingham's Civic Center.

The meeting is scheduled for 7 p.m. Thursday May 8 in City Council Chambers, Bellingham City Hall, 210 Lottie Street.

Dunham Gooding, president of the Bellingham-Whatcom Public Facilities District Board, said the open house will be a chance for people to hear, all in one place, descriptions of proposals for capital projects in Bellingham's civic center.

During the past decade community members have imagined Bellingham's economic, entertainment and educational future through numerous public processes, Gooding said.

"Our neighbors looking from within, and professionals looking in from the outside, all agree the best route to strengthening our city is to further develop its civic center," he said. "Today, with the groundwork carefully laid, community leaders and citizens are poised to make significant investments to strengthen our community."

Representatives of the following organizations and projects will make presentations and be available in small group discussions:

Bellingham-Whatcom Public Facilities District
City of Bellingham
Whatcom County Facilities Master Planning Project
The Centennial Project
Capital Improvements Advisory Committee

For more information about the meeting or to arrange for accommodations for people with disabilities, contact the Public Facilities District office at 676-6979.

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT

210 Lottie Street
Bellingham, Washington 98225

MINUTES OF THE PUBLIC MEETING OF THE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT WEDNESDAY, APRIL 23, 2003

CALL TO ORDER

Dunham Gooding, President, called the meeting to order at 11:07 a.m.

ROLL CALL

Board members present were Jerry Chambers, Dunham Gooding, Robin Halliday, Phil Sharpe, Manca Valum and David Warren. Charles Self was excused.

APPROVAL OF MINUTES

David Warren MOVED THAT THE MINUTES OF THE MARCH 26, 2003 BOARD MEETING BE APPROVED. Jerry Chambers seconded.

Motion carried 6-0.

Jerry Chambers MOVED THAT THE MINUTES OF THE APRIL 8, 2003 SPECIAL BOARD MEETING BE APPROVED. David Warren seconded.

Motion carried 6-0.

OPEN PUBLIC COMMENT PERIOD

There were no public comments.

BUSINESS

1. Presentation on anticipated operating costs for the Whatcom Museum and the Mount Baker Theatre following renovation/expansion/relocation of current facilities.

Discussion:

Tom Livesay gave a presentation on the projected operational costs for a renovated or new museum facility. There are two main options – one using a renovated space, such as the current Bellingham Public Library, and the other using a new space. If the current Bellingham Public Library were used, an HVAC system would be installed, additional personnel would need to be in place, and there would be some cost-savings by assimilating some of the space the Museum has currently and closing down some facilities, centralizing operations. There are two options in taking over the present Library – one which would continue to use City staff for custodial and maintenance service (\$338,683 total cost projection) – and the other which would use Museum's own staff for custodial and maintenance service (\$308,883 total cost projection). The third option would be to start over and use less square footage – 25,000 square feet rather than the 44,000 square feet at the current Library building. Using the new space would reduce operating

costs by about \$110,000, which could be used to double the Museum's exhibition space while increasing operations by about 5 or 6%. Tom explained that about 37% of the Museum's audience comes from out of town. These visitors are coming not just to see the Museum, but also the Mount Baker Theatre, the American Museum of Radio, and other elements in downtown Bellingham. The Children's Museum is included in the proposals. If the Whatcom Museum were to use the existing Library building, the Children's Museum would be located on the ground floor. Using the existing Library building would shut down public use of the ARCO and Syre Education buildings. Manca Valum asked if there were a preference to use option two because it may be more cost-effective. Tom said that a new facility may be more efficient and cost-effective long-term, although capital costs are not included in the report. Jerry Chambers asked when the future use of the Library would be known. Don Keenan replied that it would probably be next Spring. Jerry suggested that it would be good to have information such as the reports from the Museum and Theatre ahead of time to review before the meeting. Tom Livesay agreed to be available at next month's meeting in case board members have questions.

Brad Burdick gave a presentation on theatre related operational projections. He explained the spreadsheet included in his report, which shows projected usage for theatre related spaces. The Main Stage, Encore Room, and Encore Room and Lobby combined are current space. The mid-sized theatre, winter garden, and black box are future space. He estimated that the number of events at the theatre would increase from 150 to 744 and the number of patrons would increase from 94,000 to 225,000. The projected numbers are based upon the assumption that the City of Bellingham will continue to support the theatre in the amount of \$200,000 each year. There are different kinds of events: Subsidized, community, non-commercial, Mount Baker Theatre, education, and commercial. Subsidized events on the main stage are community activities such as local dance troupes, the Toppers, choirs, and graduation ceremonies. Non-commercial events are the same type of events, but they charge a higher ticket price, such as the Bellingham Festival of Music events. Mount Baker Theatre events are those presented by the theatre itself. Those events generate surplus revenue to subsidize the community activities. Education events are live performance shows where children are brought in by bus. The ticket cost is \$4. Phil Sharpe asked what explained the increase in the amount of Mount Baker Theatre events from 32 to 40. Brad responded that there would be additional stage space to expand programming. There would be bigger shows and those are the most lucrative for ticket sales. Also, there are some changes in what Washington state non-profit corporations managing theatres can do. As a result of those changes, there won't be as many commercial rentals. Commercial events are when someone from outside rents the space and brings the shows to the theatre, and the theatre receives a rental fee. The Mount Baker Theatre would be putting on more of those shows.

The Encore Room holds 120 people, depending on the set-up. There are no numbers for 2002 for the Encore Room because the Theatre operates on a fiscal year from July 1 to June 30, and the Encore Room has only been on line since October 2002. Brad estimates there are four or five events per week in the Encore Room.

Robin Halliday asked Brad why the information presented shows double digit increases in ticket sales, sponsorships and grants, but only a 6% increase in staff and 10% increase in expenses. Based on historical data, Brad thought the estimates were not unreasonable. Brad stressed the importance of the financial support from the City. Manca Valum asked what the public would

receive as a result of investment in the acquisition of more space and capital costs for the Mount Baker Theatre. Brad said that the public will be getting a much better facility that helps make Bellingham unique and a better quality of life. Manca is looking for a succinct statement that describes the new, expanded activities and opportunities for involvement and the wise use of public funds for capital investment.

2. Consideration of Interlocal Operating Agreement between the City of Bellingham and the Bellingham-Whatcom Public Facilities District.

Discussion:

Dunham reminded board members that at the last meeting the board suggested adding some language to the agreement. Heather Wolf explained those changes: A new “Whereas” clause on page 1 that repeats what is in the Charter; an amended paragraph 1.1 to say the same thing – that it’s understood that the District will consider, analyze, and identify a regional center project; and an amended paragraph 1.2 to add the phrase “in consultation with the District” to “the City of Bellingham will be responsible for and make decisions relative to the design, construction, operation, management, and any future expansion of the Regional Center;...” Additionally, City Finance Director Therese Holm suggested a couple of minor changes. On the penultimate “Whereas” clause on page 2, the words “the City will” should be changed to “the City may”. On page 4, paragraph 1.8, the two references to the management and operation of the Regional Cultural Center should be removed. This is because City bonds can be used only for construction of the Regional Cultural Center.

Robin Halliday MOVED THAT THE INTERLOCAL OPERATING AGREEMENT BETWEEN THE CITY OF BELLINGHAM AND THE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT BE APPROVED AND EXECUTED AS AMENDED. David Warren seconded.

Motion carried 6-0.

3. Quarterly Financial Report. Therese Holm explained the operating statement and balance sheets for the first quarter of 2003. The PFD operates on a calendar year. Sales tax rebates for March 2003 are \$57,000. There is about a two-month lag, so the March rebates are actually for January activity. Rental income is that received from Piper Music. Therese recommended that staff review and revise the budget mid-year. Expenditures shown are low, but will increase as the PFD hires more contractors. The debt listed is to repay the interfund loan from the City for the Mount Baker Theatre property the PFD purchased. The date for repayment is not yet known, but Therese said a cashflow statement will be prepared by staff.

Discussion:

Phil Sharpe asked how City employees track their time. Therese explained that they use time sheets, using 15 minutes as the nearest increment. (Subsequent clarification: All City employees now track their time in one-tenth of an hour increments). The costs reflect actual time spent by staff on PFD projects. Phil has received calls from the public about City employees’ time for PFD work. Phil said in future he could respond that City employee salaries for PFD work are being reported and monitored.

4. Update from Centennial Project Consortium. Mauri Ingram reported that the group continues to meet weekly and is also looking at operating costs. She distributed copies of the four resolutions in support of the Centennial Project, passed by the boards of the Whatcom Museum, the Mount Baker Theatre, the Bellingham Festival of Music, and the Bellingham Public Library. Mauri has attended several meetings and answered questions about the Centennial Project, including the last Library Board meeting. The Library Board has chosen to hold three public meetings in April and May to address site selection and what the community would like the Library to turn into as it grows and expands. Fundraising has begun for the public education piece that Mauri distributed at the last meeting. The “Arts and Economic Prosperity” final report is available. The PFD will have its own copy and it will be available at the Library. Dunham asked Mauri to see if the report is available online, and if she locates it, to send the link to Alison.

5. Staff Report. Don Keenan reported that staff is working with the Alford Group. Charlie and Don met with them last Friday. Heather and Don are finalizing the contract. Staff will continue to meet with stakeholders in terms of getting people on the committee. The fundraising feasibility report is due to come out in September. LMN Architects have met with the user groups of the Mount Baker Theatre for input. There should be some preliminary information this Friday regarding phasing. The public information open house and education forum is due to take place on May 8 in the evening – probably from 7 to 9:30 p.m. Other partners will be involved, such as Mahlon Clements of the Zimmer Gunsul Frasca Partnership; the County’s consultants on the master planning for the civic center area; representatives from the PFD, Capital Improvements Advisory Committee, and the City’s Parks Department. The Parks Department will be there to give an update of its capital projects. Regarding legislation, Don says he has heard second hand that the deadline for construction of PFD projects has not been extended; the legislation didn’t pass. Manca Valum asked whether the Alford Group could speak about what happens in a community when there are major philanthropic efforts and a consciousness about philanthropy. Don Keenan will check with the Alford Group about this. Phil Sharpe expressed a desire to do better than one-on-one communication with the public, as he can’t speak for the whole PFD. He is spending a great deal of time on the telephone responding to the public’s enquiries about the PFD, but thinks there should be a better way of communicating. Don suggests referring people to the PFD’s website, www.bwpfd.org. Manca suggested a process be put in place whereby people can post their questions on the website. Then the board could review the questions at the public portion of its meetings and post the answers on the website. Dunham suggested that if the question is answerable with factual information or policy decisions previously made, either he or staff could answer them and post the answers on the website. The board gave their consent to this suggestion.

6. Old Business: None.

7. New Business: Dunham Gooding received an invitation to speak at the Cornwall Park Neighborhood Association’s meeting on May 20, 2003 at 7 p.m. about what the PFD is and what it’s doing. Robin Halliday suggested that a listing be made on the website about the groups to which the PFD has made presentations.

8. Executive Session. The Board received reports from staff and gave them direction on property acquisition. The Board also received some information from staff on potential litigation.

ADJOURNMENT

Dunham Gooding adjourned the meeting at 2:15 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT

210 Lottie Street
Bellingham, Washington 98225

AGENDA

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING

WEDNESDAY, APRIL 23, 2003

11:00 A.M. – 2:00 P.M.

Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

During this period of time, citizens may speak informally to the Board on subjects not scheduled for public hearing. EACH SPEAKER IS ALLOWED A MAXIMUM OF THREE MINUTES. If the speaker has written comments for the Board, an additional copy should be handed to the Administrative Assistant, preferably before the meeting, for our office files.

APPROVAL OF MINUTES

*Approve minutes of the March 26, 2003 board meeting.

*Approve minutes of the April 8, 2003 special board meeting.

BUSINESS

1. Presentation on anticipated operating costs for the Whatcom Museum and the Mount Baker Theatre following renovation/expansion/relocation of current facilities.
2. *Consideration of Interlocal Operating Agreement between the City of Bellingham and the Bellingham-Whatcom Public Facilities District.
3. Quarterly Financial Report.
3. Update from Centennial Project Consortium.
4. Staff Report.
4. Old Business.
5. New Business.
6. Executive Session (RCW 42.30.110) regarding: 1) acquisition of property, and 2) potential litigation.
6. Report of Executive Session.

*Action items.

ADJOURNMENT

FOR CITIZENS WITH SPECIAL NEEDS, the Mayor's Boardroom is fully accessible. Elevator access to the second floor is available at City Hall's west entrance. Hearing assistance is available in the Mayor's Boardroom and a receiver may be checked out through the clerk prior to the meeting. For additional accommodations, persons are asked to contact Alison Henshaw at 676-6979 at least 3 working days in advance of the meeting. Thank you.

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT

210 Lottie Street
Bellingham, Washington 98225

MINUTES OF THE SPECIAL PUBLIC MEETING OF THE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT TUESDAY, APRIL 8, 2003

CALL TO ORDER

Dunham Gooding, President, called the meeting to order at 12:05 p.m.

ROLL CALL

Board members present were Dunham Gooding, Robin Halliday, Charles Self, Phil Sharpe, and David Warren. Jerry Chambers and Manca Valum were excused.

Business:

1. Approve the hiring of a fundraising feasibility study consultant.

Discussion:

Charles Self gave a report on the hiring of a fundraising feasibility study consultant. Four firms had responded to the Request for Proposals and the committee met and chose three of those to interview last Thursday, April 3. The committee made a selection and asked Don Keenan to check out the references for the firm. Don reported that there were seven references, all very positive. Those people who had more than one fundraising experience with consultants felt that the Alford Group helped them to grow as a group. Charlie summed up that the committee recommends that the Board approve the selection of the Alford Group for purposes of preparing a feasibility study, which will likely take about four months. Don mentioned that it may take more like five months. Dunham Gooding asked about costs. Charlie said the Alford Group was the least expensive of the three finalists, but that the committee had not pursued negotiations with the company beyond their proposed fee. That would certainly be a possibility. Phil Sharpe asked if the committee's recommendation was unanimous or a consensus. Charlie said it was not unanimous but almost. Don said that Manca, Jerry, Charlie and he were on the committee, together with Mauri Ingram and representatives from the Museum and the Mount Baker Theatre. Dunham asked if the Board would confer with the Alford Group about communicating with other interested parties, such as the American Museum of Radio and the Bellingham Public Library. Charlie said if the Library is agreeable to exploring what might be accomplished for them, then that would be worthwhile knowing, as that is within the scope of the Centennial Project. Charlie's concern is that if the study keeps expanding, the information will be diluted or the costs will be increased significantly. Robin Halliday mentioned that the PFD can't fund a study that involves the Library. Phil Sharpe opined that the Library can make a decision to participate if it wishes. Phil suggested that the study could look at the other components and how they fit into the overall picture, but not with the goal of how to raise funds for them.

Dunham Gooding called upon Joe Yaver for clarification of the American Museum of Radio's position. Joe said the American Museum of Radio is hoping to raise \$5 million, most of which will come from out of town. However, operating costs and some portion of the capital costs of renovating 25,000 square feet will have to come from Bellingham. Joe stated the American

Museum of Radio will have difficulty raising money from outside of the city if they cannot demonstrate support within the city. The American Museum of Radio is fully supportive of the Centennial Project, but concerned about the unintended consequences of a major fundraising campaign on the American Museum of Radio's ability to raise funds.

Charlie said during the interviews of the fundraising consultants, the funding for the sustainability of the PFD's projects came up. The committee strongly believes that those costs should be included in the study. Dunham suggested that the constituent groups give reports to the PFD Board about added operational costs. Board members agreed they would like to receive such reports.

Charlie added that he hadn't given the Board the costs of the various groups, but the Alford Group's proposal is \$30,850 plus expenses, which will be between \$4,000 and \$10,000. The Alford Group is in Seattle, and has five offices throughout the country.

Phil Sharpe MOVED TO SELECT THE ALFORD GROUP AS THE FUNDRAISING CONSULTANT TO UNDERTAKE THE FUNDRAISING FEASIBILITY STUDY SUBJECT TO SATISFACTORY NEGOTIATIONS WITH THEM AND THE FINAL CONTRACT.

David Warren seconded.

No vote was taken on this motion.

Don Keenan clarified that if the motion is approved, then the Board is approving hiring the Alford Group and is giving staff authority to work out the contract with them. Don mentioned that the Alford Group is about \$10,000 lower than one of the other firms, and the amount seems reasonable. Don also repeated what was in the Alford Group's proposal regarding expenses: "Out of pocket expenses incurred by the Alford Group will be invoiced monthly. This includes, but is not limited to, mileage, parking, travel, business related meals and unusual clerical expenses."

Robin Halliday MOVED TO AMEND THE MAIN MOTION.

Phil Sharpe seconded the motion.

Motion approved 5-0.

Robin Halliday MOVED TO APPROVE THE HIRING OF THE ALFORD GROUP TO UNDERTAKE THE FUNDRAISING FEASIBILITY STUDY AND AUTHORIZE STAFF TO NEGOTIATE A CONTRACT WITH THE ALFORD GROUP.

Phil Sharpe seconded the motion.

Motion approved 5-0.

Charlie concluded that the CEO of the national firm will spearhead the study and he is to be assisted by a colleague who has had tremendous experience raising funds on a broad basis, ranging from Carnegie Hall in New York to the Seattle Symphony.

2. Executive Session to discuss acquisition of two properties. The Board had discussions of various property acquisition questions. Staff brought the Board up to date and the Board gave direction to staff on those matters.

Adjournment

Dunham Gooding adjourned the meeting at 1 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT

210 Lottie Street
Bellingham, Washington 98225
(360) 676-6979

AGENDA

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT SPECIAL MEETING

TUESDAY, APRIL 8, 2003, 12 P.M.

Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham, WA 98225

Call to Order

Roll Call

Business:

*Approve the hiring of a fundraising feasibility study consultant.

Executive Session (RCW 42.30.110): An executive session to discuss acquisition of two properties.

Report of Executive Session and discussion of potential property acquisition

Adjournment

*Action item.

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BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT

210 Lottie Street
Bellingham, Washington 98225

MINUTES OF THE PUBLIC MEETING OF THE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT WEDNESDAY, MARCH 26, 2003

CALL TO ORDER

Dunham Gooding, President, called the meeting to order at 11:05 a.m.

ROLL CALL

Board members present were Dunham Gooding, Robin Halliday, Charles Self, Phil Sharpe, Manca Valum and David Warren. Jerry Chambers was excused.

APPROVAL OF MINUTES

Discussion:

Dunham Gooding suggested that a change be made to page 4 of the minutes of the meeting of February 26, 2003.

Robin Halliday MOVED THAT THE MINUTES OF THE FEBRUARY 26, 2003 BOARD MEETING BE CHANGED ON PAGE 4 TO READ "CHARLES SELF ABSTAINED, AS HE WAS PARTICIPATING TELEPHONICALLY AND WAS NOT ABLE TO HEAR THE MOTION AND DISCUSSION". David Warren seconded.

Motion carried 7-0.

During the open public comment period, Tony Larson asked that the minutes be changed to reflect that his group would like the PFD to fund the renovation rather than the purchase of the Civic Field Complex.

Phil Sharpe MOVED THAT THE MINUTES OF THE FEBRUARY 26, 2003 BOARD MEETING BE CHANGED ON PAGE 2 TO READ, "TONY LARSON STATED HIS WISH FOR THE PFD TO FUND THE RENOVATION OF THE CIVIC FIELD COMPLEX". Robin Halliday seconded.

Motion carried 7-0.

BUSINESS

1. Schedule date for an educational/public input/open house meeting regarding the District's Regional Center Project.

Discussion:

Dunham Gooding recapped on the Board's consensus to have the meeting sometime after today's Board meeting. Dunham reported on the presentation to City Council on Monday, March 24 by Mauri Ingram of the final report on the Centennial Project developed with the

assistance of the architectural firm Zimmer Gunsul Frasca Partnership, and an overview by Dunham on the potential economic impacts of the project and the Library's participation. At the presentation, he clarified that a new Library is not eligible for PFD funding, although it is seen as a key component of the project because it can contribute to the critical mass of creating a sense of place and destination. He also mentioned the importance of the upcoming fundraising feasibility study. He stressed that the PFD doesn't have all the components figured out, but that the results of the fundraising feasibility study will help tremendously by clarifying how the PFD could best leverage its money. The Bellingham Tourism Commission had requested that Dunham give a summary of the PFD's work to the Bellingham-Whatcom County Convention & Visitors Bureau, which he did this morning.

Don Keenan said that the City Council didn't vote on being involved with the open house meeting, since the idea was just raised at their meeting on Monday, but thinks they are favorable. Don says the County is also being invited. The County is currently doing its facilities master planning process. Don had spoken this morning with Dewey Desler, who said he would be interested in participating in the meeting, but would not want to do it until the end of April, after the County Facilities Meeting Planning Group holds their next meeting. So, Don will be contacting the County to arrange a date. He suggested the Board members check their calendars for April 30 through the following week or two. The meeting date needs to be coordinated with the City Council, County Council, and Board members, and the County Facilities Master Planning Group. The presentations will be videotaped for broadcast on EGTV. Manca Valum suggested it would also be useful to have the consultants from the County's Facilities Master Planning process at the meeting.

Charles Self recommended that the PFD make a presentation to the Library Board and give them updated information about the PFD's work. David Warren volunteered to accompany Dunham at such a presentation.

There was some discussion about the format of the open house meeting. Dunham suggested two components – an educational piece with all the organizations giving history and vision, and the other piece would be more like a workshop setting with tables so that smaller groups could sit and discuss topics. This would give individuals and interest groups a chance to interact with the PFD and give their suggestions and ideas. Those suggestions and ideas could be recorded and distributed to everyone so the feedback is captured. Robin Halliday stressed again that the PFD cannot mislead the public to believe that if they bring their ideas for projects that the PFD will adopt them. The Board wants to educate the public and get their feedback on the projects that the PFD will be presenting. Manca Valum suggested that in order to help clarify the parameters, it might be helpful to schedule time to have some open, full group exchange questions and answers before breaking out into those small groups. That way, everybody has the benefit of the same information.

2. Staff Report. Don Keenan gave an update on Employees and Officers insurance. Previously, The Unity Group had come up with a quote for \$10,000. The Unity Group has now come up with a limit of \$1,000,000 with a deductible of \$10,000 and premium of \$3,700. In order to bind the insurance, Dunham will need to sign the application form. Also, the Unity Group has reduced the deductible on the Mount Baker Theatre building from \$25,000 to \$5,000.

Don reported that LMN Architects of Seattle has been chosen to do the scope of work on the Mount Baker Theatre. Their contract is being finalized, although they have already been up and spent a full day to go through the theatre with Brad Burdick. Robin Halliday asked if the City can give preference to local firms. Don replied that the City cannot. PFD Board Counsel Heather Wolf explained that the City is bound by statutory requirements. Manca Valum suggested that a disclaimer section be included in the PFD's website to explain the rules by which the PFD has to abide – e.g., not being able to favor a local firm.

Don mentioned the progress of the fundraising feasibility study. The group met last week and chose three applicants who will be interviewed next Thursday, April 3, starting at 1 p.m. After those interviews, the group will be making a recommendation to the full Board and the Board would then need to take action at a special meeting. The study will take about four months.

Don reported that architects will be interviewed on April 4 for the scope of work for the Museum. Discussion ensued that clarified that the Board does not yet want to go ahead with the scope of work for the Museum. The PFD could choose to focus spending money on things that directly contribute to the development of the point destination/sense of place and economic revitalization of Bellingham and Whatcom County. Dunham thought another problem with the improvements is phasing; it wouldn't make sense to tear apart the old City Hall building, put in the improvements and close the Museum for the duration when it is not known whether or not the building will be used as an Art Museum in the future. The Museum would need new space to move into before the improvements could be made to the old City Hall. Charles Self added that it's not possible to define what needs to be done to the old City Hall until the use of the building is known. The HVAC use for an Art Museum is totally different from that of a History Museum. Dunham would like to wait on the scope of work for the Museum.

Charles Self MOVED THAT THE PFD BOARD DEFER FURTHER INVESTIGATION OF THE PROPOSED WORK AT THE MUSEUM.

Robin Halliday seconded.

Motion carried 7-0

Don concluded the staff report with legislation information. A couple of bills may have some impact on the PFD: Senate Bill 6031 introduced by Senator Benton, which says that if a PFD has not sold its bonds by April 1, 2003, it cannot receive the sales tax rebate. Apparently, Senator Benton is opposed to the Vancouver PFD. The bill has no co-sponsors. There was a hearing yesterday afternoon at 3:15 p.m. Dick Little from the City was there, as well as a number of people from Vancouver. The bill likely won't get out of Senate Ways and Means. If so, it goes to Rules and doesn't seem to have much of a future ahead of it. The other bill is a House Bill, 1742, which has passed. Representative Doug Ericksen of the 42nd District put language in that bill that says that any PFD in a county that borders an international border would have until January 1, 2005 to start its project. Representative Ericksen has not spoken to the Bellingham-Whatcom Public Facilities District about this. A Senate Bill has been introduced because Kitsap County wanted to get a clarification in the language for their PFD in terms of

recreational facilities. The Senate Bill has passed the Senate. Don will update the PFD Board on this legislation.

3. Update from Centennial Project Consortium. Mauri Ingram mentioned that she met with the Library Board some months ago and that Julie Carterson and Alan Kemble are on the Consortium. Mauri said that in early October last year, each of the boards of the four organizations that are part of the Consortium passed resolutions in favor of the Centennial Project. The Library Board has voted not to participate in the fundraising feasibility study, however the Consortium and the fundraising feasibility study committee has suggested that the Library Board ask the selected fundraising company about the Library's concerns. Capital campaigns are underway for the Film Association and American Museum of Radio. Mauri has made a presentation to the Cultural Roundtable, which is a committee of the Downtown Renaissance Network which includes all of the organizations, such as the Film Association, the American Museum of Radio, Little Swan Theatre, and the Bellingham Theatre Guild. Mauri also met with the Arts Literacy Link of Whatcom, which is a county-wide group, primarily parent-based, to make sure that arts education is part of the curriculum in schools. It is also affiliated with the Allied Arts Education Project. Mauri will be making a presentation for them in April. Mauri, together with Mayor Asmundson, Dunham, Brad Burdick, Ken Culver, Dan Taylor, Julie Carterson and Patrick McKee, met with the Bellingham Herald Editorial Board yesterday to give them more information about the project. Bellingham Herald staff present were Carolyn Nielsen, Editorial Page Editor, Evan Miller, Editor, and Christine Chin, Publisher. Finally, Mauri summarized the presentation she made to the City Council and passed out a four-page document on the Centennial Project Plan. The four-page document and the Zimmer Gunsul Frasca document handed out last month will be posted on the Downtown Renaissance Network's website.

4. Consideration of Interlocal Operating Agreement between the City of Bellingham and the Bellingham-Whatcom Public Facilities District.

Discussion:

Phil Sharpe concluded that according to the Interlocal Agreement between the City and the County, the PFD is simply a vessel for money and plays no other role. However, the PFD's Charter and the State statute authorize the PFD to own, operate, manage, control, and renovate the regional center. The PFD has to decide on the regional project, then administrative aspects of the regional center such as design, construction, contracting, etc., rest with the City. The timing of the project should be determined by the PFD. PFD Counsel Heather Wolf said she could put into the recitals of the draft Interlocal Operating Agreement what is said in the Charter. Manca Valum would like to tone down paragraph 1.1 of the Agreement by removing "all" before "decisions" and include "in consultation with the PFD". Dunham asked Heather Wolf to fine-tune the Agreement prior to the next meeting, and then have Phil Sharpe review it. Heather Wolf recommended that City Attorney Joan Hoisington review the changes. Phil Sharpe suggested that Heather Wolf discuss the proposed changes with Joan Hoisington before making them. Phil Sharpe reminded that the PFD has to make quarterly reports to the Bellingham City and Whatcom County Councils.

5. Set date for special meeting to approve fund-raising feasibility study consultant.

Discussion:

Don Keenan reported that the three finalists will be interviewed on Thursday, April 3, 2003, and that the committee will be in a position to make a recommendation to the full board after checking references. He estimated this would be by the middle of the following week. Robin Halliday suggested teleconferencing. Tuesdays are better for Robin Halliday and Phil Sharpe. Manca Valum will not be available April 3 – 8, however she is on the committee. It was decided that the meeting will take place on Tuesday, April 8 at 12 p.m. in the Mayor's Board Room. Thirty minutes will be set aside for this.

6. Old Business: None.
7. New Business: None.
8. Executive Session. The Board received reports from staff on property acquisition and related studies.

ADJOURNMENT

Dunham Gooding adjourned the meeting at 2:20 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT

210 Lottie Street
Bellingham, Washington 98225

AGENDA

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING WEDNESDAY, MARCH 26, 2003

11:00 A.M. – 2:00 P.M.

Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

During this period of time, citizens may speak informally to the Board on subjects not scheduled for public hearing. EACH SPEAKER IS ALLOWED A MAXIMUM OF THREE MINUTES. If the speaker has written comments for the Board, an additional copy should be handed to the Administrative Assistant, preferably before the meeting, for our office files.

APPROVAL OF MINUTES

*Approve minutes of the February 26, 2003 board meeting. (1-5)

BUSINESS

1. Schedule date for an educational/public input/open house meeting regarding the District's Regional Center Project.
2. Update from Centennial Project Consortium.
3. * Consideration of Interlocal Operating Agreement between the City of Bellingham and the Bellingham-Whatcom Public Facilities District. (6-15)
4. Staff Report.
5. Set date for special meeting to approve fundraising feasibility consultant.
6. Old business.
7. New business.
8. Executive Session (RCW 42.30.110) regarding 1) acquisition of three properties and 2) potential litigation.
9. Report of Executive Session.

* Action items.

ADJOURNMENT

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BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT

210 Lottie Street
Bellingham, Washington 98225

MINUTES OF THE PUBLIC MEETING OF THE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT WEDNESDAY, FEBRUARY 26, 2003

CALL TO ORDER

Dunham Gooding, President, called the meeting to order at 11:05 a.m.

ROLL CALL

Board members present were Jerry Chambers, Dunham Gooding, Phil Sharpe, Manca Valum and David Warren. Robin Halliday joined the meeting at 11:45 a.m. Charles Self joined the meeting by telephone at 12 p.m.

APPROVAL OF MINUTES

David Warren MOVED TO ADOPT THE MINUTES OF THE JANUARY 22, 2003 BOARD MEETING. Jerry Chambers seconded.

Motion carried 5-0. Charles Self and Robin Halliday were not available to vote.

Jerry Chambers MOVED TO ADOPT THE MINUTES OF THE FEBRUARY 4, 2003 SPECIAL BOARD MEETING. David Warren seconded.

Motion carried 4-0. Philip Sharpe abstained. Charles Self and Robin Halliday were not available to vote.

BUSINESS

New Business:

1. Consideration of a Resolution Regarding Reimbursement. Finance Director Therese Holm explained that the PFD authorized the purchase of real estate property on December 31, 2002, and the City authorized an interfund loan for this purchase until such time as the PFD had received enough revenue to pay for it. The resolution will allow the PFD to preserve the option to reimburse itself from future proceeds for any expenses made up to sixty (60) days prior to the approval of the resolution. The land purchase would qualify. As the issuer of bonds could be either the City of Bellingham or the PFD, the City Council passed a similar resolution at its meeting of February 24, 2003.

Discussion:

David Warren asked if the language "among other things" could also be construed to mean "not be limited to". Therese Holm said that it could. However, to be in conformance with the PFD's Resolution passed on December 18, 2002, **Phil Sharpe MOVED TO APPROVE THE RESOLUTION REGARDING REIMBURSEMENT, AMENDING THE WORDS "AMONG OTHER THINGS" TO "BUT NOT BE LIMITED TO". David Warren seconded.**

Motion carried 5-0. Charles Self and Robin Halliday were not available to vote.

2. Staff Presentation on uses of Public Facilities District funding and response to questions raised about a Civic Field Project. Attorney Hugh Spitzer was present to give his opinion on this subject. Don Keenan said the meeting packet included a request from the public that PFD funds be used for the Civic Field complex, raising the question of whether a PFD project could be partly in downtown and partly outside of downtown. City staff checked this out with Hugh Spitzer who is knowledgeable about this at the state level and counsels Public Facilities District throughout the state. According to Hugh Spitzer's response, a "regional center" has to be within one geographical center and the same theme. Hugh Spitzer said he did not write the PFD legislation, but has worked on some changes to the legislation. However, the solid consensus among the lawyers who work with Public Facilities Districts in the state is that a regional center is that – it needs to be centered. You can have more than one regional center if you have sufficient money to have two of them at \$10 million total each, but you cannot have a regional center that is in two places doing two different things. For example, Snohomish County has three separate regional centers: an ice hockey and multi-purpose arena in Everett, a conference center in Lynnwood, and an arts center in Edmonds. The total cost of each of those, both construction and interest costs, is \$10 million. Hugh Spitzer stressed that PFD funding is not a source of general revenue for communities.

Discussion:

Tony Larson stated his wish for the PFD to fund the renovation of the Civic Field Complex. He represents Supporters of Community Kids – a group of business and community people. He requested that a public community hearing be held. One of Tony Larson's concerns was that there had been a lack of public input. Dunham Gooding explained that on the contrary there had been a great deal of public input – more than ten years, including the work of the Capital Improvements Committee. John McGarrity explained the process of that committee. Phil Sharpe said that buying the Sportsplex makes no sense, as we already have it. Unfortunately, the public perception is that this project needs other funding. The PFD portion must be a stand-alone project. He said that the parking facility is an essential element. Whatcom County Deputy Administrator Dewey Desler said that at its meeting last night, the County Council unanimously passed a motion recommending to the PFD Board to put a priority on developing a parking facility in the Public Facilities District plan. He said the County views a parking structure as a revenue stream. Manca Valum commented that the Sportsplex has value, especially for children's needs, but so does culture. Tony Larson said he wanted a chance to explain what his group is doing and to hear what the PFD is doing.

3. How to structure input from the public to the Public Facilities District Board and Board response.

Discussion:

Dunham Gooding said the Board has already received some letters. The Board needs to have a process set up whereby it acknowledges receipt of those letters. An open public comment period is another possibility. Also people can give comments in writing, some people would prefer to speak, and then there is the concept of a public meeting. Robin Halliday mentioned there was one more possibility – web access. That way, the PFD could provide a great deal of information.

Don Keenan confirmed that staff is working on a website and it should be available within two days.

David Warren MOVED THAT THE PFD BOARD SET ASIDE A MINIMUM OF FIFTEEN MINUTES AT THE BEGINNING OF EACH MEETING TO PROVIDE FOR CITIZEN INPUT, NO MATTER WHAT THAT MAY BE. Manca Valum and Robin Halliday seconded.

David Warren stressed the importance of public comment to the Board. Manca Valum suggested that there be an on-record acknowledgement of the Board's receipt of items submitted in writing. Dunham suggested that there be a limit of three minutes per person for public comment. David Warren suggested there be a sign-up sheet be available for people who would like to address the Board. Phil Sharpe asked that all communications be routed through Alison Henshaw.

David Warren AMENDED HIS MOTION AND MOVED THAT THE PFD BOARD SET ASIDE A MINIMUM OF FIFTEEN MINUTES AT THE BEGINNING OF EACH MEETING, WITH A LIMIT OF THREE MINUTES PER PERSON, TO PROVIDE FOR CITIZEN INPUT, NO MATTER WHAT THAT MAY BE. Robin Halliday seconded.

Motion carried 7-0.

Manca Valum asked that if in establishing a fifteen-minute period with a three-minute period per person, would the board then not have the opportunity of a question and answer period? Joan Hoisington said it could be disruptive to have the back and forth dialogue, which can be argumentative. Sometimes there is no time available for this. Joan says that if 20 people or so wanted to speak about an issue to City Council, obviously 15 minutes wouldn't cover it, and a public hearing would be scheduled.

Manca Valum MOVED THAT THE BOARD LIMIT PUBLIC COMMENT TO THE FIFTEEN-MINUTE PERIOD, NOT TO EXCLUDE THE BOARD'S ABILITY TO CALL ON MEMBERS GATHERED FOR CLARIFICATION. David Warren seconded.

Motion carried 7-0.

There was more discussion about public input. Dunham Gooding suggested the Board should have an educational forum followed by an opportunity for public comment. Joan Hoisington suggested that Whatcom County staff should also be notified and invited. David Warren suggested that the meeting be held in the evening. Dunham Gooding suggested it be held at 7 p.m. in the City Council Chambers. Jerry Chambers and Manca Valum agreed that it would be unfair to give false hope to anyone with an alternative project in mind. Any public input needs to be taken within the parameters of the regional center project that has already been presented by the PFD. Robin Halliday asked for materials to be available for the public at the meeting. Don Keenan will work on selecting some dates and will inform Board members by e-mail.

David Warren MOVED THAT THE BOARD ESTABLISH AND HAVE A PUBLIC MEETING FOR THE PURPOSES OF INPUT, INFORMATION SHARING, AND

EDUCATION OF THE OPERATION OF THE PUBLIC FACILITIES DISTRICT BOARD. Robin Halliday seconded.

Motion carried 6-0. Charles Self abstained, as he was participating telephonically and was not able to hear the motion and discussion.

Some materials were handed out: The final report from Zimmer Gunsul Frasca on the Centennial Project, Frequently Asked Questions prepared by staff, and a handout from Mauri Ingram listing some other PFD websites and an article about Racine, Wisconsin. The Zimmer Gunsul Frasca report prompted discussion by the board members about the overall project development and construction costs. Robin Halliday asked that we extract some information from the report and publish it for the public but not submit the entire report.

Charles Self MOVED THAT THE BOARD SUBMIT THE EDITORIAL TO THE HERALD BARRING THE VETO FROM TWO BOARD MEMBERS DURING THE NEXT WEEK. David Warren seconded.

Discussion:

Manca Valum requested a copy of the draft editorial before it goes out.

Motion carried 7-0.

4. Sequencing of Elements for the Regional Center.

Discussion:

Don Keenan mentioned that the Board has already taken steps with sequencing because of the January 1, 2004 deadline. A Request for Qualifications has been sent out for Mount Baker Theatre. There will be interviews and a finalist will be selected. The finalist will prepare a scope of work with pricing and suggestions for what can be done in sequence. A Request for Qualifications has also been sent out for the Museum in terms of HVAC systems, fire suppression and structural integrity. Also, the Board has put out a Request for Proposals that will come back on March 10 for the fundraising feasibility. When the results of the fundraising feasibility study are available – perhaps in five months – the Board will know what the consultants believe could be raised locally by private dollars, foundations, federal or state sources because of historical buildings, etc. Then the Board will have more of an idea of which pieces of the project it would like to do.

Phil Sharpe explained that we're in the feasibility analysis stage for the parking. The geotechnical study results will be available before the March Board meeting.

5. Staff Report. Don Keenan reported that RFQs had gone out for the Mount Baker Theatre, Museum, Fundraising Feasibility Study, and Special Counsel. The Unity Group is expected to give a new quote for the Directors and Officers liability insurance.

6. Report of Executive Session. The Board discussed three separate items: the acquisition of three properties, potential litigation, and a personnel matter. The board was ready to take action on two of those items.

Phil Sharpe MOVED APPROVAL OF THE REAL ESTATE PURCHASE AND SALE AGREEMENT BETWEEN THE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT AS BUYER AND DONALD S. RUBENACK AND JANET A. RUBENACK FAMILY LIMITED LIABILITY COMPANY 1 AS SELLER FOR THE SALE OF UNIT 4 OF MOUNT BAKER CONDOMINIUM FOR THE PURCHASE PRICE OF \$340,000 AND APPROVAL OF THE REAL ESTATE PURCHASE AND SALE AGREEMENT BETWEEN THE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT AS BUYER AND DONALD S. RUBENACK, JR. AND CATHY A. RUBENACK AS SELLERS FOR THE SALE OF UNIT 8 OF MOUNT BAKER CONDOMINIUM FOR THE PURCHASE PRICE OF \$90,000, WITH THE PROVISIO THAT THE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT BOARD DOES NOT INCUR ADDITIONAL EXPENSES DUE TO THE 1031 EXCHANGE.
David Warren seconded.

Motion carried 7-0.

Robin Halliday MOVED THAT HEATHER WOLF BE RETAINED AS SPECIAL COUNSEL FOR THE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT
Jerry Chambers seconded.

Motion carried 6-0. Phil Sharpe abstained.

ADJOURNMENT

Dunham Gooding adjourned the meeting at 2:15 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT

210 Lottie Street
Bellingham, Washington 98225

AGENDA

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING WEDNESDAY, MARCH 26, 2003

11:00 A.M. – 2:00 P.M.

Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

During this period of time, citizens may speak informally to the Board on subjects not scheduled for public hearing. EACH SPEAKER IS ALLOWED A MAXIMUM OF THREE MINUTES. If the speaker has written comments for the Board, an additional copy should be handed to the Administrative Assistant, preferably before the meeting, for our office files.

APPROVAL OF MINUTES

*Approve minutes of the February 26, 2003 board meeting. (1-5)

BUSINESS

1. Schedule date for an educational/public input/open house meeting regarding the District's Regional Center Project.
2. Update from Centennial Project Consortium.
3. * Consideration of Interlocal Operating Agreement between the City of Bellingham and the Bellingham-Whatcom Public Facilities District. (6-15)
4. Staff Report.
5. Set date for special meeting to approve fundraising feasibility consultant.
6. Old business.
7. New business.
8. Executive Session (RCW 42.30.110) regarding 1) acquisition of three properties and 2) potential litigation.
9. Report of Executive Session.

* Action items.

ADJOURNMENT

FOR CITIZENS WITH SPECIAL NEEDS, the Mayor's Boardroom is fully accessible. Elevator access to the second floor is available at City Hall's west entrance. Hearing assistance is available in the Mayor's Boardroom and a receiver may be checked out through the clerk prior to the meeting. For additional accommodations, persons are asked to contact Alison Henshaw at 676-6979 at least 3 working days in advance of the meeting. Thank you.

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT

210 Lottie Street
Bellingham, Washington 98225
(360) 676-6979

**RECORD OF PROCEEDINGS OF THE
BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT
CITY OF BELLINGHAM, WASHINGTON**

**TUESDAY,
FEBRUARY 4, 2003**

SPECIAL PUBLIC MEETING

**10:15 A.M.
MAYOR'S BOARD ROOM**

CALL TO ORDER

Dunham Gooding, President, called the meeting to order at 10:15 a.m.

ROLL CALL

Board members present were Jerry Chambers, Dunham Gooding, Robin Halliday, Charles Self, Manca Valum, and David Warren. Philip Sharpe was excused.

EXECUTIVE SESSION (RCW 42.30.110): An executive session to discuss potential property acquisition.

REPORT OF EXECUTIVE SESSION AND DISCUSSION OF POTENTIAL PROPERTY ACQUISITION

The Board discussed potential property acquisition in Executive Session. Staff provided information regarding the potential property acquisition. The Board provided guidance to staff and no action was taken.

ADJOURNMENT

Dunham Gooding adjourned the meeting at 10:45 a.m.

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT

210 Lottie Street
Bellingham, Washington 98225

MINUTES OF THE PUBLIC MEETING OF THE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT WEDNESDAY, JANUARY 22, 2003

CALL TO ORDER

Dunham Gooding, President, called the meeting to order at 11:00 a.m.

ROLL CALL

Board members present were Jerry Chambers, Dunham Gooding, Robin Halliday, Charles Self, Phil Sharpe, Manca Valum and David Warren.

APPROVAL OF MINUTES

Dunham Gooding requested attribution be made to item 8 on page 3 of the minutes. **David Warren MOVED TO ADOPT THE MINUTES OF THE DECEMBER 18, 2002 BOARD MEETING. Charles Self and Jerry Chambers seconded.**

Motion carried 7-0.

BUSINESS

New Business:

1. Consideration of a Resolution Adopting a District Policy on Selection of Service Providers. Assistant City Attorney Mary Swenson prepared this resolution so the Board can select service providers.

Discussion:

Dunham Gooding suggested some changes be made to the draft policy. At 4a, regarding the Advisory Committee, after the words "City staff", the following should be added: "and optionally other persons at the Board's discretion". At 4c, the word "all" should be removed, and 4e should be changed to read: "The selection advisory committee shall review and evaluate the proposals in accordance with the established criteria. The process may include interviews with finalists and site visits. The committee shall report its recommendations to the District Board".

Phil Sharpe MOVED TO ADOPT THE RESOLUTION ADOPTING A DISTRICT POLICY ON SELECTION OF SERVICE PROVIDERS, AS AMENDED. Robin Halliday seconded.

Motion carried 7-0.

2. Introduction of an Interlocal Operating Agreement between the City of Bellingham and the Bellingham-Whatcom Public Facilities District. City Attorney Joan Hoisington gave some

background on Public Facilities Districts and the Bellingham-Whatcom Public Facilities District in particular. The City and County Council ordinances and the interlocal agreement between the City and the County are the documents that set up the PFD. These documents state that the City of Bellingham has oversight and management of the Public Facilities District. The Interlocal Operating Agreement could not be drafted until such time as the PFD had decided upon its project. The PFD is a separate entity created to collect the state sales tax and return it to our community. The PFD sets policy and assists in financing. Upon dissolution of the PFD, all assets will revert to City ownership. Joan Hoisington suggested that the PFD Board retain separate counsel to review the draft Interlocal Operating Agreement.

Discussion:

Dunham Gooding wanted to know the extent of the PFD's role. Phil Sharpe said the District's role is defined in the interlocal agreement between the City and the County – "the District will assist in financing the regional center project including land acquisition, development, design, construction, remodel, maintenance and operation..." Dunham Gooding is interested in defining that assistance a little more. Manca Valum would like to know what the District's role is with the citizens of the County and the City. Dunham Gooding said a report to the public as well as to the City and County Council would be useful – perhaps by doing a column for the Bellingham Herald – just to keep them informed. Manca Valum was speaking more about when a member of the public approaches the Board with concerns, thoughts, needs and perspectives. Joan Hoisington said the board's obligations to the taxpayers are the same as any municipal corporation's since the PFD is using taxpayer money. Don Keenan said that we will be sending out a summary document for the board members' review in the next few days. Charles Self wanted to expedite the process so things can get done. Phil emphasized that the PFD has committed to a cultural center. It's too late to look at other facilities.

3. Consideration of retention of special counsel for limited purposes. Mary Swenson referred to the memorandum she prepared. She suggested that special counsel should review the draft Interlocal Operating agreement between the City and the PFD as the City is a party to that agreement. There may be other special instances when special counsel is needed. If the board agrees that retention of special counsel is necessary, it needs to delegate to a small committee to go through the process to retain counsel. **Phil Sharpe MOVED TO APPROVE RETENTION OF COUNSEL. David Warren seconded.**

Motion carried 7-0. Committee members are Phil Sharpe and Don Keenan. Mary will draft the RFP.

4. Consideration of whether the Board wants to retain a fundraising consultant through a Request for Proposals process. Charles Self asked if the fundraising feasibility study could include the Library. Mary explained that the Library could be included, but the Library would have to pay for that portion of the study. Jerry Chambers opined that fund-raising is essential but that the individual organizations should pay for that. The PFD could pay for the study, however. Charles Self wants to include someone from the Downtown Renaissance Network on the committee. **Charles Self MOVED TO FORM A COMMITTEE TO DEVELOP A REQUEST FOR PROPOSALS FOR A FUNDRAISING FEASIBILITY STUDY. Robin Halliday seconded.**

Motion carried 7-0. Committee members are Charles Self, Jerry Chambers, Don Keenan and Mauri Ingram.

5. Quarterly Financial Report. Therese Holm presented a slightly revised version of the quarterly financial report through December 2002. The only changes were added explanatory footnotes.

6. Creation of a petty cash account in the amount of \$100. **Charles Self MOVED TO APPROVE THE CREATION OF A PETTY CASH ACCOUNT FOR THE PFD IN THE AMOUNT OF \$100. David Warren seconded.**

Motion approved 7-0.

7. Consideration of a Resolution Approving a Travel and Business Reimbursement Policy. Therese Holm said that State law regarding PFDs requires that the board adopt a resolution governing travel expenses. The City administration recommends that the Board adopt the City's travel policy. Board members need to decide who will authorize travel and who will approve the travel expense reports.

Discussion:

Charles Self said the policy isn't tailored to the PFD's needs, but that it would work. Therese Holm said that PFD board members could be loosely included in "members of City Boards and Commissions". It was agreed that any changes be made to the Resolution rather than the policy. It was agreed that the President would approve other board members' travel and that the Vice President would approve the President's travel. The Finance Director will approve the travel expense reports.

Phil Sharpe MOVED TO APPROVE THE TRAVEL AND BUSINESS REIMBURSEMENT POLICY AND THE RESOLUTION APPROVING SAME, AS AMENDED. David Warren seconded.

Motion approved 7-0.

8. Staff Report. Mary Swenson gave an update on insurance. A general liability insurance coverage policy for \$1 million has been bound, with an annual premium of \$1,280. Now that the PFD owns real property, it also has property insurance coverage. The City's insurance covers the Mount Baker Theatre building. The quote for the Directors and Office insurance is more than \$8,000, which is unreasonably high. Mary has sent the PFD governing documents to the insurance company to clarify what the PFD's duties are and where its exposures lie. Finally, Mary is working with Barry Hanson at the Unity Group to see if the Directors and Office insurance is really necessary and appropriate. Phil Sharpe noted that indemnification and hold harmless provisions for the District, its officers and Directors are included in the draft Interlocal Operating Agreement with the City. On another subject, Don Keenan reported that he has been working with Brad Burdick on the RFQ for architectural services for the Mount Baker Theatre renovations. The RFQ is going out this week. Tom Livesay and Pat Dowling are working on the RFQ for the Whatcom Museum building – a pre-design study for the upgrade of the building for

seismic stability, HVAC system replacement, and a fire suppression system. The RFQ should be out by the middle of next week. The PFD will be making a presentation of its quarterly report for the City Council on January 27 and the County Council on January 28, both at 7 p.m. Dunham and Therese will be presenting. Don mentioned that the board members will be receiving a vision document via e-mail for their review, ideas and comments. Don also mentioned the memorandum from the City Attorney's office regarding the definition of "commencing construction". Mary Swenson said that demolition can also be defined as "commencing construction". Don explained that the Northwest Keyboards owners did not sell their business, so the unit is empty now. The Mount Baker Theatre has requested that it be allowed to use the space for storage of props and a green room to feed the cast and crew of productions. The City Attorney's office is drawing up an agreement for this purpose, which will hold the PFD harmless for the use of the space.

10. Report of Executive Session. Staff gave reports to the Board regarding three potential property acquisitions. The Board gave staff direction.

ADJOURNMENT

Dunham Gooding adjourned the meeting at 1:52 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT

210 Lottie Street
Bellingham, Washington 98225

AGENDA

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING

WEDNESDAY, JANUARY 22, 2003

11:00 A.M. – 2:00 P.M.

Mayor's Boardroom, City Hall, 210 Lottie Street

CALL TO ORDER

ROLL CALL

APPROVAL OF MINUTES

*Approve minutes of the December 18, 2002 board meeting.

BUSINESS

New Business:

1. Introduction of an Interlocal Operating Agreement between the City of Bellingham and the Bellingham-Whatcom Public Facilities District. (1-9)
- *2. Consideration of retention of special counsel for limited purposes. (10)
- *3. Consideration of a Resolution Adopting a District Policy on Selection of Service Providers. (11-13)
- *4. Consideration of whether the Board wants to retain a fundraising consultant through a Request For Proposals process. (14-15)
5. Quarterly Financial Report. (16)
- *6. Creation of a petty cash account in the amount of \$100.
- *7. Consideration of a Resolution Approving a Travel and Business Reimbursement Policy. (17-22)
8. Staff Report. (23)
9. Executive Session (RCW 42.30.110) regarding acquisition of three properties.
10. Report of Executive Session.

* Action items.

ADJOURNMENT

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**MINUTES OF THE PUBLIC MEETING OF THE
BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT
WEDNESDAY, DECEMBER 15, 2004**

CALL TO ORDER

Dunham Gooding, President, called the meeting to order at 11:05 a.m.

ROLL CALL

Board members present were Dean Brett, Jerry Chambers, Dunham Gooding, Robin Halliday, Charles Self and David Warren. Yvonne Cartwright arrived at 11:06 a.m.

OPEN PUBLIC COMMENT PERIOD

Brad Burdick, Executive Director of the Mount Baker Theatre, wanted to talk about renting space at the 216 Grand Avenue building. That will be addressed under New Business.

Ravyn Whitewolf from City of Bellingham Public Works Engineering is involved with several downtown street and streetscaping projects and she wants to make sure that City and PFD standards are the same.

APPROVAL OF MINUTES

David Warren MOVED THAT THE MINUTES OF THE NOVEMBER 17, 2004 REGULAR BOARD MEETING BE APPROVED. Yvonne Cartwright seconded.

Motion carried 7-0.

PRESIDENT'S REPORT

No report.

BUSINESS

1. Arts & Culture District Project Update. Color copies of Walker Macy's Powerpoint presentation were distributed to board members. Patricia explained that the images that included privately owned property had been removed so that the PFD could speak with the property owners about potential impacts of the envisioned Arts and Culture District. Patricia added that Jeff McClure said the final recommendations are to come.

2. Streetscape and Urban Design Project Update. Dean Brett said he would bring this item up in New Business. He explained that he had put his images into a notebook and had found it to be a useful tool when talking to local property owners.

3. Museum Architectural Design Competition Update. Dunham reported that everything is running on schedule. On January 11 the architects will submit their designs, which will be on display to the public at the Museum from January 12 through 29. The jury will be here on January 28, with presentations by the architects to the jury on January 29. On January 15 there will be an awards ceremony for the children's museum design competition. On January 20 there will be a members fundraiser when the designs will be on display.

Charlie felt it important to recognize Ann and Rick Kaiser for getting the children involved with their museum design competition and for raising funds for it. Some form of public recognition would be appropriate. Eight thousand fliers were sent out to schools and Tom Livesay confirmed that the Museum has received a lot of entries from classes and individuals. The children's entries will also be on display.

Patricia Decker reported that she met yesterday with Dunham, Yvonne and Museum staff to talk about publicity for the event. They are putting together a press kit for cities where the architects come from, as well as local and regional. Dunham said that on January 11 when the teams will be here to enter their submissions, the PFD would take the opportunity to publicize the competition, regional center, etc. Patricia added that with the board's approval, each team's two-hour presentation would be videotaped, and then broadcast on Channel 10, the city's public and educational television station. David Warren thought this would be a good time to explain where the funding comes from for the competition.

4. Approve hiring of cost estimator for the Museum Design Competition in an amount not to exceed \$3,300. Dunham explained that teams provide the designs and hire their own cost estimators, but an independent cost estimator makes sure the designs will come under budget. Patricia added that if the cost estimator sees a problem between the design team's estimate and our independent cost estimator, then they'd work through it. Dunham reminded the board the teams could go 15% over the budget and then come up with options at the presentation to show how they would come back under budget. The PFD would like to hire Davis Langdon, who did the cost estimate for the Mount Baker Theatre renovations.

David Warren MOVED TO APPROVE THE HIRING OF A COST ESTIMATOR FOR THE MUSEUM DESIGN COMPETITION, IN AN AMOUNT NOT TO EXCEED \$3,300. Robin Halliday seconded.

Motion carried 7-0.

5. Approve amendment to contract between the City of Bellingham and William H. Liskamm, FAIA, to cover higher than anticipated reimbursable expenses, in an additional amount not to exceed \$2,000. Patricia explained that the PFD has asked Bill Liskamm to make two additional trips Bellingham for a presentation to the City Council and the PFD. The expenses are reasonable.

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Jerry Chambers MOVED TO APPROVE THE AMENDMENT TO THE CONTRACT BETWEEN THE CITY OF BELLINGHAM AND WILLIAM H. LISKAMM, FAIA, TO COVER HIGHER THAN ANTICIPATED REIMBURSABLE EXPENSES, IN AN ADDITIONAL AMOUNT NOT TO EXCEED \$2,000. Dean Brett seconded.

Motion carried 7-0.

6. Approve use of 216 Grand Avenue building for WWU BFA program show in spring of 2005. Patricia explained that the Western Washington University's Bachelor of Fine Arts program would like to use the building at 216 Grand Avenue for the display and exhibit of BFA candidates' final projects, for 2 – 3 weeks in June 2005. It is not known how much of the building they would need. There would be no entry charge. Tom Livesay added that they don't have any other space to use.

Discussion:

Dean asked if the show would disrupt the construction of the building. Patricia said it wouldn't, as any change in use of the building wouldn't occur until September 2005. Patricia said she would ask WWU to pay utilities and obtain liability insurance. There would be no charge made to the group as the group wouldn't be making any money. Jerry is concerned about the PFD being inundated with requests to use the building. Patricia suggested that guidelines would be useful. The building's use must be consistent with the PFD's mission. If any economic benefit is derived, then rent should be charged. There must be some cost-benefit if staff time is used. Heather said the PFD might want to use its discretion in charging for use of the building. Staff time of Patricia, Alison and Legal should be considered. Patricia would like to work with a board member on the guidelines so the board can consider them at the January meeting. The PFD could charge the PFD's overhead to a group that receives no economic benefit. Charlie mentioned that WWU has strict rules about renting its spaces.

Robin Halliday MOVED TO APPROVE THE USE OF 216 GRAND AVENUE BUILDING FOR WESTERN WASHINGTON UNIVERSITY'S BACHELOR OF FINE ARTS PROGRAM SHOWING IN SPRING OF 2005, BASED ON REFINEMENT OF THE PFD'S GUIDELINES AND ESTABLISHING SOME COST IMPLICATION. David Warren seconded.

Motion carried 7-0.

7. New Business. Brad Burdick mentioned that the Folletts, owners of the Little Swan Theatre, approached him about the possible rental of space at 216 Grand Avenue. He explained that Little Swan Theatre puts on its own shows, and that the proscenium theatre, if ever built, would be an ideal venue for Little Swan Theatre. Little Swan Theatre currently leases space by the Blue Horse Gallery. The group is artistically oriented rather than business inclined. The group received the Mayor's Arts Award in

PFD/12-15 Minutes - 3 –

the past. They bring in students and specialize in Shakespeare, usually have an audience of 100 people, and put on a lot of productions. The Tourism Commission also funds them. They need 4,000 square feet for their props, costumes, and office. They are prepared to pay \$750 - \$1,000 in rent, and they need space by the end of January. They would be interested in a six-month lease with a month-to-month extension offer. They want to stay downtown, and would develop a business plan with help from Brad Burdick and Tom Dorr of the Western Washington University's Small Business Center. They are a major part of the arts community.

Discussion: Board members expressed several concerns: The perception of Little Swan's permanent association with the PFD; the PFD being seen as the "bad guy" by not allowing Little Swan to use the space or by allowing them to use the space and then asking them to vacate it after six months; and that a business plan may not have any real effect after 6 months. The PFD's requirements for renting the building are for short-term use only, not on an ongoing basis. Patricia and Dean agreed to meet with Little Swan Theatre and explain why the PFD is unable to accommodate their request.

Streetscape: Robin asked about Ravyn's enquiry. Patricia will invite Ravyn to future meetings of the Arts and Culture District/Streetscape and Urban Design project.

PFD Office Move: The PFD office is moving to the third floor of the Federal Building, Suite 308. Patricia will generally work half time, Monday through Wednesday, 9 a.m. to 5 p.m., adjusting hours as needed to cover meetings on other days. Alison will continue to work half time, Tuesday through Friday, 9 a.m. to 2 p.m.

8. Old Business:

Parking: Patricia met with a representative of Diamond Parking. They'll put together some proposals for the next PFD board meeting to manage the parking lot at the Mount Baker Theatre and the lot at 216 Grand Avenue. Patricia spoke with Horton Towing about a towing contract. Someone would have to be there when they tow vehicles away. Yvonne asked about hiring a property manager. Heather asked if the City's property manager could do it. Patricia will check.

Fundraising: Dean reported that he met with Steve Brinn regarding property development and private investment for the regional center. Dean has contacted property owners, starting with Flora Street. Steve is asking for board members' help by recommending 6 – 8 people who can come up with \$250,000 to \$500,000 each. Dean asked board members to come to him, and he'll work with Steve Brinn on this. Additionally, for private reinvestment, three things are needed:

- i. PFD's \$15 million;
- ii. The Bellingham Public Library needs to stay at its current location; and
- iii. The Whatcom County Courthouse needs to stay at its current location.

The government must stay for any property development and private investment. Dean has spoken with several property owners. One of the property owners is interested in redeveloping his property. The owners of another building in the area are currently busy working on properties they own outside of Bellingham. A company in Canada owns a property, which is fully rented, so it's unlikely the company will want to do anything with its building. Another property owner is interested in relocating to a larger facility out of town. Dean will continue to contact property owners in the area.

Discussion ensued regarding the County's plans for the courthouse, jail and administration facilities. Patricia will approach the County with a couple of PFD board members regarding the County's future plans for its facilities.

9. Approve an amount not to exceed \$5,000 for contractual services related to advance publicity, public presentations and event taping and broadcasting of the Museum Design Competition: The video will be created from 6 hours of presentation. Dunham asked that the word "advance" be removed so that some follow up could be included.

Robin Halliday MOVED TO APPROVE AN AMOUNT NOT TO EXCEED \$5,000 FOR CONTRACTUAL SERVICES RELATED TO PUBLICITY, PUBLIC PRESENTATIONS AND EVENT TAPING AND BROADCASTING OF THE MUSEUM DESIGN COMPETITION. Yvonne Cartwright seconded.

Motion carried 7-0.

Communications Committee:

Robin, Yvonne and Patricia met as the communications committee and started the development of a plan for public relations. Yvonne said that the communications committee's task is to put together a folder. She wants it to look good, but there is a time crunch. The PFD will contract for the press kit and folder publication services.

ADJOURNMENT

Dunham Gooding adjourned the meeting at 12:58 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT

210 Lottie Street
Bellingham, Washington 98225

AMENDED AGENDA

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING

WEDNESDAY, DECEMBER 15, 2004

11:00 A.M. – 2:00 P.M.

Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

Citizens may speak informally to the Board on subjects not scheduled for public hearing. Each speaker is allowed a maximum of three minutes. A copy of any written comments for the Board should be provided to the Administrative Assistant, preferably before the meeting.

APPROVAL OF MINUTES

ACTION: Approve minutes of the November 17 board meeting.

PRESIDENT'S REPORT

BUSINESS

1. Arts & Culture District Project Update.
2. Streetscape and Urban Design Project Update.
3. Museum Architectural Design Competition Update.
4. **ACTION:** Approve hiring of cost estimator for the Museum Design Competition in an amount not to exceed \$3,300.
5. **ACTION:** Approve amendment to contract between the City of Bellingham and William H. Liskamm, FAIA, to cover higher than anticipated reimbursable expenses, in an additional amount not to exceed \$2,000.
6. **ACTION:** Approve use of 216 Grand Avenue building for WWU BFA program show in spring of 2005.
7. **ACTION:** Approve an amount not to exceed \$5,000 for contractual services related to advance publicity, public presentations and event taping and broadcasting of the Museum Design Competition.
8. Old Business.
9. New Business.

ADJOURNMENT

FOR CITIZENS WITH SPECIAL NEEDS, the Mayor's Boardroom is fully accessible. Elevator access to the second floor is available at City Hall's west entrance. Hearing assistance is available in the Mayor's Boardroom and a receiver may be checked out through the clerk prior to the meeting. For additional accommodations, persons are asked to contact Alison Henshaw at 676-6880 at least 3 working days in advance of the meeting. Thank you.

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT

210 Lottie Street
Bellingham, Washington 98225

MINUTES OF THE PUBLIC MEETING OF THE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT WEDNESDAY, NOVEMBER 17, 2004

CALL TO ORDER

Dunham Gooding, President, called the meeting to order at 11:06 a.m.

ROLL CALL

Board members present were Dean Brett, Yvonne Cartwright, Jerry Chambers, Dunham Gooding, Robin Halliday, and David Warren. Charles Self was present via telephone.

OPEN PUBLIC COMMENT PERIOD

There were no public comments.

APPROVAL OF MINUTES

David Warren MOVED THAT THE MINUTES OF THE OCTOBER 28, 2004 REGULAR BOARD MEETING BE APPROVED. Jerry Chambers seconded.

Motion carried 7-0.

PRESIDENT'S REPORT

No report.

BUSINESS

1. Presentation of certificate of appreciation to former board members Phil Sharpe and Manca Valum. Dunham presented the certificates to Phil and Manca.

2. Report from Arts District Design Committee. David reported that the PFD had put together a streetscape committee, and that it was looking at the cultural triangle and streetscape design. Steve Brinn and Jeff McClure suggested looking at the project a different way. Steve Brinn has put up the money to hire an urban designer to come up with some concepts. Walker Macy of Portland, Oregon was hired, and considered an urban design project rather than a simple streetscape, including connecting the waterfront with the cultural center. Walker Macy's presentation is not a final design but a vision with value for the private sector as well as for the PFD, and the cultural center.

Jeff McClure acknowledged Steve Brinn for his monetary contribution, which would serve as leverage for the PFD's work. The district would include the publicly funded arts and cultural facilities and the entertainment facilities along Champion, Bay and Holly Streets. This is an opportunity to capture the larger vision. The group has met

with property owners, developers, representatives of the other arts institutions, and a representative group of retailers.

Doug Macy of Macy Walker has a fresh, outside view of the cultural center. He undertook a three-day design charette process, created a steering committee that includes representatives from the stakeholders, spent a couple of days working and reported to the steering committee. Now he has a presentation to share with the PFD board.

With regard to the context of the district, there are commercial and civic zones around the cultural center. Jeff asks himself three questions when creating a district:

1. How do I get there?
2. How will I know when I have gotten there?
3. What will I do when I am there?

It is important to know how to reach the district from I-5. There is a significant intersection at Holly, Bay and Prospect Streets. Champion is also an interesting entry, as it is where the 45° and the 90° street grids intersect.

Some of the highlights of Doug Macy's presentation of the "Arts & Culture District" were:

- Link government and commercial centers.
- Remodel and infill buildings.
- 3 story buildings on Flora Street.
- Parking has to be included in the district plan.
- Restore all of Champion to two-way.
- Create narrower street lane widths and wider sidewalks.
- Encourage use of alleys for occasional outdoor events.
- Façade improvements.
- More unification of furnishings, fixtures and planters.
- Restore the brick under the asphalt on Bay Street.
- Historic light fixtures are a great asset.
- Include Pickford Theatre and American Museum of Radio and Electricity.

Doug Macy went on to describe some streetscape elements, such as vegetation, bus stops, street signs, way-finding, paving, restoration of facades, public art, street furnishings, and water features. He used examples from Pearl District, Portland, Oregon, where some of the sidewalks are 12' wide. Small, intimate public spaces and lighting can be effective in defining a district.

The parking lot at the Beaverton Library is also used for a Saturday public market.

Pioneer Square in downtown Portland is a successful public space, hosting lunch-time concerts during the summer and a tree-lighting ceremony the day after Thanksgiving. Programming public spaces is critical.

Flora Street is the heart of the arts and culture district. There could be a modest size plaza at the museum and a plaza at the new library, assuming the existing library is torn down and a new library is built on the existing open space. Rather than a parking lot on Grand Avenue, there could be a plaza built there. There could be a series of art pieces that provide linkage throughout the district. There would be a pedestrian environment at the intersection of Grand Avenue and Flora Street. Flora Street could be closed off at either end and used for a public event.

There could be one level of underground parking under the library or new museum. The current parking lot owned by the County could be used for a parking garage and a building for offices and shops.

A Performing Arts Hall could be built at Champion and Central. Flora Street could be all one grade and have no curbs. At the corner of Bay and Prospect streets, a small space could be created by removing the free-right turn. Mixed-use buildings would be a good addition to Flora Street.

Jeff McClure discussed implementation and branding. The plan needs to be deconstructed and the critical first components having the greatest leverage for the private sector need to be determined. Commitment to building a demonstration block would be a good start to spur interest in the district, as well as something at Bay, Holly and Prospect streets. The other piece is the branding of the "Flora District".

Manca asked for a presentation to the board of directors of the Domestic Violence and Sexual Assault Services, which owns the triangular brick building at Champion, Magnolia and Commercial Streets. Robin responded that the PFD is already reaching out to the stakeholders in the community, and that she and Patricia will be making a presentation to the Museum Board this week. Robin offered to work with Manca on scheduling a presentation to her board of directors.

Jerry asked about the size of the parking structure. Doug Macy responded that the parking garage would be done as part of mixed-use development in partnership with the County, providing parking for the county in the day and parking for arts and entertainment facilities in the evening.

In terms of providing parking under the Library, Dean Brett reported that he had met with the new Library Director, Pam Kiesner. The City will fund a seismic and structural study of the existing block on which the Library sits. The study, which will be conducted in February, will look at the possibility of removing the building and using the other half block. The library could be taken down for new open space and a new library built with enough underground parking for its own needs.

Steve Brinn said that looking at the entire cultural district broadens the stakeholder group and inspires possibilities for private investment. The project must be convincing before a campaign can begin. Charlie asked if Steve Brinn had a specific enough idea

of what to sell to investors. Steve Brinn responded that Walker Macy would come back with a graphic that deconstructs the vision and shows what an initial phase would look like, including a cost assessment. A second graphic could depict what would be the highest priority for private investment opportunities that would reinforce the public investments. A third graphic could show the longer term vision.

Dean asked about timing. At the beginning of the year, the Museum Design Competition will be coming to an end and the library will have some additional data. Dean has been talking to the 29 property owners in the area bounded by Commercial, Central, Prospect and Champion. The unknown plans of the County with regard to the future location of the jail and county administration make it hard for investors to know what to invest in. Dean recommended that the PFD communicate with the County in order to ascertain its plans.

3. Streetscape and Urban Design Project Update. Dunham asked Patricia and Robin to clarify the difference between the Streetscape and Urban Design Project and the Arts and Culture District. Robin said the PFD's project is the Streetscape and Urban Design Project. Steve Brinn and Jeff McClure's project is the Arts District Design Project. With the addition of Walker Macy, it is called the Bellingham Arts and Culture District. The PFD's piece of that is the "Flora District" or "Arts, Culture and Entertainment". Robin asked Yvonne to take the wording of the PFD's presentation to the Museum board and reduce it to a concise message that the board could use.

4. Museum Architectural Design Competition Update. Dunham reported on the Mid Point Review held on November 15. Each team was given 1.5 hours for presentations, feedback, questions and answers. Each team brought a model, plans and visuals. The Competition Committee gave them feedback. Submissions are due on January 11, 2005, and will be on display in the rotunda room of the Museum. The jury will be here on January 28, 2005, and competitors will give presentations to the jury on January 29. The presentations will be open to public.

5. Third Quarter Financial Report, September 30, 2004. Therese Holm presented the Third Quarter Financial Report, September 30, 2004. Sales tax rebates of \$659,534 have been collected through September 30, which is 6% more than last year. Capital costs of \$4.4 million have been spent, including property acquisition costs for the Mount Baker Theatre and the Children's Museum.

6. Approve 2004 Budget Amendment/Reappropriation. Therese explained the format of the Public Facilities District Budget Amendments – Working Draft – November 17, 2004. The shaded line items need to be amended due to bond issuance and repayment of interfund loans. Interfund loans were repaid as of November 9, 2005. The City requires that the PFD fund stay within its expenditure budget. The City doesn't require other budget amendments. Bond proceeds were budgeted at \$2 million. The actual amount was \$9,370,000.

Yvonne Cartwright MOVED TO AMEND THE 2004 BUDGET, AS SHOWN IN THE SHADED AREAS ON THE PUBLIC FACILITIES DISTRICT BUDGET AMENDMENTS – WORKING DRAFT – NOVEMBER 17, 2004. Robin Halliday seconded.

Motion carried 7-0.

7. Approve Facilities Use Agreement with the Pacific Arts Holiday Market to use 216 Grand Avenue building the two full weekends before Christmas for a fee of \$2,200 plus utilities. Dean Brett said the main risk is insurable. However, the agreement says “User shall provide comprehensive general liability insurance in an amount acceptable to the PFD,...” He asked if the PFD had determined how much insurance it would require the Pacific Arts Holiday Market to provide. Patricia responded that the PFD had not yet determined the amount. Dunham directed staff to resolve the insurance question.

Jerry Chambers MOVED TO APPROVE THE FACILITIES USE AGREEMENT WITH THE PACIFIC ARTS HOLIDAY MARKET SUBJECT TO THE INSURANCE QUESTION BEING RESOLVED. David Warren seconded.

Motion carried 7-0.

8. Approve PFD board meeting dates and times for 2005. The plan for 2005 is to meet on the same day of the month, but from 2 – 5 p.m. instead of 11 a.m. to 2 p.m.

Jerry Chambers MOVED TO APPROVE THE 2005 MEETING DATES FOR THE PFD BOARD AS THE FOURTH WEDNESDAY OF EACH MONTH BUT FROM 2 – 5 P.M. INSTEAD OF 11 A.M. TO 2 P.M., WITH THE EXCEPTION OF NOVEMBER AND DECEMBER, WHEN THEY WOULD BE HELD ON THE THIRD WEDNESDAY OF THE MONTH. Dean Brett seconded.

Motion carried 7-0.

9. Old Business. City's 33% match. Patricia and Heather Wolf met with Les Reardanz to talk about the match and to address the City's commitment to maintenance and hotel/motel tax revenues. The City will gift to the PFD the Mount Baker Theatre. The PFD would lease the Theatre back to the City and the City would then lease it to the Mount Baker Theatre group. This means the PFD will not have to manage the theatre. The agreement on the 33% match will include a commitment from the City on the maintenance. The agreement will come back to the PFD board for approval. Bond counsel will need to look at the proposed match to ensure it is consistent with the tax-exempt nature of the bonds. Charlie asked if an inflation factor would apply to the annual contribution of \$200,000 from the City to the Theatre. Patricia said there had not been previously. This year the contribution was increased to \$232,000 to address inflation. There will have to be something in the Management Agreement to address an inflation factor.

Parking – Patricia has received no word back from the County yet regarding the parking spaces behind 216 Grand Avenue. There are about 17 deep spaces, used for tandem parking. It may be worthwhile if the County wants to manage it at no cost.

The parking lot adjacent to Mount Baker Theatre is owned by the PFD but is not being managed. It must be rented at market value during the day, but at night may be used for valet parking. The theatre may be able to manage the parking lot in this way. If this is not possible, Patricia will pursue parking management with Diamond Parking.

10. New Business. Dean Brett said he enjoyed the presentation today on the Arts and Culture District. He would like to take the photos and explanations and put them on a disk so the PFD could use it for discussions with stakeholders. Patricia will follow up on this.

ADJOURNMENT

Dunham Gooding adjourned the meeting at 2:00 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT

210 Lottie Street
Bellingham, Washington 98225

AGENDA

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING

WEDNESDAY, NOVEMBER 17, 2004

11:00 A.M. – 2:00 P.M.

Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

Citizens may speak informally to the Board on subjects not scheduled for public hearing. Each speaker is allowed a maximum of three minutes. A copy of any written comments for the Board should be provided to the Administrative Assistant, preferably before the meeting.

APPROVAL OF MINUTES

ACTION: Approve minutes of the October 28 board meeting. (1-4)

PRESIDENT'S REPORT

BUSINESS

1. Presentation of certificate of appreciation to former board members Phil Sharpe and Manca Valum.
2. Report from the Arts District Design Committee.
3. Streetscape and Urban Design Project Update.
4. Museum Architectural Design Competition Update: Mid Point Review.
5. Third Quarter Financial Report, September 30, 2004. (5)
6. **ACTION:** Approve 2004 Budget Amendment/Reappropriation.
7. **ACTION:** Approve Facilities Use Agreement with the Pacific Arts Holiday Market to use 216 Grand Avenue building the last two full weekends in December for a fee of \$2,200 plus utilities. (6-11)
8. **ACTION:** Approve PFD board meeting dates and times for 2005.
9. Old Business.
10. New Business.

ADJOURNMENT

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BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT

210 Lottie Street
Bellingham, Washington 98225

MINUTES OF THE PUBLIC MEETING OF THE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT THURSDAY, OCTOBER 28, 2004

CALL TO ORDER

Dunham Gooding, President, called the meeting to order at 11:08 a.m.

ROLL CALL

Board members present were Jerry Chambers, Dunham Gooding, Robin Halliday, and David Warren.

OPEN PUBLIC COMMENT PERIOD

There were no public comments.

APPROVAL OF MINUTES

Dunham clarified that on the report on bonding, it is possible to name a building or part of a building after a corporation or business entity, but it is complicated.

Jerry Chambers MOVED THAT THE MINUTES OF THE SEPTEMBER 22, 2004 REGULAR BOARD MEETING BE APPROVED. David Warren seconded.

Motion carried 4-0.

PRESIDENT'S REPORT

No report.

BUSINESS

1. Museum Architectural Design Competition Update. Dunham reminded the board that on September 22, 2004, the Competition Committee was still in the midst of choosing the three competitors. Out of the 49 submitted, 3 finalists were chosen. The teams are: 1) Olson Sundberg Kundig Allen Architects and Charles Anderson Landscape Architecture; 2) Arthur Erickson and Nick Milkovich Architects, Inc.; and 3) Cambridge Seven Associates, Inc. and Donnally Architects.

Tom Livesay explained that Olson Sundberg of Seattle have good experience most recently with the Wright Gallery. Arthur Erickson just finished the Tacoma Museum of Glass. Cambridge Seven have done a number of museums including the Henry in the University of Washington. The Competition Committee was looking for people with local references, who could guarantee quality work, and who would be available.

On October 14, there was a briefing whereby the finalists could ask final questions, survey the site, and ask specific questions of the committee members. Dunham

mentioned that the committee emphasized the importance of the Regional Center. The finalists' detailed questions focused on the use of light, and the building's presence on the street.

Patricia described the contents of the packets placed in front of board members. Handouts included: A list of the Competition Committee members, a list of Competition Jury members, and PFD maps.

In terms of the schedule, Tom said the mid point review will be held on November 15 and will be a private interview between each team and the committee to ensure everyone is on the same page. Final submissions are due January 11. An exhibition of the three submissions will be open to the public, beginning January 12. On January 29, the jury will meet with the architect teams. Elementary schools will bring in their ideas for a Children's Museum design concurrently with the Museum Design Competition.

Dunham mentioned the public workshop, which was held on September 22 and attended by about 100 people. Public comments were accepted. Robin explained that the School District was well represented, and they expressed ideas for partnership programs with the Library, Museum and schools. Patricia added that there is a written record of the public workshop if board members would like to see copies of that. There is a new exhibit at the Children's Museum entitled "Gimme Shelter".

2. Bond Sale Update. Therese Holm reported that she was pleased with the sale. The PFD bond issue was rolled into the Civic Field issue, together with refunding of outstanding bonds on the Aquatic Center. The total bond proceeds for the PFD are \$9,625,223.20, which the PFD will receive on November 9. The PFD will repay the City's interfund loan before the end of the year, leaving a balance of about \$3 million plus interest. The bond proceeds must be spent within 3 years from November 9.

Typically, closing costs are limited to 2%, but in this case are actually 1.4%. The purchase of bond insurance increases the bond rating from A1 to Aa3. The interest rate on the bonds is the "All-In True Interest Cost" of 4.48%, which is very favorable. This bond issuance will save taxpayers a great deal of money. City Council approved the bond ordinance 6-1.

Therese handed out to board members: A summary of sources and uses of funds; bond summary statistics, bond debt service, rating from Moody's Investors Service, a letter from Alan Dasher & Associates, a graph showing tax exempt interest rate trends, and the Preliminary Official Statement from Banc of America Securities LLC. The TEFRA (Tax Exempt and Fiscal Responsibility Act) hearing was held on October 21 and is an IRS requirement whenever a bond issue includes a lease to a non-profit organization.

3. Approve First Amendment to the Interlocal Operating Agreement between the City of Bellingham and the Bellingham-Whatcom Public Facilities District. Therese explained that the amendment was a strong recommendation from the City's bond counsel to

ensure that the City and PFD do not take any action to jeopardize the tax-exempt status of the bonds.

David Warren MOVED THAT THE FIRST AMENDMENT TO THE INTERLOCAL AGREEMENT BETWEEN THE CITY OF BELLINGHAM AND THE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT BE APPROVED. Robin Halliday seconded.

Motion carried 4-0.

4. Streetscape and Urban Design Project Update. David deferred to Robin, who explained that she, Patricia, and Charlie were invited to meet with the fundraising group because they were forming their own small subcommittee regarding streetscape design and wanted to present Robin, Patricia and Charlie with a proposal. The fundraising group liked what the PFD Streetscape and Urban Design Committee were attempting to do, but Steve Brinn offered to fund a \$25,000 project with a Company from Portland, Walker Macy. Steve asked Jeff McClure to head it up. The funding group was going to ask Walker Macy to come up with a couple of different visions for streetscapes and urban design, then narrow it down to one vision to use for fundraising purposes.

On another occasion, Robin and Charlie met with Jeff McClure, Phyllis Self, and Steve Brinn. It was clear that there was a great deal of overlap between the two projects. By creating three visions rather than one, the PFD Streetscape and Urban Design Committee could take the work of the fundraising group and meet all of its project objectives without spending the \$5,000 as planned. Expanding the funding group's fast-path vision and including the stakeholders identified by the PFD would allow the PFD to meet its public responsibilities and to follow on later with its RFQ process for the project. There would be no redundancy. The fundraising group liked these ideas.

The important meeting was held on October 8 between Robin, Patricia and Jeff McClure. The name for the fundraising group's project is the Arts District Design Project. Jeff and Walker Macy will come to the November 17 PFD board meeting. An advisory committee to the Arts District Design Project committee has been formed, including significant PFD representation. As representative for the fundraising group, Jeff came up with a good combination of people that includes people from the Library Board, arts community, and downtown business community. Once complete, the Arts District Design Project can be handed off to PFD. The three visuals can be used to discuss the streetscape project further with stakeholders.

Robin concluded that the only things that changed in the Streetscape & Urban Design Project description were F and G: "F. An urban design framework for future buildings and spaces for public and private activity to stimulate future private investment. G. Significant nodes for public artwork."

Patricia distributed the Streetscape & Urban Design Stakeholder Summary of October 22, 2004. Robin reported that Yvonne, Dean, Dunham and Patricia have been talking to the stakeholders

David Warren MOVED THAT THE REVISED STREETSCAPE AND URBAN DESIGN PROJECT DESCRIPTION BE APPROVED. Robin Halliday seconded.

Motion carried 4-0.

5. Old Business. Dunham asked Patricia for an update on the Mount Baker Theatre Agreement. Patricia reported she will be meeting with Les Reardanz next week to resolve the City's match, essentially giving the theatre to the PFD and how that relates to the tax exempt status of the bonds and the ability of the City to continue to allocate hotel/motel tax revenues to the theatre for other than marketing expenses. By way of background, the City Council agreed to increase the hotel/motel tax to cover the Mount Baker Theatre. The theatre now receives \$231,000 from the City through the tax. The Mount Baker Theatre and Convention and Visitors Bureau get most of hotel/motel tax revenue. The Convention and Visitors Bureau receives about \$235,000. The Museum this year is receiving \$70,000 from the hotel/motel tax.

216 Grand Avenue

a) Patricia Decker brought up a request by the Pacific Arts Holiday Market. Last year, the market leased the building from Ron Bennett. The market wants to use 216 Grand for two weekends this year, for a fee of \$2,200 plus utilities. A facilities use agreement could be drafted for this purpose. Approval of this agreement could take place at the November 17 board meeting.

b) Parking – Vehicles have been using the parking lot free of charge. Patricia wants to pursue management of the parking lot and has contacted the County to see if they want to use and manage it on a month-to-month arrangement. Patricia will also contact Diamond Parking and Saratoga Management. Patricia will keep Dunham apprised of any developments.

6. New Business: Patricia brought up the subject of PFD board meetings next year. After some discussion, there was a consensus that the meeting could be held on the fourth Wednesday of each month, but from 2–5 p.m. instead of 11 a.m.–2 p.m. Patricia will poll all board members to see if this new time will work for them in 2005.

ADJOURNMENT

Dunham Gooding adjourned the meeting at 12:35 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT

210 Lottie Street
Bellingham, Washington 98225

AGENDA

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING

THURSDAY, OCTOBER 28, 2004

11:00 A.M. – 2:00 P.M.

Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

Citizens may speak informally to the Board on subjects not scheduled for public hearing. Each speaker is allowed a maximum of three minutes. A copy of any written comments for the Board should be provided to the Administrative Assistant, preferably before the meeting.

APPROVAL OF MINUTES

ACTION: Approve minutes of the September 22 board meeting. (1-5)

PRESIDENT'S REPORT

BUSINESS

1. Bond Sale Update: i)TEFRA hearing and ii) City Council action
2. **ACTION:** Approve First Amendment to the Interlocal Operating Agreement between the City of Bellingham and the Bellingham-Whatcom Public Facilities District.
3. Museum Architectural Design Competition Update: i) 9/22 Public Workshop, ii) 10/14 Briefing, iii) 1/23/05 public informational event, and iv) Future Schedule
4. Streetscape and Urban Design Project Update. **ACTION:** Approve revised project description. (6-7)
5. Old Business.
6. New Business: Discuss PFD board meeting dates for 2005.

ADJOURNMENT

FOR CITIZENS WITH SPECIAL NEEDS, the Mayor's Boardroom is fully accessible. Elevator access to the second floor is available at City Hall's west entrance. Hearing assistance is available in the Mayor's Boardroom and a receiver may be checked out through the clerk prior to the meeting. For additional accommodations, persons are asked to contact Alison Henshaw at 676-6979 at least 3 working days in advance of the meeting. Thank you.

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT

210 Lottie Street
Bellingham, Washington 98225

MINUTES OF THE PUBLIC MEETING OF THE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT WEDNESDAY, SEPTEMBER 22, 2004

CALL TO ORDER

Dunham Gooding, President, called the meeting to order at 11:04 a.m.

ROLL CALL

Board members present were Dean Brett, Yvonne Cartwright, Jerry Chambers, Dunham Gooding, Robin Halliday, Charles Self, and David Warren.

OPEN PUBLIC COMMENT PERIOD

Brad Burdick, Executive Director of the Mount Baker Theatre, 104 Commercial Street, thanked the PFD for its hard work, effort, and for the money it put into Phase One of the renovations. The ribbon cutting, grand opening, and other events over the past two weeks were well attended. Brad asked about using the PFD-owned parking lot. Patricia explained that it is a complicated issue, and that she's working with the City Attorney's office on this, as well as with Parking Staff and Dick McKinley. It is complicated because of issues affecting the bonds. Brad said the Theatre would like to incorporate the management of the parking lot for its use and for possible valet parking.

Mary Passmore, Program Manager for the Whatcom Symphony Orchestra, 2915 Newmarket Street, Bellingham. She urged the board to make a decision about Phase II of the Mount Baker Theatre renovations so she can book artists for future seasons.

APPROVAL OF MINUTES

Dean had read in the minutes that he had volunteered to be the liaison for the fundraising group. He explained that he would be willing to do so, but would need some assistance. Dunham volunteered to assist Dean with the fundraising group. David asked that the word "Finally" be removed from the last sentence of the New Business section of the minutes. Therese Holm mentioned that although registered to attend the Washington Economic Development Association meeting Dunham mentioned in the President's Report, she did not actually attend. She asked that her name be removed from the report.

Jerry Chambers MOVED THAT THE MINUTES OF THE AUGUST 25, 2004 REGULAR BOARD MEETING BE APPROVED, AS AMENDED. David Warren seconded.

Motion carried 7-0.

PRESIDENT'S REPORT

No report.

BUSINESS

1. Approve bylaws amendment. Heather had made one change to the proposal drafted by Phil Sharpe. The whole amendment reads "Beginning July 31, 2005, no member shall hold the same office for more than two (2) consecutive terms. A member who has held the same office for two (2) consecutive terms may be reelected to that office after a one (1) year absence from such office."

David Warren MOVED THAT THE BYLAWS AMENDMENT BE APPROVED AS DRAFTED. Yvonne Cartwright seconded.

Motion carried 7-0.

2. Consider resolution. Consider resolution authorizing the District's staff and attorneys to take certain preliminary action to structure the financing of the District's Regional Center. Heather Wolf explained the purpose of the resolution was to reflect the board's desire to go ahead with the bonding. The resolution authorizes PFD staff and Heather to proceed with appropriate documentation for the bond issuance. The amount of the bonds is \$9.65 million, which includes insurance and other necessary costs. Therese Holm clarified that this would be a City of Bellingham bond issue, per the interlocal agreement, and is tax exempt, qualifying for significantly lower interest rates. Funds would be available to the City on November 9. The City will roll into the bond issue the Civic Field financing to reduce costs incurred by the City.

Dunham added that at the finance meeting last week, there was some discussion about taxable bonds and naming rights. Unfortunately, a taxable bond would cost more over the life of the bond, between \$2 and \$4 million. A building or part of a building can be named after a real person. If a building or part of a building is named after a corporation or business entity, it must be funded solely outside of tax-free bond revenues.

Charlie Self MOVED TO APPROVE THE RESOLUTION AUTHORIZING THE DISTRICT'S STAFF AND ATTORNEYS TO TAKE CERTAIN PRELIMINARY ACTION TO STRUCTURE THE FINANCING OF THE DISTRICT'S REGIONAL CENTER. Dean Brett seconded.

Motion carried 7-0.

3. Consider resolution. Consider resolution commending PFD board members Philip Sharpe and Manca Valum for their service.

David Warren MOVED TO APPROVE THE RESOLUTION COMMENDING PFD BOARD MEMBERS PHILIP SHARPE AND MANCA VALUM FOR THEIR SERVICE. Robin Halliday seconded.

Motion carried 7-0.

4. Museum Architectural Design Competition Update. There were 49 responses to the Request for Qualifications, including some from Japan, Europe and South America. Most of these were high quality responses. The review committee is tasked with choosing three competitors and possibly a couple of alternates.

Dunham informed the board that the committee had recruited Sylvia Haggen as community representative to serve on the competition jury and Frances LeCocq as community representative to serve on the stakeholders committee.

Robin mentioned her conversations with Jeff McClure and Tom Livesay about adding another community member to the jury. Bill Liskamm said the jury could be expanded to 9 people. Robin recommended that Dunham Gooding be added to the jury.

Robin Halliday MOVED TO ADD SYLVIA HAGGEN AND DUNHAM GOODING TO THE DESIGN COMPETITION JURY AS COMMUNITY REPRESENTATIVES and FRANCES LECOCQ TO THE STAKEHOLDERS COMMITTEE AS COMMUNITY REPRESENTATIVE. David Warren seconded.

Motion carried 7-0.

Highlights of the Open House/Public Workshop on museum design. Dunham briefly described the schedule for this evening, from 5:30 to 7 p.m. in the Rotunda Room of the Museum. The format will be to spend 30 minutes presenting the context of the project followed by an hour of gathering ideas from people in terms of the building, design, allocation of spaces and uses, programs, etc. Patricia explained that Dunham will introduce and provide an initial presentation on the PFD. Next, Tom Livesay, Dunham, and Patricia will present additional background on the museum design competition, the site and context. Bill Liskamm will show slides from other places, and then participants will break into groups to discuss program needs for the Children's Museum and Art Museum, the physical image, and feelings upon entering museums. The PowerPoint slides that were used in the briefing to architects on September 8 will be included.

Charlie is concerned that the public was not notified sufficiently of the open house, and encouraged public participation. Dunham said possibly there would be another open house in a month or so to include more people.

5. Discuss timing of Phase II of the Mount Baker Theatre renovations. Dunham mentioned that Phase II is important due to the much-needed mechanical and electrical upgrades, which are important to the PFD, but there is a question of timing. The argument for 2007 is that the fundraising status will be better known by then. The cost for Phase II is estimated at \$3 million. Dean said looking at the overall project, putting off Phase II would be better from a fundraising perspective. Charlie said we don't have the funds right now unless we back off from the museum. The board will have to defer

the decision until next year and decide in 2005. Board members agreed that Phase II will not take place in 2006 and a decision about 2007 will come in 2005.

6. Discuss and consider action on Streetscape Committee's recommendations: Review, discuss and revise as appropriate Streetscape Project Outline. Provide direction to the committee and approve the Early Action Plan. David summarized the report by saying having architects prepare graphics and a description to communicate a district vision consistent with the PFD regional center and project objectives would put some tools into the hands of the fundraisers.

The basic ideas are:

- street furniture;
- activity generators that attract people;
- spaces for pedestrian level activity;
- views of important community icons like the view of Mount Baker Theatre from Commercial Street and of Syre Education Center from Flora Street;
- views that draw pedestrians down the street; and
- an urban design framework for future buildings and spaces for public and private activity.

Robin said these are preliminary ideas. The committee would like the PFD to go to three architects who have already done quality work downtown, and ask them for renderings envisioning the streetscape. Charlie asked about the timeframe. Robin said if the PFD gives approval, they could get the renderings done right away and approve the final plan at October meeting. The estimated fee to be paid to each architect for 2 renderings each would be \$1,000.

Yvonne Cartwright MOVED TO ACCEPT THE STREETSCAPE COMMITTEE'S RECOMMENDATIONS AND TO URGE THE COMMITTEE TO GO FORWARD WITH THE EARLY ACTION PLAN FOR THE STREETSCAPE PROJECT. Charles Self seconded.

Motion approved 7-0.

Stakeholder feedback. Patricia discussed that in order to obtain stakeholders' feedback on the proposed streetscape early action plan, it would be important to have board members contact them. After discussion, Patricia agreed to send the streetscape information to the board members so they could pass it onto the stakeholders. She would also include a list of each board member and their assigned stakeholders, including herself in the assignments.

7. Fundraising update. Dunham stated the group eagerly awaits tools including information on streetscape and naming rights. Dean said fundraisers need visuals.

8. Staff Report. Patricia explained that she would update the board as each agenda item comes up, rather than giving a report at the end.

9. Old Business. None.

10. New Business: Board members discussed public relations in general.

ADJOURNMENT

Robin Halliday adjourned the meeting at 12:30 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT

210 Lottie Street
Bellingham, Washington 98225

AGENDA

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING

WEDNESDAY, SEPTEMBER 22, 2004

11:00 A.M. – 2:00 P.M.

Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

During this period of time, citizens may speak informally to the Board on subjects not scheduled for public hearing. EACH SPEAKER IS ALLOWED A MAXIMUM OF THREE MINUTES. If the speaker has written comments for the Board, an additional copy should be handed to the Administrative Assistant, preferably before the meeting, for our office files.

APPROVAL OF MINUTES

*Approve minutes of the August 25 board meeting.

PRESIDENT'S REPORT

BUSINESS

1. *Approve bylaws amendment.
2. *Consider resolution authorizing the District's staff and attorneys to take certain preliminary action to structure the financing of the District's Regional Center.
3. *Consider resolution commending PFD board members Phil Sharpe and Manca Valum for their service.
4. Museum Architectural Design Competition Update.
5. *Discuss and consider action on Streetscape Committee's recommendations: Review, discuss and revise as appropriate Streetscape Project Outline. Provide direction to the committee and approve the Early Action Plan.
6. Discuss timing of Phase II of the Mount Baker Theatre renovations.
7. Fundraising Update.
8. Staff Report.
9. Old Business.
10. New Business.

*Action items.

ADJOURNMENT

FOR CITIZENS WITH SPECIAL NEEDS, the Mayor's Boardroom is fully accessible. Elevator access to the second floor is available at City Hall's west entrance. Hearing assistance is available in the Mayor's Boardroom and a receiver may be checked out through the clerk prior to the meeting. For additional accommodations, persons are asked to contact Alison Henshaw at 676-6979 at least 3 working days in advance of the meeting. Thank you.

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT

210 Lottie Street
Bellingham, Washington 98225

MINUTES OF THE PUBLIC MEETING OF THE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT WEDNESDAY, AUGUST 25, 2004

CALL TO ORDER

Dunham Gooding, President, called the meeting to order at 11:04 a.m. He welcomed Dean Brett and Yvonne Cartwright, who have been nominated by County Executive Pete Kremen. The City and County Councils need to approve their appointments on September 13 and 14, respectively.

ROLL CALL

Board members present were Jerry Chambers, Dunham Gooding, Robin Halliday, Charles Self, Philip Sharpe and David Warren.

OPEN PUBLIC COMMENT PERIOD

Brad Burdick, Executive Director of the Mount Baker Theatre, 104 Commercial Street, mentioned last month's discussions about the potential funding and timing of Phase II of the Mount Baker Theatre renovations. The Mount Baker Theatre Board passed a resolution, affirming its commitment to participate in a private fundraising campaign for a downtown revitalization project that includes theatre renovations, a new museum and streetscape improvements, regardless of how funding sources for various parts of the projects are provided. The Board also recognizes that early implementation of Phase II in the overall project timeline is important because it is fiscally prudent, will address critical maintenance, safety and security issues facing the Theatre, and will minimize maintenance costs of the Theatre, thereby minimizing the overall costs of the project.

APPROVAL OF MINUTES

Jerry Chambers MOVED THAT THE MINUTES OF THE JULY 28, 2004 REGULAR BOARD MEETING BE APPROVED. David Warren seconded.

Motion carried 6-0.

PRESIDENT'S REPORT

Dunham reported that he had attended with Don Keenan a meeting of the Washington Economic Development Association, including a seminar on green buildings and how municipalities can save money and set a good example to private developers by creating buildings that are energy-efficient. Dunham wanted to pass this information on to the Museum stakeholders committee. The other part of the meeting focused on the State Auditor's office regarding PFD reporting requirements. Don Keenan added that the Bellingham-Whatcom Public Facilities District is well covered in the audit area. Finally, Dunham reported that he conducted an exit interview with Manca Valum. Manca's resignation letter of August 18 was distributed to the board.

BUSINESS

1. Introduction of bylaws amendment. Phil Sharpe explained that the amendment is designed to rotate leadership to tap the talents of all board members. Noting that the board can't vote on this today, Phil suggests applying it prospectively. Heather stated that the language of the bylaws amendment has to be changed accordingly.

2. Annual election of officers.

David Warren NOMINATED DUNHAM GOODING AS PRESIDENT. Jerry Chambers seconded.

Motion carried 5-0-1. Dunham Gooding abstained.

David Warren NOMINATED ROBIN HALLIDAY AS VICE-PRESIDENT. Charles Self seconded.

Motion carried 5-0-1. Robin Halliday abstained.

Robin Halliday NOMINATED DAVID WARREN AS SECRETARY. Philip Sharpe seconded.

Motion carried 5-0-1. David Warren abstained.

Robin Halliday NOMINATE JERRY CHAMBERS AS TREASURER. David Warren seconded.

Motion carried 5-0-1. Jerry Chambers abstained.

Discussion:

Dunham Gooding produced a list of areas of PFD work and responsibility needing a liaison or representative. These areas comprised City Council, County Council, Fundraising Group, Bond Sales, Design Competition, Public Relations/ Communications/Public Forums, Streetscapes/Master Planning, Theatre Board of Directors, Museum Board of Directors, Library Board of Directors, and Bellingham Festival of Music Board of Directors.

David volunteered to be the lead for the City Council. Phil suggested David Warren be the liaison for the County Council, too, so both councils receive the same information. Charlie reminded the board that there would be two new board members next month who need to be included in these roles. Heather Wolf recommended that the list be discussed and board members could get back to Dunham after the meeting. However, the board members continued.

Robin volunteered to assist Yvonne Cartwright on Public Relations.

Charlie stated his wish to step down from the fundraising role as his wife, Phyllis, has a key role in that. Dean Brett volunteered to be the fundraising liaison for the PFD.

For the Design Competition, Robin is on the jury and Dunham, Charlie and Phil are on the stakeholders committee.

For the Streetscapes, David and Robin are already on the committee.

For the Boards of the Mount Baker Theatre, Library, Museum and Festival of Music, Dean would be happy to liaise with the Library Board. Robin suggested that consistency is important and the same person should be the liaison for all four boards. Dean stated he would prefer someone with more leadership to be the liaison for all four. After some discussion, Charlie expressed his willingness to be the lead liaison for the Museum, Theatre and Bellingham Festival of Music boards. Robin Halliday would assist Charlie.

3. Fundraising Update. Charlie expressed that he felt a month had been lost due to some confusion that existed after the Mayor's proposal at last month's board meeting. Charlie suggested that Steve Brinn, Phyllis Self, he and Dunham meet with the Mayor to come up with a proposal that they could present back to the board for acceptance. He is looking for a priority listing and realistic estimate of the costs, including outside funding. Dunham recommended a special meeting of the board after meeting with the Mayor. Charlie mentioned the museum design – soft costs were not included, which added to confusion. The costs need to be correct.

4. Funding/Bond discussion. Therese followed up on the last PFD board meeting. She explained that the spreadsheet was a working document outlining some potential scenarios for providing funds for the PFD's capital projects. She mentioned that to date the projects have been funded with the sales tax rebate of \$800,000 per year and \$6.5 million in interfund loans from the City. The loans need to be paid by the end of December 2004. Bonds need to be issued for at least the \$6.5 million owed to the City. The City had recommended what it considered to be financially prudent and reasonable bonding options in the amount of \$9.5 – 11.5 million. The City would like the board to approve a bond issue of at least \$6.5 million and up to \$11.5 million. Therese explained that interest rates continue to be favorable, the bond market looks good and the timing is good. Money from the bonds would need to be spent by October 2007. After a great deal of discussion, there was consensus among the board members that bonds be authorized in the amount of \$9.5 million.

Charles Self MOVED TO DIRECT STAFF TO PREPARE A RESOLUTION TO ISSUE A BOND FOR \$9.5 MILLION FOR THE REGIONAL CENTER. Jerry Chambers seconded.

Motion carried 6-0.

5. Old Business: Dunham would like to inform the Mount Baker Theatre of the PFD's plans for Phase Two of the renovations. Brad requested a decision by the PFD board by December 2004. Dunham mentioned that the Whatcom Symphony wanted a decision from the PFD board by the end of September. Don suggested putting this item on next month's agenda, as it is not on today's agenda.

Old Business: Update on projected costs for new museum facility. Tom Livesay and Jeff McClure presented three options for the new facility, which include soft costs. The museum plans to raise funds for the FF&E budget, as well as for exhibits. The Children's Museum cost per square foot is half that of the art gallery because of its simple design for exhibits. Charlie asked if the construction could be done in phases. Tom answered that it could, although it could be more expensive. Geotechnical reports look good so far. Option 1 would cost \$9,497,500; Option 2 would cost \$7,979,538; and Option 3 would cost \$7,226,288. After lengthy discussion, there was a consensus of the board members to go with Option 2, with the idea of growing into Option 1 if fundraising is favorable.

Jerry Chambers MOVED TO CONVEY TO THE STAKEHOLDERS COMMITTEE THAT THE PFD IS ENDORSING OPTION 2 AS ITS GOAL FOR THE CONSTRUCTION OF THE NEW MUSEUM IN THE AMOUNT OF EIGHT MILLION DOLLARS (\$8,000,000). David Warren seconded.

Motion carried 6-0.

Discussion:

David Warren added that if money is raised for Option 2, the PFD could move to Option 1. Robin added that this would not preclude doing Phase II of the Mount Baker Theatre and the endowment for operating costs.

6. Staff Report. Don Keenan reported that the architects are going through the punch list. Nothing significant is remaining. Everything should be ready September 10.

Regarding the design competition, Don handed out a proposed timeline. By mid January 2005, the three architects selected will have put in their projects and there will be a couple of weeks for the public to view them. Afterward, there will be process time with the jury and then the PFD and City Council will need to give their approval, moving ahead with the selected architect on the project. On September 8, any architects interested in the competition will come up for a meeting and site visit and to raise any questions they may have. Also on the website, there is a Frequently Asked Questions item.

Patricia has scoped out a timeline for the streetscape, which would allow the committee to do work with City staff in September and October, bringing it back to the PFD in November. The PFD would not issue an RFQ until December. The public involvement in January for the design competition would allow Patricia to include the streetscape information at the same time. Patricia Decker would like to involve property owners in the area and other institutions. The framework plan for streetscape would be adopted in June 2005 and implemented a year later.

Regarding the proposed lease of part of 216 Grand Avenue at \$9 per square foot, the prospective tenants wanted a five-year lease and felt they couldn't lease for less than

18 months, so are now out of the picture. Now the PFD is looking at leasing out the parking.

With regard to the September 10 event, there will be a grand opening at 11:30 a.m., open to the public, in the same format as the wall bashing, with speeches, a ribbon cutting ceremony, and guided tours. Starting at 7 p.m., the evening event will be for invited guests only, due to the seating limit of 170, with a performance by Anna Schaad and the Clan Heather Dancers. WWU Jazz Quartet will play during the tours. On September 18, there will be the official public opening of the theatre's new portion, with two shows by Anna Schaad, plus tours.

7. New business. None.

Don Keenan concluded by telling the board members this is his last board meeting. He and his wife Joy will be traveling. Don thanked the board members for their accomplishments since July 2002, including prioritizing projects, property acquisition, and committing to the museum design competition. Don also thanked City staff and Heather Wolf. On behalf of the board, Dunham thanked Don for his energy on the PFD, his accomplishments under pressure, and his knowledge and experience with City government. Dunham thanked Phil Sharpe for his service on the board, as this meeting is his last, too.

ADJOURNMENT

Dunham Gooding adjourned the meeting at 2:05 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT

210 Lottie Street
Bellingham, Washington 98225

AGENDA

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING

WEDNESDAY, AUGUST 25, 2004

11:00 A.M. – 2:00 P.M.

Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

During this period of time, citizens may speak informally to the Board on subjects not scheduled for public hearing. EACH SPEAKER IS ALLOWED A MAXIMUM OF THREE MINUTES. If the speaker has written comments for the Board, an additional copy should be handed to the Administrative Assistant, preferably before the meeting, for our office files.

APPROVAL OF MINUTES

*Approve minutes of the July 28 board meeting.

PRESIDENT'S REPORT

BUSINESS

1. Introduction of bylaws amendment.
2. *Annual election of officers.
3. Fundraising Update.
4. Funding/Bond discussion.
5. Staff Report.
6. Old Business: Update on projected costs for new museum facility.
7. New Business.

*Action items.

ADJOURNMENT

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BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT

210 Lottie Street
Bellingham, Washington 98225

MINUTES OF THE PUBLIC MEETING OF THE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT WEDNESDAY, JULY 28, 2004

CALL TO ORDER

Dunham Gooding, President, called the meeting to order at 11:08 a.m.

ROLL CALL

Board members present were Dunham Gooding, Robin Halliday, Charles Self, Philip Sharpe and David Warren. Jerry Chambers and Manca Valum were excused.

OPEN PUBLIC COMMENT PERIOD

No public comment.

APPROVAL OF MINUTES

David Warren MOVED THAT THE MINUTES OF THE JUNE 23, 2004 REGULAR BOARD MEETING BE APPROVED AS AMENDED, AND THE MINUTES OF THE JUNE 25, 2004 SPECIAL BOARD MEETING BE APPROVED AS DRAFTED. Charles Self seconded.

Motion carried 5-0.

PRESIDENT'S REPORT

Dunham met with Patricia Decker to begin orientations on the PFD's work over the past two years. He met with the fundraisers. He met with the Mayor along with Phil and Charlie regarding the City's match, and consulted with Jeff Nave of the City's bond counsel on naming rights issues.

BUSINESS

1. Fundraising Update. Charlie reported that the group is meeting regularly, getting itself organized, and has reached an agreement with The Alford Group to work with them. The group is beginning to make some "quiet calls" to see what level of significant support is available, and then make some judgment as to whether to go forward.

2. Funding/Bond Discussion. Mayor Mark Asmundson mentioned the City of Bellingham's 33% match of PFD funds, which match should be about \$5 - \$6 million, depending on the total sales tax rebate the PFD receives. Therese Holm gave board members a handout, "Public Facilities District – Resources and Funding Strategies". The Mayor had met with three PFD board members to discuss various alternatives for the City's match. The City proposal is:

- Transfer to the PFD the portion of the Mount Baker Theatre building currently owned by the City at a cost basis, which is \$3.4 million;

- Credit annual hotel/motel tax contributions to the operation of the Mount Baker Theatre from 2003 forward. The amount in 2003 was \$200,000. The amount in 2004 is \$231,000. It is anticipated that this level of support will continue, with the possibility of it being increased to keep up with inflation;
- Capital maintenance expenses of the City in the ongoing maintenance of that portion of the Mount Baker Theatre that will be transferred to the PFD; and
- Grant funds that the City receives for funding of the streetscape improvements and privately raised funds to the extent necessary.

As part of the proposal, the City is asking the PFD to undertake Phase Two of the Mount Baker Theatre renovations.

Discussion:

Dunham asked Therese if there is a time requirement for the match. There is not. Charlie asked if the City is committed to continue funding the Mount Baker Theatre with the hotel/motel tax. The Mayor said the practice of the City Council is to take the recommendations of the Tourism Commission. Also, the hotel/motel tax increase was undertaken for allowing the foundational support for the operation of the Mount Baker Theatre. Therese added that the opinion of the City's bond counsel is that if the Mount Baker Theatre is transferred to the PFD, the PFD will be eligible to receive the hotel/motel tax for the Mount Baker Theatre as part of the match requirement. Phil is concerned about the PFD being responsible for the \$200,000. Don explained that under the Interlocal Agreement, the City is responsible for the management of the theatre. The Mayor responded that the City would undertake by contractual arrangement with the PFD to continue to maintain the capital maintenance of the facility, and to find another source of funding for the Mount Baker Theatre operations, should the hotel/motel tax funding not be approved by the City Council. Charlie would like the streetscape funding included as part of the City's match. The Mayor agreed that could be included as a possibility, although the City couldn't guarantee it would find the funding for it. Phil expressed his concern about risks related with the management of the theatre and increased costs for the children's museum and art gallery, given the City's General fund imbalance. The PFD's income will be sales tax revenue only. Phil suggested assessing the risk of taking on the responsibility for operation and maintenance of the Mount Baker Theatre before taking on anything else. This may mean scaling back the Children's Museum. Phil envisioned taking ownership of the Mount Baker Theatre, but then contracting back with the City to operate it and that the City in turn would contract with the Mount Baker Theatre. Don explained that would happen in any event. Heather agreed, as this is set out in the interlocal agreement between the PFD and the City. The Mayor concluded that he did not want the PFD to inherit any additional uncertainty as a result of the transfer of property from the City to the PFD. Dunham asked the City to put together a proposed contract and have Phil and Heather review it. Phil brought up that he thought his term as an officer expired at the end of July, but apparently it expires at the end of August, so he will continue on for one more month.

The board discussed Therese Holm's recommendation of having an independent evaluation done of the Mount Baker Theatre operations numbers. Robin pointed out that there are no actuals available yet for the new studio theater. Charlie didn't consider having an external analysis a good use of public funds. Don suggested that it will take a full year before the studio theater is up and running. The Mayor agreed with Charlie, saying, "The fact is that the City is keeping all the risk related to the ongoing operation of the Theatre. The PFD doesn't face any risk, so why would the PFD spend money analyzing the risk that the City is keeping?"

The Mayor restated that the City is not trying to change the position of the PFD by the property transfer – it is trying to keep the PFD in a neutral position, just to meet the statutory requirements for the match.

By way of background regarding Phase Two of the Mount Baker Theatre renovations that the City would like the PFD to fund, the Mayor explained that the Capital Improvements Advisory Committee had suggested that a public facilities district be established to fund the Mount Baker Theatre upgrades. Since the Capital Improvements Advisory Committee met in 2000 - 2001, the City's general fund has deteriorated. The City will retain its obligations, but cannot expand support of non-public safety facilities/activities. The PFD needs to choose a sustainable path that will yield community benefit.

The Mayor explained the Regional Center Priorities, Resources, and Funding Strategies worksheet.

The Mayor prefers Option A, with Option B as a second choice. He doesn't think Options C or D are viable. The City does not have funds for Phase Two of the renovations (HVAC and electrical). Options A and B are conservative and foundational; Options C and D are for borrowing the maximum amount, but increase the chance of not covering facility operations and maintenance. He concluded that he would like the PFD to bond for \$9.35 million per Option A or \$11.35 million per Option B, and commit to Phase Two of the MBT renovations.

Discussion:

Lively discussion ensued. Dunham opined that the Children's Museum would have a greater positive effect on significant capital investment. He would like flexibility on how bond proceeds are spent. Therese suggested using bond proceeds to repay the City and then using any funds raised privately for the Children's Museum. Bond proceeds must be used within three years, with the first six million used to repay the City. Phil likes Option B, which would take care of Phase Two of the MBT renovations. He is concerned, however, that committing to Phase Two will adversely affect fundraising, because the fundraising is targeting the entire regional project. David mentioned connection of cultural district with waterfront. The City hopes to obtain federal funding or grants for the waterfront. Charlie favors Option A. Phil reminded the Mayor that Phase Two of the renovations would require the theater to be closed for six months and necessitate a subsidy of \$70,000 - \$84,000. David favors Option B. Robin concluded

that the PFD wants to do Phase Two of the Mount Baker Theatre renovations; it's just a question of timing.

3. Update from Tom Livesay on operational costs of proposed new museum facilities. Tom distributed updated handouts, which include the square footage analysis given in the Skramstad report. Tom reported there has been an additional internal study of the Museum that coincided with the Skramstad report, which looked at the square footage of the museum, earned income possibilities, and a reduction in cost associated with new employees, who are supported by the Museum Society instead of the City. Subsequent earned income from the shop, possibly from admissions and facility rentals, can now be fairly safely projected. A museum shop expansion is planned, with the intention of moving it to the ground floor with access to the street. Regarding museum food service, museums don't have a food service to make a profit. Sources of revenue could be the museum shop and admission fees. Currently, the Whatcom Museum has a voluntary box. There are 103,000 – 105,000 visitors per year. Tom believes that amount would be cut by half if there were an admission fee. He is not in favor of charging an admission fee. Earned income from the Children's Museum is minimal, but so is the space. The Syre building could be used for photo archives and exhibits could be used in the 1892 building for history. In conclusion, there would be a \$171,687 net increase in operations costs for the new children's museum and art gallery. Projected earned income of \$70,000 would reduce the increased costs to \$101,687.

4. Second Quarter 2004 Financial Report. Therese reported that the actual sales tax rebate revenue is expected to be higher than budgeted. The PFD has drawn \$6 million from interfund loans. Expenses are 23%, and revenues are 27% of the annual budget. There will be a budget modification in the third quarter.

5. Discussion of scope of work for Streetscape Design with Jerry Ernst, Architect and Urban Designer. Patricia Decker introduced Jerry Ernst, who is a principal on the Waterfront Futures Project Group work and the lead person who put together the design assistance team as part of the Waterfront Futures Project. He has also walked around the area of Bellingham where the PFD has its regional center projects to obtain some orientation. Patricia explained that Jerry would talk to the board members about the nature of the streetscape design process to inform the creation of an RFQ. Jerry stated that he is trained as both an architect and an urban planner, and has practiced urban design for the last 35 years. He is interested in designing great communities and great places. He enjoys place making and places in cities that people enjoy and people are drawn to. He asked why the PFD wants to do a streetscape project and what it hopes to accomplish with it. Dunham responded he wants to give the regional center a clear sense of identity, helping people know they've arrived somewhere, and creating a critical mass of activity. Robin said she wanted to create a sense of place. David said he would like to create an appeal to the private sector. Jerry mentioned the master plan for the Seattle Center that he worked on in 1989. There have been over \$600 million worth of investments subsequent to the master plan. He asked the board members to be cautious about what they can accomplish with streetscape projects. Robin mentioned connecting important places, describing the cultural center in a shape of a

triangle initially, and then more as a diamond once the waterfront was included. Jerry expressed his concern about spreading energy too broadly. Creating a place that has some energy and identity is sometimes easier to do if it is concentrated rather than diffused. Streetscape deals with sidewalks, street furniture, and landscaping, sometimes referred to by architects as “urban perfume”. What makes a place are the activities that are adjacent to the street. People are drawn to places that are interesting, active, and energized. Streetscape is only part of that. He is concerned about what is happening on the privately-owned property and what will happen as a result of the investments that have been made here that will help to make this an interesting place. He is concerned about gaps such as blank storefronts, blank building walls or parking lots. Common paving materials, banners, streetlight, and hanging flower baskets help with identity, but may not draw people there. Jerry agreed that it would be more appropriate for the City to do the streetscape project. The PFD might provide enhancements and embellishments that create a special place, such as public plazas, public parks, and pockets of art.

Discussion:

Jerry stated that the City has spent time, energy and money on improving Central Avenue as the link to the waterfront. The PFD needs to decide where the points of arrival are. Jerry thinks the PFD has some options for the connections. Phil noted that there is very little retail in this area. Jerry agreed, but said the PFD shouldn't try to compete with the downtown. Major civic spaces are best located where most paths cross. Libraries create a great amount of activity. Robin wants to bring elements of the cultural district within reach of the average person walking to and from the district. Jerry thinks it is important to focus on spaces rather than buildings for identifiers, as he experienced with the Seattle Center. Jerry suggested having a consultant to take the PFD through a public process to come up with a framework and a set of principles that will shape the regional center. Perhaps the City could do the basic streetscape, and then the PFD could fund the embellishments or deal with the “sore spots”. Jerry sees Champion Street as a “people street” between the downtown and cultural district. The street grid changes at Champion Street. Dunham sees Flora as the connection. Some discussion ensued regarding the boundaries and gateways of the cultural district, as well as potential for new public spaces adjacent to the Library building and 216 Grand Avenue. Dunham asked what sort of people would be needed on a design team for the streetscape RFQ. Jerry responded that people who live and work here need to be involved in the process. The necessary professional disciplines involved are urban design, transportation and circulation, landscape architecture, and someone good at public participation and communication. Several options should be considered. Patricia advised that it should be a joint project between the City and the PFD. Dunham would like to issue the RFQ in September or October for a framework plan only. Charlie is concerned about rushing this, when the board hasn't clearly defined what it wants. Patricia and Jerry need to discuss and work with David as chair of the Design Committee will work with Patricia and Jerry.

6. Update on design competition process and decision on PFD representatives for the stakeholders group and jury. Charlie reported that the stakeholders met with Bill

Liskamm, the Design Competition Advisor, and the group is identifying jurors for the competition. The next meeting will take place on August 27, when the group will attempt to put together a definition to the potential competitors. Most correspondence will be through the Internet, which reaches a broader audience and reduces expenses. Tom Livesay, Jeff McClure, Phil Sharpe, Dunham Gooding, Don Keenan, Patricia Decker, Charlie Self, and Andrea Evans are on the stakeholders committee.

Discussion:

Phil expressed his wish for more people on the board to become involved with various projects. He asked if Robin would like to take his spot on the stakeholders committee. Robin had no objection to acting on the stakeholders committee in addition to the streetscape committee, although she liked the idea of Phil continuing to be engaged even after he is off the board. Charlie added that there is a benefit to having community people as opposed to having an excessive number of PFD board members. Phil is concerned about the perception that there are only representatives of the PFD and the Museum on the committee. Dunham responded that the stakeholders committee is seeking community members who are also enthusiasts of the regional center. Don reminded the board that Bill Liskamm had suggested that there be representation on the committee of people respected and admired by the Bellingham community. Tom agreed that Bill Liskamm was trying to include more people who wanted to participate.

Next, the board considered the PFD board members who would serve on the jury. Dunham mentioned that the stakeholders committee will recommend to the PFD the composition of the jury, including a PFD representative, a Museum representative as well as Tom Livesay, a local architect, and four non-local design professionals. Dunham said that the committee recommended the PFD representative to be Charlie Self or himself, and Charlie had said that he'd be away for the early part of the fall. The committee recommended Tom Livesay, as Executive Director of the Museum, Jeff McClure as the local architect (and Vice President of the Museum). There would also be a well-respected, well-known local representative not directly connected to the Museum.

There followed a very lengthy, discussion whereby Dunham Gooding explained why he wanted to serve on the jury and why some of the other board members thought he should not. Dunham's qualifications and background to were not disputed; rather, the public perception that the jury would be heavily weighted in favor of the Museum, should Dunham serve. Phil and Robin explained again how important it is to separate the PFD from the entities it serves or promotes.

Robin asked staff for a visual timeline of all of the elements of the PFD's ongoing work, including the design competition, the streetscapes, bonding, etc. Patricia said that would be helpful to her, too.

David Warren MOVED THAT THE PFD ACCEPT THE STAKEHOLDER COMMITTEE'S RECOMMENDATIONS OF TOM LIVESAY, JEFF MCCLURE, AND

DUNHAM GOODING TO FILL THREE OF THE FOUR LOCAL POSITIONS ON THE DESIGN COMPETITION JURY. Charles Self seconded.

Motion failed 2-3, Phil Sharpe, Charlie Self and Robin Halliday opposed.

Discussion

David felt he could not serve because he is involved with the political season until early November, and is serving on the streetscape committee. When asked, Robin stated that she would not presume to do the job that Dunham could do, but that she would be willing to serve on the jury, as she is interested in the outcome of the design competition.

Phil Sharpe MOVED THAT THE PFD ACCEPT THE STAKEHOLDER COMMITTEE'S RECOMMENDATIONS OF TOM LIVESAY, JEFF MCCLURE, AND ROBIN HALLIDAY TO FILL THREE OF THE FOUR LOCAL POSITIONS ON THE DESIGN COMPETITION JURY. Charles Self seconded.

Motion failed 2-2, Dunham Gooding and David Warren opposed. Robin Halliday abstained.

Robin then voted for the motion.

Motion carried 3-2, Dunham Gooding and David Warren opposed.

Dunham stated that the consensus of the board was to defer making a motion on the bond decision until the next board meeting.

7. Staff Report. Don reported that the PFD purchased 216 Grand Avenue. [David Warren left at this point]. The substantial completion date for Phase One of Mount Baker Theatre Renovations is August 6, 2004. September 10 is the opening celebration.

8. Old Business. Don mentioned costs associated with the Mount Baker Theatre events on September 10 and September 18. He asked the board to authorize up to \$4,500 for expenditures on the celebration.

Phil Sharpe MOVED THAT THE PFD AUTHORIZE UP TO \$4,500 FOR ADVERTISING AND OTHER EXPENSES RELATED TO THE GRAND OPENING OF THE FIRST PHASE OF MOUNT BAKER THEATRE. Charles Self seconded.

Motion approved 4-0.

9. New Business. Don informed the board about a potential lease with Cascade Vocational Services for 12 – 18 months for less than 16,000 square feet of the building at 216 Grand Avenue. Lydia Bennett, a property manager consultant for the City, stated that the market rate is \$10 - \$12 per square foot, but normally it's hard to find someone willing to rent a commercial space for 12-18 months, so the rate would be \$9 per square

foot, with the lessee making about \$6,000 worth of tenant improvements. Robin asked about the timing of the design competition. If it is completed in January or February, she thinks 18 months seems excessive. With design underway in September, the building would need to be vacated after 12 months. Don said the lease could be set up for one year with possible renewal at the District's sole discretion. Heather would prefer that the lease expire, as the PFD could always renew it.

Phil Sharpe MOVED TO LEASE THE BUILDING FOR 12 MONTHS, WITH AN OPTION FOR THE PFD TO RENEW THE LEASE AT ITS SOLE DISCRETION, AT THE \$9 PER SQUARE FOOT RATE, SUBJECT TO CONFIRMATION OF PFD'S LEGAL COUNSEL AND CITY COUNCIL. Robin Halliday seconded.

Motion approved 4-0.

ADJOURNMENT

Dunham Gooding adjourned the meeting at 3 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT

210 Lottie Street
Bellingham, Washington 98225

AGENDA

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING

WEDNESDAY, JULY 28, 2004

11:00 A.M. – 2:00 P.M.

Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

During this period of time, citizens may speak informally to the Board on subjects not scheduled for public hearing. EACH SPEAKER IS ALLOWED A MAXIMUM OF THREE MINUTES. If the speaker has written comments for the Board, an additional copy should be handed to the Administrative Assistant, preferably before the meeting, for our office files.

APPROVAL OF MINUTES

*Approve minutes of the June 23, 2004 board meeting.

*Approve minutes of the June 25, 2004 special board meeting.

PRESIDENT'S REPORT

BUSINESS

1. Fundraising Update.
2. Funding/Bond Discussion.
3. Discussion of scope of work for Streetscape Design with Jerry Ernst, Architect and Urban Designer.
4. Update from Tom Livesay on operational costs of proposed new museum facilities.
5. Second Quarter 2004 Financial Report.
6. *Update on design competition process and decision on PFD representatives for the stakeholders group and jury.
7. Staff Report.
8. Old Business.
9. New Business.

*Action items.

ADJOURNMENT

FOR CITIZENS WITH SPECIAL NEEDS, the Mayor's Boardroom is fully accessible. Elevator access to the second floor is available at City Hall's west entrance. Hearing assistance is available in the Mayor's Boardroom and a receiver may be checked out through the clerk prior to the meeting. For additional accommodations, persons are asked to contact Alison Henshaw at 676-6979 at least 3 working days in advance of the meeting. Thank you.

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT

210 Lottie Street
Bellingham, Washington 98225

MINUTES OF THE PUBLIC MEETING OF THE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT FRIDAY, JUNE 25, 2004

CALL TO ORDER

Dunham Gooding, President, called the meeting to order at 9:34 a.m.

ROLL CALL

Board members present were Jerry Chambers, Dunham Gooding, Robin Halliday, Charles Self, Philip Sharpe and David Warren. Manca Valum was excused.

BUSINESS

Approve interfund loan of \$3,000,000 from the City of Bellingham's Wastewater Fund to the Bellingham-Whatcom Public Facilities District for the purpose of financing the continued development of the regional center, including a proposed teaching gallery and children's museum. Don Keenan distributed a copy of the City Council agenda bill and ordinance, explaining that the loan is from the City to the Public Facilities District and that it will need to be repaid when the bonds are sold or by December 31, 2005 at the latest.

David Warren MOVED TO APPROVE THE INTERFUND LOAN OF \$3,000,000 FROM THE CITY OF BELLINGHAM'S WASTEWATER FUND TO THE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT FOR THE PURPOSE OF FINANCING THE CONTINUED DEVELOPMENT OF THE REGIONAL CENTER, INCLUDING A PROPOSED TEACHING GALLERY AND CHILDREN'S MUSEUM. Charles Self seconded.

Motion carried 6-0.

Report of Executive Session. The board received a report from staff regarding property acquisition.

David Warren MOVED TO ENTER INTO AN ASSIGNMENT AGREEMENT FOR THE PURCHASE OF THE FORMER EMPLOYMENT SECURITY BUILDING, 216 GRAND AVENUE, BELLINGHAM. Charles Self seconded.

Motion carried 6-0.

ADJOURNMENT

Dunham Gooding adjourned the meeting at 10:02 a.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT

210 Lottie Street
Bellingham, Washington 98225
(360) 676-6979

AGENDA

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT

SPECIAL MEETING

FRIDAY, JUNE 25, 2004, 9:30 a.m.

**Mayor's Board Room, City Hall,
210 Lottie Street, Bellingham, WA 98225**

Call to Order

Roll Call

Business:

*Approve interfund loan of \$3,000,000 from the City of Bellingham's Wastewater Fund to the Bellingham-Whatcom Public Facilities District for the purpose of financing the continued development of the regional center, including a proposed teaching gallery and children's museum.

Executive Session (RCW 42.30.110): An executive session to discuss property acquisition.

Report of Executive Session

Adjournment

*Action item.

FOR CITIZENS WITH SPECIAL NEEDS, the Mayor's Boardroom is fully accessible. Elevator access to the second floor is available at City Hall's west entrance. Hearing assistance is available in the Mayor's Boardroom and a receiver may be checked out through the clerk prior to the meeting. For additional accommodations, persons are asked to contact Alison Henshaw at 676-6979 at least 3 working days in advance of the meeting. Thank you.

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT

210 Lottie Street
Bellingham, Washington 98225

MINUTES OF THE PUBLIC MEETING OF THE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT WEDNESDAY, JUNE 23, 2004

CALL TO ORDER

Dunham Gooding, President, called the meeting to order at 11:08 a.m.

ROLL CALL

Board members present were Jerry Chambers, Dunham Gooding, Robin Halliday, Charles Self, Philip Sharpe and David Warren. Manca Valum was excused.

OPEN PUBLIC COMMENT PERIOD

No public comment.

APPROVAL OF MINUTES

Charles Self MOVED THAT THE MINUTES OF THE MAY 25, 2004 REGULAR BOARD MEETING AND THE MINUTES OF THE JUNE 14, 2004 SPECIAL BOARD MEETING BE APPROVED AS DRAFTED. Jerry Chambers seconded.

Motion carried 6-0.

BUSINESS

1. Fundraising Update. Dunham reported that leadership has coalesced. He met a week and a half ago with private fundraisers, Karen Rotko-Wynn, Brad Burdick, Tom Livesay, and the Presidents and Vice Presidents of the Theatre and Museum boards. Dunham recapped the PFD's broad visions on the cultural district project. The fundraisers have reasserted their commitment to the larger project. The fundraising group will meet again next Monday.

2. Discussion of Streetscapes and Location of Future Elements of Regional Center with Possible Board Action. David Warren, Chair of the Design Committee, reported that the committee met at 9:30 a.m. today. Members discussed how the regional center might look, the elements it would comprise, and its boundaries. It may not be a triangle as earlier discussed, but perhaps a diamond. Robin Halliday said the board is at a point where it needs design consultation to help define an RFQ and go out and select urban designers and landscape architects that can work with the board. The board needs to be clear about what it wants from the professionals. The Design Committee began its discussions on streetscapes but decided it should cover more than that. The unveiling of the Mount Baker Theatre to the public in September will be a good opportunity to communicate the overall regional center. It would be useful to have a concrete visual of the streetscape to share with the public at that time. Streetscapes and gateways could be used as a definition for the cultural district, including gateways to other districts –

e.g., the waterfront. Defining the boundaries with streetscape clearly outlines for the community where the cultural district is located. Dunham however suggested a larger, “master plan” vision. The board needs to define what it wants – either the look and feel of boundaries and gateways or if it is more – like how it will spur private investment. David expressed the need for a connection between the cultural district and the waterfront. Dunham said the streetscape design was held off previously because of some unknowns, particularly the location of the museum. Acting now will give the public and developers an idea of what the regional center is expected to look like and provide a tool for fundraisers. Dunham suggested hiring an urban designer and landscape designer and have them suggest potential uses for development. Robin mentioned inviting Patricia Decker to the board because of her experience in visioning for waterfront futures. Robin explained to Heather Wolf that the board was not trying to redefine the regional center; it was just trying to better define it within the civic center.

Discussion:

Phil asked Dunham for his best argument on the “master plan”. Dunham responded that he would like graphic representations of potential development uses for properties in the cultural district, providing a vision of what could be achieved. Phil warned that the board could not expend public money for private benefit. Dunham replied that if it were allowable by law and if the board were convinced by professionals that it would be beneficial, he would like to include available sites for private development. Phil expressed that if developers could see a district with a concept, definition and boundaries, they would be able to see its potential themselves. Robin is concerned about Centennial Project work done already – the board must not replicate that. Dunham added that the Library’s future site is unknown and that the County is looking at potential major development downtown, so he would envision the design team talking to County representatives. Phil Sharpe suggested hiring the consultants and asking them to advise the board on anything over and above the definition of the area.

Robin Halliday MOVED TO SPEND UP TO TWO THOUSAND DOLLARS (\$2,000.00) FOR DESIGN CONSULTATION TO ASSIST THE PFD IN DRAFTING AN RFQ FOR ITS PROJECT, WHICH MAY INCLUDE STREETScape, GATEWAY IDENTIFICATION, KEY ELEMENTS OF THE DISTRICT, OR MORE. Charles Self seconded.

Phil Sharpe MOVED TO AMEND THE MAIN MOTION TO INCREASE THE AMOUNT UP TO FIVE THOUSAND DOLLARS (\$5,000.00). Jerry Chambers seconded.

Amendment Motion carried 6-0.

Main Motion carried as amended 6-0.

3. Update on Selection Process for Design Competition Advisor Services. Don Keenan is working on the contract with Bill Liskamm and David Robinson, which should be in place in a couple of weeks. Responses to an initial RFQ should be back by October. Twenty to twenty-five responses are expected, which would go through a screening process. The top three would each get an honorarium, possibly \$20,000. The three

groups would then develop their proposals, and submit them in January or February. A jury will review the projects and make a recommendation to the PFD Board. Public input will definitely be part of the process. All these details are being discussed, as well as the dimensions of the site and a budget. Don mentioned that a cost consultant would review the architects' estimates to ensure the designs are buildable within the project's budget. Robin opined that the streetscape design would be relevant to the design competition. Don added that the museum's programs would have an influence on the museum's design.

4. Staff Report. Regarding Mount Baker Theatre construction, Don reported that he had a walk-through yesterday with the project architect. Substantial completion is still expected on August 6. The issues with the paint work and tile-work should be resolved by then. The storefront glass should arrive on July 2. Don expects the project to be within budget and on time. There are some bonding issues related to the Mount Baker Theatre Management Agreement, which Heather has been working on. Heather reported that under the interlocal agreement, the PFD has given the City the ability to operate the PFD-owned part of the theatre. One problem is the parking lot, because the PFD owns it, and theatre employees want to use it but must pay fair market value. This issue will be covered under a side agreement. The City will need to make a decision on its one-third-match contribution before the July PFD board meeting. The City is exploring its options. Phil wants a discussion with the City Council about future funding from the City to the Mount Baker Theatre and Museum for operations. Charlie agreed that issue needs to be resolved before bonding can go ahead, along with the priorities of how the PFD will use its funds, including the match from the City. Charlie wants to meet with the Mayor on the City's match. He cautioned that interest rates are moving up, so the PFD needs to go ahead with bonding soon.

5. Old Business. None.

6. New Business. None.

7. Report of Executive Session. The board received reports from staff and the board gave staff further direction regarding property acquisition.

ADJOURNMENT

Dunham Gooding adjourned the meeting at 12:54 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT

210 Lottie Street
Bellingham, Washington 98225

AGENDA

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING

WEDNESDAY, JUNE 23, 2004

11:00 A.M. – 2:00 P.M.

Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

During this period of time, citizens may speak informally to the Board on subjects not scheduled for public hearing. EACH SPEAKER IS ALLOWED A MAXIMUM OF THREE MINUTES. If the speaker has written comments for the Board, an additional copy should be handed to the Administrative Assistant, preferably before the meeting, for our office files.

APPROVAL OF MINUTES

*Approve minutes of the May 25, 2004 board meeting.

*Approve minutes of the June 14, 2004 special board meeting.

PRESIDENT'S REPORT

BUSINESS

1. Fundraising Update.
2. *Discussion of Streetscapes and Location of Future Elements of Regional Center with Possible Board Action.
3. Update on Selection Process for Design Competition Advisor Services.
4. Staff Report.
5. Old Business.
6. New Business.
7. Executive Session (RCW 42.30.110) regarding property acquisition.
8. Report of Executive Session.

*Action item.

ADJOURNMENT

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BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT

210 Lottie Street
Bellingham, Washington 98225

AGENDA

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT

DESIGN COMMITTEE MEETING

WEDNESDAY, JUNE 23, 2004

9:30 A.M. – 11 A.M.

Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham

CALL TO ORDER

BUSINESS

1. *Approve minutes of the March 11, 2004 Design Committee Meeting.
2. Discussion of streetscape design for the Regional Center.

*Action item.

ADJOURNMENT

FOR CITIZENS WITH SPECIAL NEEDS, the Mayor's Boardroom is fully accessible. Elevator access to the second floor is available at City Hall's west entrance. Hearing assistance is available in the Mayor's Boardroom and a receiver may be checked out through the clerk prior to the meeting. For additional accommodations, persons are asked to contact Alison Henshaw at 676-6979 at least 3 working days in advance of the meeting. Thank you.

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT

210 Lottie Street
Bellingham, Washington 98225

MINUTES OF THE PUBLIC MEETING OF THE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MONDAY, JUNE 14, 2004

CALL TO ORDER

Dunham Gooding, President, called the meeting to order at 11:08 a.m.

ROLL CALL

Board members present were Jerry Chambers, Dunham Gooding, Robin Halliday, Charles Self, Philip Sharpe and David Warren. Manca Valum was excused.

BUSINESS

Approve selection of a design competition advisor for the children's museum and teaching gallery component of the regional center and authorize the Board President to enter into a contract with the selected advisor.

Don Keenan reported that the Design Competition Advisor review panel comprised five members: Charlie Self, Tom Livesay, Don Keenan, Jeff McClure, and Dick McKinley. The panel met on May 19, 2004 to review the five proposals received by the Purchasing office. These proposals were short-listed to two, and the panel interviewed both groups, discussed them after the interviews, and concluded that they would follow up with one. The team is made up of William Liskamm and David Robinson. Bill Liskamm is from San Rafael, California, and David Robinson is from San Francisco, California. Both are architects. David Robinson has developed five different museums in his experience. All references were positive, including statements that Liskamm is professional, flexible, having the ability to work with ideas from disparate groups and to bring them together. Don received very good feedback on David Robinson, too. The panel recommendation as a consensus is for William Liskamm and David Robinson as a team because they would involve the community to a greater degree. Liskamm has done 60 different design competitions, and is bringing David Robinson in because of the museum connection.

Discussion:

Phil Sharpe asked about the cost. Charlie responded that the price isn't fixed, but a budget to conduct this sort of competition should be between \$100,000 and \$150,000. The cost to the design competition advisor's services is about \$35,000. At the end of that process, there should be three well-developed concepts. The qualified jury of museum, architect and community representatives will make a recommendation to the board to present the three concepts and recommend the best one. These details will be worked out in the contract with Liskamm and Robinson. Tom said he was very impressed with their flexibility and willingness to engage the community in the process. Phil was concerned that the PFD will be taking some public criticism for the competition

– it could be seen as a wasting of money. He added that the PFD ought to have its talking points in order indicating why this was a thoughtful thing to do, why we think it's going to get the best product for the money, and that it's a worthwhile expenditure of funds. Dick McKinley opined that the reason it was so easy to pick Liskamm and Robinson is that there will be several opportunities for the community to come forward to say what they want the museum to be like. The PFD board is making the effort to do the process in a way that's very open, public, and respectful of the thoughts and ideas and opinions of the local people so they can become involved, give ideas, and review designs. Robin cited the Waterfront Futures Group as a good model for the PFD to follow. Charlie opined that the PFD's whole cultural center needed to be clarified and publicized. Phil would like to unveil the first project to the public before going on to the next. He'd like a community celebration for Phase One of the Mount Baker Theatre renovations. Charlie wants to emphasize how the Mount Baker Theatre renovations connect to the overall project. Phil thinks the opening of the Mount Baker Theatre is the opportunity to articulate that the renovations are part of the center. This would also assist the fundraising group in its task. Dunham described the fundraising group's interest and excitement about the potential for the streetscapes. Besides helping make the regional center successful, the streetscapes will also help bring in enthusiasm and support of other groups, including the arts groups and the American Museum of Radio and Electricity. Dunham expressed that now the PFD is close to finding a site for the Children's Museum, it may be time to hire a consultant for the streetscape design. The board could outline the types of consulting it needs to flush out this vision of the regional center, identifying hot pockets of opportunity, what the streets could look like, and how far will they reach down. Don suggested that the Design Committee meet next week.

Charles Self MOVED TO APPROVE THE SELECTION OF WILLIAM LISKAMM AS THE FIRST SELECTION AND STASTNYBRUN AS A FOLLOW UP IF ARRANGEMENTS CANNOT BE MADE WITH THE FIRST SELECTION FOR A DESIGN COMPETITION ADVISOR FOR THE CHILDREN'S MUSEUM AND TEACHING GALLERY COMPONENT OF THE REGIONAL CENTER AND AUTHORIZE THE BOARD PRESIDENT TO ENTER INTO A CONTRACT WITH THE SELECTED ADVISOR.

David Warren seconded.

Motion approved 6-0.

Report of Executive Session. The board held an executive session, received reports from staff regarding property acquisition, and gave them further direction.

ADJOURNMENT

Dunham Gooding adjourned the meeting at 12:00 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT

210 Lottie Street
Bellingham, Washington 98225
(360) 676-6979

AGENDA

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT

SPECIAL MEETING

MONDAY, JUNE 14, 2004, 11 a.m.
Mayor's Board Room, City Hall,
210 Lottie Street, Bellingham, WA 98225

Call to Order

Roll Call

Business:

*Approve selection of a design competition advisor for the children's museum and teaching gallery component of the regional center and authorize the Board President to enter into a contract with the selected advisor.

Executive Session (RCW 42.30.110): An executive session to discuss property acquisition.

Report of Executive Session

Adjournment

*Action item.

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BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT

210 Lottie Street
Bellingham, Washington 98225

MINUTES OF THE PUBLIC MEETING OF THE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT TUESDAY, MAY 25, 2004

CALL TO ORDER

Dunham Gooding, President, called the meeting to order at 11:06 a.m.

ROLL CALL

Board members present were Jerry Chambers, Dunham Gooding, Robin Halliday, Charles Self and David Warren. Philip Sharpe and Manca Valum were excused.

OPEN PUBLIC COMMENT PERIOD

Mike Smith, Zervas Group Architects, 209 Prospect Street, expressed his interest in hearing an update about the design competition for the Children's Museum. He explained the importance of site selection before the design process. He added that Zervas had not yet been contacted by the PFD, but Zervas is interested in being contacted and is willing to sell its property at the old Salvation Army building between the Children's Museum and Whatcom Museum. Dunham responded that the PFD is well aware of the importance of site selection and that it plans to select a site before the competition is underway.

APPROVAL OF MINUTES

Jerry Chambers MOVED THAT THE MINUTES OF THE APRIL 28, 2004 BOARD MEETING BE APPROVED AS DRAFTED. David Warren seconded.

Motion carried 5-0.

PRESIDENT'S REPORT

Dunham passed out to the board members a letter he had drafted to the Whatcom County Council regarding the Facilities Master Plan options. At County Council member Seth Fleetwood's request, Dunham met with him and explained the PFD's concerns about option two and comfort with option one. Dunham reported he had met with the executive committees of the Museum and Theatre.

1. Introduction of Harold and Susan Skramstad, museum consultants. The Skramstads have been hired to conduct a needs assessment study for the Museum. They will provide an independent view of the Museum's plans for its place in the cultural district. Harold Skramstad stressed the importance of cultural institutions in providing education and economic development, both of which are essential for community revitalization. The Skramstads will give their assessment, observations and recommendations to the Museum Society Board.

2. Fundraising Update. Charlie gave an update by reading aloud parts of an e-mail from the fundraising group's leader. A private capital campaign will be led by the Theatre and Museum. It will work hard to include other arts and cultural groups, such as the Bellingham Festival of Music. The campaign plans to engage a limited group of potential lead donors, with the aim of securing at least \$2.5 million in soft commitments (non-binding expressions of intention). There will be a partnering agreement between the private campaign and the PFD, including provision for matching PFD funds, with gifts to the campaign to complete the overall project. The fundraising group has been asked to make a proposal for naming opportunities. The proposal should be made at the next PFD board meeting. An anonymous donor has given money to support the initial phase of the fundraising, which includes the hiring of staff.

3. Update on Selection Process for Design Competition Advisor Services. There were five responses to the request for proposals. All of those who responded were well qualified. Three companies were eliminated and the group ended up with two who will be contacted again for personal interviews next week. Following the interviews will be reference-checking and a special board meeting may be needed to authorize the contract with the successful applicant.

4. Update from Centennial Project Consortium. None.

5. Staff Report. There was a construction meeting today. The roof problem is being resolved by tile replacement. The HVAC system is 80% in and the new power system will be in by the end of next week. The storefronts are in up to the marquee and work is being done on the theatre office area. There is a problem with the glass, which is three months behind schedule due to difficulty with a subcontractor. The glass is thick and has a special texture, and is not easy to obtain due to its particular specifications. Everything else is on schedule, including the plumbing and offices. Most items can be completed in spite of not having glass. An open house celebration is being discussed for the first part of September – possibly Friday, September 10. Don and Brad Burdick will continue working on this. A preliminary meeting has been held with the City Attorney and Finance Director regarding management of the new space in Theatre. Another tour of the construction site is possible this Friday or next Friday at 12 p.m.

6. Old Business. None.

7. New Business. None.

8. Report of Executive Session. The board held an executive session to discuss property acquisition and gave direction to staff.

ADJOURNMENT

Dunham Gooding adjourned the meeting at 12:40 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT

210 Lottie Street
Bellingham, Washington 98225

AGENDA

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING

TUESDAY, MAY 25, 2004

11:00 A.M. – 2:00 P.M.

Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

During this period of time, citizens may speak informally to the Board on subjects not scheduled for public hearing. EACH SPEAKER IS ALLOWED A MAXIMUM OF THREE MINUTES. If the speaker has written comments for the Board, an additional copy should be handed to the Administrative Assistant, preferably before the meeting, for our office files.

APPROVAL OF MINUTES

*Approve minutes of the April 28, 2004 board meeting.

PRESIDENT'S REPORT

BUSINESS

1. Introduction of Harold and Susan Skramstad, museum consultants.
2. Fundraising Update.
3. Update on Selection Process for Design Competition Advisor Services.
4. Update from Centennial Project Consortium.
5. Staff Report.
6. Old Business.
7. New Business.
8. Executive Session (RCW 42.30.110) regarding property acquisition.
9. Report of Executive Session.

*Action item.

ADJOURNMENT

FOR CITIZENS WITH SPECIAL NEEDS, the Mayor's Boardroom is fully accessible. Elevator access to the second floor is available at City Hall's west entrance. Hearing assistance is available in the Mayor's Boardroom and a receiver may be checked out through the clerk prior to the meeting. For additional accommodations, persons are asked to contact Alison Henshaw at 676-6979 at least 3 working days in advance of the meeting. Thank you.

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT

210 Lottie Street
Bellingham, Washington 98225

MINUTES OF THE PUBLIC MEETING OF THE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT WEDNESDAY, APRIL 28, 2004

CALL TO ORDER

Dunham Gooding, President, called the meeting to order at 11:08 a.m.

ROLL CALL

Board members present were Dunham Gooding, Robin Halliday, Philip Sharpe, Manca Valum and David Warren. Jerry Chambers and Charles Self were excused.

OPEN PUBLIC COMMENT PERIOD

Larry Nicholas, 2618 Huron Street, Bellingham, addressed the board with regard to the PFD's interest in purchasing his business property located at 200 Prospect Street. He explained that he owns the business, Accurate Lock & Security, Inc., which is located there, and that his parents own the property. He described his vision for developing the property at some later date and expressed his unwillingness to sell the property to the PFD.

Tom Livesay, 276 Briar Road, Director of the Whatcom Museum of History and Art, distributed to the board members the Planning Document for the Interactive Gallery at The Telfair Museum of Art's Jepson Center for the Arts. He thinks this captures what the Whatcom Museum hopes to do with regard to the teaching gallery, emphasizing interactive art with children. He reported that on May 25, 26, and 27, two leading experts, Harold and Susan Skramstad, will be coming to take a look at the museum's space needs and will be at the board meeting on May 25. The Skramstads' preliminary look at the numbers dramatically reduces the expected operating costs.

APPROVAL OF MINUTES

David Warren MOVED THAT THE MINUTES OF THE MARCH 24, 2004 BOARD MEETING BE APPROVED AS DRAFTED. Manca Valum seconded.

Motion carried 5-0.

PRESIDENT'S REPORT

Dunham Gooding reported that he had met with the Tourism Commission and given them an update on PFD activities. He discussed how that related to the growth of the tourism industry in this area. In the prior week, he met with the Museum Board.

1. Presentation by Harris Falkin of HDR, Inc. and Dewey Desler, County Deputy Administrator, regarding options for the Whatcom County Facilities Master Plan. Dewey gave some background on the plan, explaining that the County Council's next step is to

decide upon which option to pursue. Once the option is chosen, there will be public hearings on the plan. In any event, the County will go ahead with the construction of a minimum-security jail and alternative corrections center to take the load off the main jail. Harris followed Dewey's introduction with a PowerPoint presentation on the master plan options. HDR examined the possibility of using the current footprint of the County's buildings for county government programs. However, this would not work as the buildings would need to be twelve stories high and would obscure the waterfront, dwarfing the existing government buildings located in the civic center.

There are two main options for the plan:

1. The law and justice functions would be located outside of the courthouse complex, but still within Bellingham's city limits. The administrative functions would remain downtown. The new law and justice center would require 50 acres, and be built horizontally. Building vertically would cost up to ten times as much, including cost of operations.
2. The courthouse complex would become the new law and justice center. The county administrative headquarters would move out, but still be within Bellingham's city limits. The new county administrative center may need 4 to 5 acres.

Option 1 would cost \$161,752,351 in construction costs.

Option 2 would cost \$174,947,573 in construction costs if the law and justice center were located north of the courthouse, or \$175,822,334 if the law and justice center were located south of the courthouse.

Dewey Desler reported that the Law and Justice steering committee recommended option one, but some local attorneys want the courts to remain downtown.

2. First Quarter 2004 Financial Report. Therese Holm, Bellingham Finance Director, gave the First Quarter 2004 Financial Report. She also distributed an updated report regarding Projected PFD Revenues for 2004.

3. Presentation by Therese Holm, Bellingham Finance Director, regarding proposed bond financing. Therese introduced this item by saying that \$4.6 million has been spent or committed on Phase I of the Mount Baker Theatre project, and the next known element of the Regional Center is the Children's Museum and Teaching Gallery, which is estimated to cost \$8.5 million for construction, including land acquisition. The other two elements of the Regional Center include the proscenium theatre, which is estimated at \$11 - \$13 million and streetscapes at \$1 - \$2 million. The total estimated cost for all those projects is \$40 million. Private fundraising of \$9 million will be needed for operations and maintenance costs of the new facilities.

The current projected timeline for project completion is as follows:

- The land purchase for the Children's Museum and Teaching Gallery is anticipated to occur this year, with the study to review the cost of the land and building expected to be complete in June 2004;
- The design competition for the Children's Museum and Teaching Gallery should be completed in February 2005, with construction completed in September 2007.

No major additional expenses are expected beyond these items. Therefore, Therese recommends waiting until we have more information before issuing a bond. The first bond issue would be for Phase I of the Mount Baker Theatre project and the Children's Museum and Teaching Gallery. The timing of the bond issue should be when the cost of the project is known, the timeline for completion is reasonably certain, and a funding plan for operations and maintenance is in place. The interim plan is to:

- Fund the land purchase with an additional interfund loan from the City;
- Review the results of the museum study;
- Create a funding plan for operations and maintenance costs for the new capital facilities; and
- Revisit the timeline in June or July.

4. Decide on set-aside amount for Mount Baker Theatre Fixtures, Furnishings and Equipment. Brad Burdick presented an amended priority list of the FF&E items, totaling \$151,400 instead of the previously requested \$228,210. Don Keenan explained that at the last meeting, he had anticipated there would be \$150,000 available for FF&E items. However, since then, the architects and contractors have discovered that we need to replace the tiles on the roof of the theatre. The 77-year old tiles had to be removed for gutter work, but were breaking upon removal. It will cost about \$40,000 to construct a new roof, not including the marquee. Also, an additional hole will need to be cut in the backstage wall and fire doors installed. The final cost of this work is unknown. Because of these two new items, John Tawes, the project manager, is not comfortable with allowing anything more than \$100,000 for the FF&E items. Don recommended the Board authorize him to continue working with Brad Burdick and the Theatre to spend up to \$100,000 on FF&E items, and then to revisit this request as we get closer to finishing the project to see if there is additional money available. The total of \$3,318,568 is the board-approved amount budgeted for the project. If the PFD approves the entire amount, then the project cost could go over budget. Following board discussion,

Manca Valum MOVED TO AUTHORIZE THE PFD TO PURCHASE THE ITEMS SET FORTH IN COLUMN THREE OF THE "MOUNT BAKER THEATRE CAPITAL ITEMS LIST" IN AN AMOUNT NOT TO EXCEED \$151,400 FOR THE STUDIO THEATRE, WHICH IS PART OF THE REGIONAL CENTER.

David Warren seconded.

Motion carried 5-0.

5. Fundraising Update. Brad Burdick and Tom Livesay made presentations at the most recent fundraising group meeting. The campaign is entering the pre-campaign planning phase and leadership is emerging. An anonymous donor has given money to support the work of the fundraising group, including the hiring of staff.

6. Update from Centennial Project Consortium. Mauri Ingram made a presentation to an Art Class at Western Washington University. Tom Livesay and Jeff McClure went to Eugene, Oregon, to visit the university's museum there, which is having an addition constructed. They were heartened to see what can be done at a cost of \$250 per square foot.

7. Staff Report. The City's Public Works Department had its first meeting two weeks ago regarding the apprenticeship program. Participants were representatives of construction companies, the State Building Association, Whatcom County Building Industry Association and unions. The purpose of the meeting was to listen, record, and understand issues. The next step may be a meeting to include subcontractors and others. Theatre construction is on schedule, although the storefronts are a little behind and a glass contractor went bankrupt. Overall it's going well and August 6 remains the date for substantial completion. David reported on the successful tour of the construction site held on Friday, April 9.

8. Old Business: Letter from Whatcom County Council regarding options for the Whatcom County Facilities Master Plan. Phil Sharpe disclosed his interest and recused himself. After some discussion, board members agreed that Dunham should draft a letter of response for their review, supporting option one, thanking the County Council and addressing the facilities' use, architecture, economic stimulus, and sense of place.

9. New Business: Phil asked whether the PFD could pay towards the grand opening of the newly renovated portion of the Mount Baker Theatre. Heather advised that as the Mount Baker Theatre renovations are part of the regional center, PFD funds could be used. Robin would like the opening to be well publicized.

10. Report of Executive Session. The board held an executive session to discuss property acquisition and gave direction to staff.

ADJOURNMENT

Dunham Gooding adjourned the meeting at 2:10 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT

210 Lottie Street
Bellingham, Washington 98225

AGENDA

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING

WEDNESDAY, APRIL 28, 2004

11:00 A.M. – 2:00 P.M.

Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

During this period of time, citizens may speak informally to the Board on subjects not scheduled for public hearing. EACH SPEAKER IS ALLOWED A MAXIMUM OF THREE MINUTES. If the speaker has written comments for the Board, an additional copy should be handed to the Administrative Assistant, preferably before the meeting, for our office files.

APPROVAL OF MINUTES

*Approve minutes of the March 24, 2004 board meeting.

PRESIDENT'S REPORT

BUSINESS

1. Presentation by Harris Falkin of HDR, Inc. regarding options for the Whatcom County Facilities Master Plan.
2. First Quarter 2004 Financial Report.
3. Presentation by Therese Holm, Bellingham Finance Director, and Dave Trageser of Bank of America Securities regarding proposed bond issue.
4. *Decide on set-aside amount for Mount Baker Theatre Fixtures, Furnishings and Equipment.
5. Fundraising Update.
6. Update from Centennial Project Consortium.
7. Staff Report.
8. Old Business: Letter from Whatcom County Council regarding options for the Whatcom County Facilities Master Plan.
9. New Business.
10. Executive Session (RCW 42.30.110) regarding property acquisition.
11. Report of Executive Session.

*Action item.

ADJOURNMENT

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BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT

210 Lottie Street
Bellingham, Washington 98225

MINUTES OF THE PUBLIC MEETING OF THE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT WEDNESDAY, MARCH 24, 2004

CALL TO ORDER

Dunham Gooding, President, called the meeting to order at 11:12 a.m.

ROLL CALL

Board members present were Jerry Chambers, Dunham Gooding, Philip Sharpe, Manca Valum and David Warren. Robin Halliday joined the meeting via telephone at approximately 11:40 a.m. Charles Self was excused.

OPEN PUBLIC COMMENT PERIOD

No public comment.

APPROVAL OF MINUTES

Jerry Chambers MOVED THAT THE MINUTES OF THE FEBRUARY 25, 2004 BOARD MEETING BE APPROVED AS DRAFTED. David Warren seconded.

Motion carried 5-0.

PRESIDENT'S REPORT

Dunham Gooding reported that *The Bellingham Herald* had interviewed him. Also, Dunham spoke with a representative doing a newsletter from Caldwell Banker.

1. Approve 2004 Budget Amendment/Reappropriation. Therese Holm explained that each year when the City closes the books, it adjusts the beginning balance of each of the City's funds, including the Bellingham-Whatcom Public Facilities District fund, from the budgeted beginning balance to the actual beginning balance. That is the first amendment. The second amendment is to carry forward those budget items from 2003 that were committed through a purchase order or other commitment but not spent at year-end. The third amendment is to carry forward those 2003 authorized budget items that were not committed but intended to be spent and have been spent in 2004. These items were approved by City Council in budget ordinances on March 22, 2004. The board needs to approve the amendments to maintain symmetry within the board-approved budget for 2004 and the 2004 budget that the City Council has approved.

David Warren MOVED TO APPROVE THE 2004 BUDGET AMENDMENTS AS PRESENTED. Manca Valum seconded.

Motion carried 5-0.

2. Discuss and take action on Design Committee's Recommendations: 1) to authorize a two-stage design competition for the design of a new museum; and 2) to authorize an RFQ process for a design competition advisor. David Warren is chair of the Design Committee. He reported that the committee met last week and discussed three potential design processes: an open competition, a two-stage design competition, and a two-stage design-build competition. Although the open competition is an exciting idea, there are many pitfalls associated with it. The two-stage design competition allows for creativity and potentially 3-5 different designs. The two-stage design-build competition can be expensive if any changes are needed. David is convinced that a two-stage design competition is the best choice for the board.

David Warren MOVED TO APPROVE AND AUTHORIZE A TWO-STAGE DESIGN COMPETITION FOR THE DESIGN OF A NEW MUSEUM. Jerry Chambers seconded.

Discussion:

Phil asked for an explanation of a two-stage design. Dunham responded that first an RFQ is put out. From those firms that respond, a certain number are selected for interviews, and then a smaller number would be in the competition. For example, 6–10 firms could be interviewed and then 3-5 could be chosen to compete. At this point, the competing firms would each be paid a fee, such as \$25,000, and those firms would come up with designs under given parameters. Phil asked if there would be an added cost to the project design by having the competition. According to the American Institute of Architects, it can add 1 – 2% to the project cost. Phil asked if the committee had looked at the cost. Manca responded that it had looked at the cost of \$70,000 for doing the competition, and the value that would be added due to the competition such as increased interest in the project, the likelihood of a higher quality design, and the opportunity to promote Bellingham regionally. Jerry believes the competition would merit the cost for the end product. Phil asked that this agenda item be tabled until later in the meeting. No one had an objection to his request.

3. Decision: Shall the PFD go ahead with Phase II of the Mount Baker Theatre Renovations in 2005?

Discussion:

Jerry explained that the board needs to look at Phase II at some point, but expressed his concern about the fundraising element. He thought it was a little premature to go ahead with Phase II. David Warren agreed. Dunham said the fundraising group is still coalescing.

Phil Sharpe MOVED TO DEFER A DECISION ON PHASE II OF THE MOUNT BAKER THEATRE RENOVATIONS, SUCH THAT THE PFD WILL NOT MAKE A COMMITMENT TO DO IT IN 2005. Jerry Chambers seconded.

Motion carried 5-0.

(Robin Halliday joined the meeting at this point).

Brad is interested in whether or not the PFD will be going ahead with Phase II in 2006, as this will affect booking shows. The board is not prepared to answer that at this time.

4. Discuss letter from the Mount Baker Theatre Board seeking a funding allocation for Theatre-related purchases. Don Keenan explained that he spoke with Brad Burdick and Sherrill Myers regarding the FF&E items (Furniture, Fixtures and Equipment). These items are generally included in soft costs. The PFD's project includes 33% soft costs, such as architects' fees, taxes, construction management, contingency fee, and FF&E. Don is looking to discuss the items with the Mount Baker Theatre representatives and come up with priorities. The PFD can review the FF&E items, but needs to stay within budget. The PFD is prepared to spend some money on the FF& E items, but cannot commit to an amount until the list is revised. Don estimates that there would be approximately \$150,000 available for FF&E items. There needs to be some flexibility in what the PFD can fund in case other funding is available for the items. Don will work with Brad on determining precise costs and a priority list and bring this agenda item back to the board on April 28, 2004. Brad mentioned the possibility that some of the FF&E items may be donated to the Theatre. Phil brought up related ownership issues. Therese Holm suggested that the PFD analyze the impact of operational costs at the time it approves projects. Jeff McClure explained that the Museum Society is hiring consultants to look at expected operational costs for a new museum building. The consultants' report should be available within about four weeks. A general discussion about PFD project costs and fundraising sources ensued.

5. Fundraising Update. Members of the fundraising group interviewed Dunham for more history and background and methodologies of the PFD. They have scheduled meetings with the Executive Directors and Board Presidents of the institutions involved in preparation for the next meeting, which will take place in a week and a half.

6. Update from Centennial Project Consortium. Mauri Ingram explained that the Consortium had received a request from the County about the Consortium's view on the two Master Plan options. She presented the board with a copy of the letter the Consortium sent to the Whatcom County Council on March 5, 2004, expressing its support for Option 1, indicating that the law and justice facilities will be located somewhere other than the county's existing downtown properties. She also handed out an article from the Seattle Times from February 29, 2004, addressing the cultural and arts role in Seattle's economy.

7. After lunch, David Warren restated his motion with regard to agenda item 2: **APPROVE AND AUTHORIZE A TWO-STAGE DESIGN COMPETITION FOR THE DESIGN OF A NEW MUSEUM.** Jerry Chambers seconded.

Motion carried 5-0-1. Phil Sharpe abstained.

David Warren MOVED TO AUTHORIZE AN RFQ PROCESS FOR A DESIGN COMPETITION ADVISOR. Jerry Chambers seconded.

Motion carried 6-0.

8. Staff Report. Don Keenan reported on the construction progress at the Mount Baker Theatre: All the steel structures and timbers are in place; the concrete deck has been poured. Ninety percent of the structural steel was in as of last week, seismic upgrades and parapet are completed, new slabs are in, concrete, drains and roofing is complete on the lower roof. Paving at the north is completed and the sewer connection on Commercial is done. This week, the new floor will be poured in what was Donette Studio. There have been some changes to the LMN Architects' contract due to additional days working on the project. The total potential increase, which is still within budget, is \$24,440. There is also a first contract change order in the amount of \$127,070.90 for Ebenal General. John Tawes, the project manager, explained that the City had asked for about half of the change order amount and the remainder is due to unknowns found during demolition. As this is a large project on an old building, John would expect contract change orders to be about 15 – 20% of the contract cost, and on this project he expects the amount to be less than 10%. Construction is on schedule.

9. Discuss letter from the Whatcom County Council regarding options for the Whatcom County Master Facilities Plan. The County Council had asked the PFD to give the Council the PFD's opinion on the different options regarding the PFD's intent to create a cultural center in downtown Bellingham. Phil Sharpe recused himself from this part of the meeting, as he owns property in the downtown area.

After some deliberation, the board members decided they would like to have the consultant who produced the report on the Master Plan Options (Harris Falkin of HDR) speak to the board and give the board a short summary of the options.

(Robin Halliday left the meeting at this point).

10. Old Business. None.

11. New Business. Therese Holm suggested that the PFD discuss a financing plan. She recommended that the PFD go forward in May with the bond issue process. The PFD would need to spend the funds within three years. Therese also recommended doing two separate bond issues due to the uncertainty of the fundraising timing. Don will work with Therese and bond counsel to get some preliminary information to the board at its April meeting.

12. Report of Executive Session. The board held an executive session to discuss property acquisition and gave direction to staff.

ADJOURNMENT

Dunham Gooding adjourned the meeting at 1:56 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT

210 Lottie Street
Bellingham, Washington 98225

MINUTES OF THE PUBLIC MEETING OF THE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT WEDNESDAY, FEBRUARY 25, 2004

CALL TO ORDER

Dunham Gooding, President, called the meeting to order at 11:10 a.m.

ROLL CALL

Board members present were Dunham Gooding, Philip Sharpe, Manca Valum and David Warren. Charles Self was present via telephone. Jerry Chambers and Robin Halliday were excused.

OPEN PUBLIC COMMENT PERIOD

No public comment.

APPROVAL OF MINUTES

David Warren MOVED THAT THE MINUTES OF THE JANUARY 28, 2004 BOARD MEETING BE APPROVED AS DRAFTED. Charles Self seconded.

Motion carried 5-0.

PRESIDENT'S REPORT

Dunham Gooding reported that he, Don Keenan, and Therese Holm presented the annual report on the activities of the PFD to the Finance Committee of the Whatcom County Council yesterday. Council members were curious about the PFD's views on the options for the County's Master Facilities Plan and the downtown core. Dunham reported to the Council that the PFD had not formed an official point-of-view on that. The Finance Committee passed a motion that was forwarded to the full County Council, requesting a letter of comment from the PFD on this matter.

1. Presentation by Brad Burdick of projected operating costs following completion of Phases II and III of the Mount Baker Theatre. Brad explained that the original projections he gave were based on the completion of all the different elements of the Centennial Project, including the Winter Garden, Black Box Theatre, and Proscenium Theatre. The information he is presenting now is a year later with the current budget and estimations after Phase I of the renovations are complete. Brad will take these projections to the Theatre board for approval. The current facilities are included, together with the Studio Theatre, which would be open for operations in 2005. The numbers also assume the closure of the main stage beginning in April 2005 for Phase II of the renovations. The second page shows the same type of information, but includes the increases that would happen after Phase III of the renovations is completed. The third sheet shows that the Mount Baker Theatre expects to net \$9,000 at the end of the

2003-2004 season. This takes into account the \$200,000 management fee from the City of Bellingham. Brad is assuming that the Studio Theatre will have 11,000 people attending the 68 performances, netting \$3 per person. Additionally, the City will provide an increase of \$31,000 in the management fee for 2004. After Phase I of the renovations is complete, Brad expects the Theatre to make an additional \$4,500 at the end of the 2004-2005 season. Although this is not a significant amount of money, there will be an increase in activity at the Theatre from 150 events and 95,000 people attending to 355 events and about 116,000 attending.

Brad asked the PFD board when it would be able to determine if Phase II of the renovations would need to happen in April 2005. There was some discussion among the board members, who felt that Phase II needed to be done, but there was no agreement as to who should pay for it or when it should be done. Manca Valum requested that the board decide at the March board meeting whether the PFD should pay for Phase II of the Mount Baker Renovations to take place in 2005 or 2006.

2. Presentation by Tom Livesay on operating costs for a new/renovated Museum facility. Tom handed out the Long-Range Facility Planning document for the Museum, but with updated figures. There is now an Addendum, which captures the construction costs for a new teaching gallery and children's museum. The teaching gallery is estimated to be 25,000 square feet @ \$250 per square foot for \$6,250,000 and the children's museum is estimated to be 8,000 square feet @ \$125 per square foot for \$1,000,000, for a total of \$7,250,000. These numbers are based on an analysis of construction costs of 5 area museums; one in Oregon and the rest in Washington. Operational costs are projected for the second year of operations. There is a breakdown of costs and cost savings by having new facilities and by closing to the public the current Children's Museum, Syre and ARCO buildings. In summary, the projections for the new facilities would give the Museum 48% more space for 8 or 9% additional costs. Phil asked about where the revenues for the increased costs of \$127,127 for the teaching gallery and \$50,665 for the children's museum would come from. Tom suggested endowment money would cover the increased costs.

3. Fundraising Update. Charlie reported that The Alford Group has begun preliminary interviewing of potential staff who would support and assist in recruiting volunteers for the fundraising effort. Dunham had hosted an event at his home for potential fundraisers in the community. There will be a follow-up meeting next week, hopefully to identify some donors. Charlie suggested the PFD needs to define the projects for which funds should be raised and opined that a new museum is a priority, so suggested considering a design phase for a new museum to look at costs. Charlie brought up the possibility of a competition as a process for acquiring a design for a new museum. He sees that as an appealing process, bringing a larger part of the community into the project and getting more interest on a broader level than the local front.

Discussion: Dunham asked Charlie if he would consider looking at designing a streetscape, too. Charlie agreed that would work if there were a clear enough definition of the area we are working within. Phil sees the board's project priorities as 1) a new

museum; 2) a streetscape; and 3) Phase II of the Mount Baker Theatre renovations. He is concerned about finding a site for the new museum before going out for the design process. David is excited about a new museum design competition and would like to form a committee to go ahead with the design process for a new museum and streetscape, including an open competition. Manca wants to include people from the fundraising group in prioritizing projects. Charlie wants the PFD to make a commitment on its next step and take that information to the fundraising group. Dunham and Charlie agree with Phil's priorities but want to include long-term goals. Dunham would like to include a design process for the proscenium theatre. Jeff McClure suggested waiting on the design process for the proscenium theatre until a potential site is defined.

4. Old Business. As David Trageser, the City's bond underwriter with the Bank of America, was at City Hall for a meeting regarding the City's business, Therese Holm, Finance Director, asked that he attend the PFD board meeting to give his opinion on the state sales tax revenue projections. Therese distributed an updated copy of the Projected PFD Revenues for 2004. Future years are projected based on assumptions. Finance staff has averaged the actual retail sales growth rate for the years 1995-2003 and shown an average historical growth rate of 4.7%. To project future growth of retail sales, staff has taken 75% of that 4.7% growth rate, which results in a 3.5% growth rate. Finance staff and the bond underwriter do not consider this to be overly conservative. This shows the total combined cumulative tax rebate received over this 25-year period to be about \$31 million. When we discount that to a present value we could borrow today and pay back with those future dollars, that would be about \$16.3 million, assuming a borrowing or discount rate of 5.5%. Therese said the PFD may decide and the City agree to issue a partial bond for \$6 million this year. This would give the PFD the opportunity to fund approved projects, develop some history and have a better sense of what operating and maintenance costs might be, how they are going to get funded and which entity will fund them. David Trageser said the estimated borrowing rate of 5.5% includes a cushion and is consistent with what is used for other PFDs. He also said we should take into account the lower interest rate that can be obtained with an LTGO issue. If an LTGO (non-voted Limited Tax General Obligation) bond is reimbursed by the PFD for cashflow, that gives the PFD the lowest borrowing costs, but requires the City to guarantee repayment of the debt, which means the PFD should have available a contingency fund to provide a cashflow cushion for the City in the event sales tax revenues do not meet projections. The other option is for the City to issue Limited Revenue (Sales) bonds, pledging solely the cashflow of the sales tax. With that option, the interest rate would be higher and a reserve account would have to be funded from bond proceeds, which would reduce the amount of proceeds for projects.

In summary, the assumption is that the City will issue LTGO bonds for the PFD's project to obtain the lowest interest cost and consideration needs to be given to how operating and contingency costs will be met.

Once David Trageser and Therese Holm had finished discussing the projected state sales tax revenues, Manca returned to the fundraising agenda item with the following:

Bellingham-Whatcom Public Facilities District
Rendition of Regional Center Costs and Funding Sources
Prepared by Manca Valum, PFD Board Member, 2/25/04

Costs		Funding Sources	
Children's Museum/Teaching Gallery	\$11,500,000	PFD/Phase I Fund Raising	\$ 25,000,000*
Streetscapes	\$ 2,000,000	Less Costs	<u>(\$16,500,000)</u>
Phase II of Mount Baker Theatre Renovations	<u>\$ 3,000,000</u>		\$ 8,500,000
	\$16,500,000		
Proscenium Theatre	\$16,000,000	Fund Raising Phase II	\$ 20,000,000
Phase III of Mount Baker Theatre Renovations	<u>\$12,225,000</u>	Plus balance from above	<u>\$ 8,500,000</u>
	\$28,225,000		\$ 28,500,000
		Less Costs	<u>(\$28,225,000)</u>
		Balance of Funding	\$ 275,000

*PFD Funds \$10,000,000
Fundraising \$15,000,000

David Warren MOVED THAT THE PUBLIC FACILITIES DISTRICT BOARD MOVE FORWARD WITH THE DESIGN OF A NEW MUSEUM BUILDING AND FOR THE DESIGN OF STREETSCAPES AS THE NEXT ELEMENTS OF THE REGIONAL CENTER. Phil Sharpe seconded.

Motion carried 5-0.

David Warren MOVED THAT THE PUBLIC FACILITIES BOARD MOVE FORWARD TO CREATE A DESIGN COMMITTEE TO PURSUE THE DESIGN OF A NEW MUSEUM BUILDING AND THE DESIGN OF STREETSCAPES. Phil Sharpe seconded.

Motion carried 5-0.

David Warren and Dunham Gooding volunteered to be committee members. The board will contact Robin Halliday to see if she would like to serve on the committee. Manca Valum is considering serving. Phil Sharpe reminded the board that as the committee meetings will be open to the public, they will need to be noticed appropriately so the public can attend. He added that it would also be important for the committee to solicit opinions from other stakeholder groups.

5. Update from the Centennial Project Consortium. The Consortium had no update to present this month.

6. Staff Report. Don reported that construction at the Mount Baker Theatre is on schedule. There will be minor costs associated with change orders – e.g., more asbestos was found, and double walls were found. Don continues to work with the architects, Project Manager, City Engineer, and Public Works Director. Construction

meetings take place every two weeks. August 6 remains the scheduled substantial completion date.

7. New Business. Manca wanted to ensure that Phase II of Mount Baker Theatre renovations will be addressed at the March board meeting.

ADJOURNMENT

Dunham Gooding adjourned the meeting at 1:50 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT

210 Lottie Street
Bellingham, Washington 98225

AGENDA

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING

WEDNESDAY, FEBRUARY 25, 2004

11:00 A.M. – 2:00 P.M.

Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

During this period of time, citizens may speak informally to the Board on subjects not scheduled for public hearing. EACH SPEAKER IS ALLOWED A MAXIMUM OF THREE MINUTES. If the speaker has written comments for the Board, an additional copy should be handed to the Administrative Assistant, preferably before the meeting, for our office files.

APPROVAL OF MINUTES

*Approve minutes of the January 28, 2004 board meeting.

PRESIDENT'S REPORT

BUSINESS

1. Presentation by Brad Burdick of operating costs following completion of Phases II and III of the Mount Baker Theatre renovations.
2. Presentation by Tom Livesay on operating costs for a new/renovated Museum facility.
3. Fundraising Update.
4. Update from Centennial Project Consortium.
5. Staff Report.
6. Old Business.
7. New Business.

*Action item.

ADJOURNMENT

FOR CITIZENS WITH SPECIAL NEEDS, the Mayor's Boardroom is fully accessible. Elevator access to the second floor is available at City Hall's west entrance. Hearing assistance is available in the Mayor's Boardroom and a receiver may be checked out through the clerk prior to the meeting. For additional accommodations, persons are asked to contact Alison Henshaw at 676-6979 at least 3 working days in advance of the meeting. Thank you.

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT

210 Lottie Street
Bellingham, Washington 98225

MINUTES OF THE PUBLIC MEETING OF THE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT WEDNESDAY, JANUARY 28, 2004

CALL TO ORDER

Dunham Gooding, President, called the meeting to order at 11:09 a.m.

ROLL CALL

Board members present were Jerry Chambers, Dunham Gooding, Robin Halliday, Charles Self, Philip Sharpe, and David Warren. Manca Valum was excused.

OPEN PUBLIC COMMENT PERIOD

No public comment.

APPROVAL OF MINUTES

Discussion:

Heather Wolf asked that the minutes of the regular board meeting of December 17, 2003 be amended on page 3, second paragraph from "the board has begun" to "the board can begin".

David Warren MOVED THAT THE MINUTES OF THE DECEMBER 17, 2003 BOARD MEETING BE APPROVED AS AMENDED AND THAT THE MINUTES OF THE JANUARY 16, 2004 SPECIAL BOARD MEETING BE APPROVED AS DRAFTED. Jerry Chambers seconded.

Motion carried 6-0.

BUSINESS

1. Approve Interfund Loan of \$2 million from the City of Bellingham to the PFD to finance District construction and related expenses, to be repaid from the proceeds of a bond sale later in 2004.

Discussion:

Therese Holm reported that last year, the PFD authorized an initial interfund loan of about \$375,000, which was repaid by year-end. At the end of 2003 there is an outstanding interfund loan to the City's wastewater fund of \$1 million. By the board's action today, the interfund loan would increase by \$2 million to \$3 million. The City Council approved the interfund loan for first and second reading on January 26, 2004. Don Keenan explained that the loan is for operating funds through June and will allow for the completion of Phase One of the Mount Baker Theatre renovations.

David Warren MOVED TO ACCEPT THE INTERFUND LOAN OF \$2 MILLION FROM THE CITY OF BELLINGHAM TO THE PFD. Charles Self seconded.

Motion carried 6-0.

2. Presentation of the 2003 Financial Report by Therese Holm. The State Auditors will be here in February and March and will be looking at the PFD's financial activities. The unaudited financial report shows that the actual 2003 budget numbers are close to the estimated numbers. Revenues exceeded expenses by \$230,000. At the board's request, Therese will come back in February with revised sales tax revenue projections, and ask for an update from the financial consultants who have given their advice to other PFDs in the State. She hopes that by mid-year the PFD board will have a package of projects so financing can go ahead. Two months' lead-time is needed for the bond issue.

(Phil Sharpe left at 11:35 a.m.)

3. Presentation by Whatcom Museum staff on program suggestions for collaborative projects that benefit children, youth and families in spaces designed to reflect the beauty of the area's natural surroundings. Tom Livesay followed up on the Whatcom Museum Long-Range Facility Planning report he gave to the board on January 16. He explained that there is no room for collections and that climate control is needed. There were 866 educational programs in 2003, but the Museum would like to offer more. The Museum targets every age group in the school system, building its curriculum around theirs and vice versa. Public programs are mostly for senior citizens. The Museum would like to include all age groups. In 2003, there were 19,000 visitors for public programs. The Children's Museum has about 36,000 visitors per year in a very small space (2820 square feet of exhibit space). With more space, the Museum could improve on its classrooms, offer more classes, build on existing new programs and bring in new programs. More learning opportunities are needed for students aged 9 – 13.

4. Presentation by Mount Baker Theatre staff on program suggestions for collaborative projects that benefit children, youth and families in spaces designed to reflect the beauty of the area's natural surroundings. Brad Burdick gave a PowerPoint presentation. He explained that because of Phase One of the renovations, the Theatre would be able to have more educational programs. The multi-purpose room is being termed the "Studio Theatre" space. Brad mentioned that last year there were three weeks of student summer camps, including a recent successful sold-out workshop with the Missoula Children's Theatre. The Theatre provides after-school workshops on puppets, music, singing and magic. The studio theatre space will be used a great deal for these workshops. The Mount Baker Youth Symphony will be able to use the new space for rehearsals. Drew Robinson-Hagen and the Little Swan Theatre would like to have a place to perform small productions throughout the year involving children at the Theatre. There are adult workshops such as the Indie Film Group, which currently meets in the Encore Room. This is a collaboration with Western Washington University

and its Continuing Education Program. Another class that currently meets in the Encore Room is the Whatcom Film and Video Group. The Theatre is planning to work with Allied Arts and set up an after school continuing education workshop for teachers to learn how to incorporate the arts into their curriculum, using the facilities at the Mount Baker Theatre. The Theatre is also working with Western Washington University and Whatcom Community College to bring on stage students that are interested in stagecraft and teach them how to do this as a career. With the studio theatre, Bellingham will have an ideal location for local performers. The Whatcom Symphony Orchestra uses the theatre every week, but has to be bumped if a show needs to come in and use it, so the studio theatre could be used as an additional rehearsal space. Brad will be proposing to the board that the studio theatre be used for some series possibilities, such as travel films, regional artists, comedy shows, education programs and Bellingham artists. The new space has already been used for contests and festivals.

Brad then addressed the impact on programs if Phases II and III of the theatre renovations go ahead. The current shows being booked will be greatly improved as a result of those renovations. Shows such as *Cinderella*, *Aeros*, a national Romanian gymnast troupe, *Porgie and Bess*, *The Sound of Music*, *The Indigo Girls*, and *Fame*, had to eliminate from their productions props, equipment, lighting, backdrops, and even entire segments of their performances, due to the lack of depth of the Theatre's stage, lack of space or insufficient equipment. Essentially, the Theatre is not receiving the benefit of an entire performance, due to lack of space.

Another group of shows that have come in the past have said they can't or won't come again because of space limitations or because of problems with the heat system. The local community shows will benefit from the additional square footage planned for in Phases II and III of the renovations, as well as more lighting, background lighting, more wing space, the addition of seating on stage, more storage space, upgraded electronic equipment, and better sound equipment. The orchestra pit is difficult to take apart and put back together. Pressing a button to lower the pit would make the orchestra pit more usable and would provide dance floor space or additional seating opportunities in the front of the house.

Brad went on to list some shows – *Cats*, *Jesus Christ Superstar*, *Stomp*, *Starlight Express*, *Miss Saigon* — that he would like to book this year but cannot because the cuts would be too dramatic and they don't fit at the Mount Baker Theatre. Having these larger productions at the Mount Baker Theatre would increase ticket sales.

Beyond the Phase II and III renovations, there is a need for space for a resident theatre or production company, Shakespeare company, classical play company, local community opera, and a local home for the Bellingham Theatre Guild. There is also a need for a space for the Bellingham Festival of Music, namely a smaller production space. The Whatcom Symphony Orchestra would like a space for a chamber orchestra. This would be a dedicated theatre space with acoustical treatments for the symphonies, a fly system, and a sub floor area for the stage.

The Mount Baker Theatre currently works with several educational institutions in the area and they are excited about the prospect of performance-related programs being held in the downtown core.

With all the renovations, Brad anticipates an increase from 220 activities or events at the Theatre to 700 a year, and an increase from about 94,000 people per year attending these events to 225,000, thereby increasing economic impact. There would however be an increase in operating costs of \$160,000 a year over and above the increased revenue.

Discussion: Charlie Self asked Brad to prioritize the programs according to what gives the best-cost benefit relationship. For economic impact and visibility, Brad suggests expanding the stage and bringing in the larger productions that generate private revenue, ticket and sponsorship revenue. Looking at the community and education programs, focusing on a new theater with a smaller performing space would be a higher priority. Robin Halliday asked Brad to let the board know what the operating costs increases would be for Phases II and III. She would also like to communicate to the public what the Phase I renovations to the Mount Baker Theatre will mean to the community.

5. Old Business: 1) Presentation by Dick McKinley on City's investigations regarding project labor agreements and apprenticeship set-asides. Dick reported that the City was looking into these two areas for the City and the PFD. The building community had heard a rumor that the City Council was considering these issues, but that is not correct. Advantages cited by Steve Koch for project labor agreements were no work stoppages, local hiring, and guaranteed benefits going directly to the employees. City staff evaluated these three items, and discovered in their research that there were no City public works projects that suffered as a result of work stoppages, and there were some capital projects that experienced work stoppages while a project labor agreement was in effect. Local hiring means a three-party agreement between the local union hall, City and contractor. There is also the issue of union versus non-union employees. Project labor agreements are mostly done on big projects. Regarding apprenticeship agreements, the premise is that a requirement for apprenticeships is built into the contract. All but one of the apprenticeship programs in the state is union-run. Again, apprenticeships are included in larger projects. Both project labor agreements and apprenticeship set-asides are controversial.

Discussion: David Warren expressed an interest in pursuing the apprenticeship set-asides. Mayor Asmundson is forming a committee to look at the project labor agreement and apprenticeship set-asides. Dick will keep the PFD apprised of the City's investigations.

6. Update on Centennial Project Consortium. Ken Culver and Jeff McClure are helping out with the fundraising next steps. Ken Culver informed the PFD board about the Whatcom County Master Plan Options. The options are the result of 18 months of

study. Alison will distribute a copy of the document to each board member. Dick McKinley explained that the options for the Whatcom County Master Plan are either to keep the law and justice functions where they are currently located and move the administration functions into the Civic Building on Commercial Street or use the current courthouse and justice buildings for administration only and move the sheriff, courts, jail and juvenile detention center elsewhere. The cost would be between \$162 and \$176 million, with a ballot measure. The County needs to consider realistic alternatives.

7. Staff Report. Don Keenan reminded the board that from the beginning, the City has been involved in the Whatcom County Master Plan, letting the County know the City's needs, including flexibility so that government can respond to the changing needs of the community. On the construction front, there are visible changes at the Mount Baker Theatre. Commercial Street was closed for City sewer work. Construction is proceeding well, the boilers are out, and the support wall is in. Substantial completion will take place by August 6. The interior design has been signed off on. Don suggested the board members would enjoy a tour of the construction site.

8. Old Business. 2) Follow-up on The Alford Group Study. The Alford Group's contract with the PFD has been extended. New people are being involved. The next two months will be critical in getting the group up and running independently of the PFD.

9. New Business. None.

10. Report of Executive Session. The board discussed potential property acquisition, received a report from and gave direction to staff. No action was taken.

ADJOURNMENT

Dunham Gooding adjourned the meeting at 2:19 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT

210 Lottie Street
Bellingham, Washington 98225

AGENDA

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING

WEDNESDAY, JANUARY 28, 2004

11:00 A.M. – 2:00 P.M.

Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

During this period of time, citizens may speak informally to the Board on subjects not scheduled for public hearing. EACH SPEAKER IS ALLOWED A MAXIMUM OF THREE MINUTES. If the speaker has written comments for the Board, an additional copy should be handed to the Administrative Assistant, preferably before the meeting, for our office files.

APPROVAL OF MINUTES

*Approve minutes of the December 17, 2003 regular board meeting.

*Approve minutes of the January 16, 2004 special board meeting.

PRESIDENT'S REPORT

BUSINESS

1. *Approve Interfund Loan of \$2 million from the City of Bellingham to the PFD to finance District construction and related expenses, to be repaid from the proceeds of a bond sale later in 2004.
2. Presentation of the 2003 Financial Report by Therese Holm.
3. Presentation by Whatcom Museum staff on program suggestions for collaborative projects that benefit children, youth and families in spaces designed to reflect the beauty of the area's natural surroundings.
4. Presentation by Mount Baker Theatre staff on program suggestions for collaborative projects that benefit children, youth and families in spaces designed to reflect the beauty of the area's natural surroundings.
5. Update from Centennial Project Consortium.
6. Staff Report.
7. Old Business: 1) Follow-up on The Alford Group Study; and 2) Presentation by Heather Wolf on City's investigations regarding project labor agreements and apprenticeship set-asides.
8. New Business.
9. Executive Session (RCW 42.30.110) regarding 1) potential litigation and 2) property acquisition.
10. Report of Executive Session.

*Action items.

ADJOURNMENT

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BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT

210 Lottie Street
Bellingham, Washington 98225

MINUTES OF THE PUBLIC MEETING OF THE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT FRIDAY, JANUARY 16, 2004

CALL TO ORDER

Dunham Gooding, President, called the meeting to order at 2:03 p.m.

ROLL CALL

Board members present were Jerry Chambers, Dunham Gooding, Robin Halliday, Charles Self, Philip Sharpe, Manca Valum, and David Warren.

OPEN PUBLIC COMMENT PERIOD

Tom Livesay, Director of the Whatcom Museum of History and Art, explained that as the board directed at their last meeting, he had collected some materials regarding current and future programming at the Museum. He distributed a booklet describing the programs the Museum currently runs and explaining more programs it could run, given additional space. He also handed to the board members materials explaining what other museums do for programs, such as the Worcester Museum, MA, the Frye Art Museum in Seattle, WA, and the Yakima Valley Museum, WA. Tom emphasized that the Museum is not looking at why it needs a new building, but how that building will serve the public.

BUSINESS

1. Approve extension of the contract between the Bellingham-Whatcom Public Facilities District and The Alford Group and discuss next steps.

Discussion:

Dunham reported on a meeting held recently with Dunham, Charlie, Manca, Ken Culver, and Jeff McClure in attendance, to discuss the question of extending The Alford Group contract. Don explained that the next step needed to move forward is to extend the agreement and specifically, the scope of work shown on Exhibit B. The amount payable will be \$10,200 plus out-of-pocket expenses. Charlie stated that the PFD isn't going to raise funds – it needs professional help, and the contract extension will provide The Alford Group's best judgement on which individuals to contact, staff needed, and getting a group together. That group will assist The Alford Group in prioritizing for funding two or three elements of the regional center, which appeal to the community. This transition work will take about six weeks, depending on the availability of PFD board and staff and participating organizations and community volunteers.

David Warren MOVED THAT THE SECOND MODIFICATION TO THE AGREEMENT FOR CONSULTANT SERVICES BETWEEN THE BELLINGHAM-WHATCOM PUBLIC

FACILITIES DISTRICT AND THE ALFORD GROUP BE APPROVED AS DRAFTED.
Charles Self seconded.

Motion approved 7-0.

Next steps:

The first step will be setting up a meeting of potential donors and representatives from The Alford Group. Dunham has put together a rough draft summary of the costs for elements of the regional center with possible options (see attached). He explained that even if \$10,000,000 were raised, not all the components could be done. David Warren would like the streetscape element moved forward as a priority. The board agreed that the cost summary prepared by Dunham should be given to The Alford Group in order to use the information and package it appropriately.

ADJOURNMENT

Dunham Gooding adjourned the meeting at 2:47 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant

Children's Museum and Teaching Gallery

Construction:	\$ 7,250,000
Land acquisition:	\$ 1,000,000 – \$1,250,000
Endowment:	<u>\$ 3,000,000</u>
	\$11,250,000 – \$11,500,000

Proscenium Theatre

Construction:	\$10,000,000
Land acquisition:	\$1,500,000 – \$3,000,000
Endowment:	<u>\$3,000,000</u>
	\$14,500,000 – \$16,000,000

Mt. Baker Theatre Phase 2

Construction:	\$2,980,000

Mt. Baker Theatre Phase 3

Construction:	\$ 9,225,000
Endowment:	<u>3,000,000</u>
	\$12,225,000

Streetscapes

Construction:	\$1,000,000 – \$2,000,000

Fundraising Potential

\$10,000,000 – \$15,000,000

Mt. Baker Theatre Phase 1

Construction	\$3,318,000

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT

210 Lottie Street
Bellingham, Washington 98225

AGENDA

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT

SPECIAL MEETING

FRIDAY, JANUARY 16, 2004

2:00 P.M.

Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham

CALL TO ORDER

ROLL CALL

BUSINESS

*Approve extension of the contract between the Bellingham-Whatcom Public Facilities District and The Alford Group and discuss next steps.

*Action item.

ADJOURNMENT

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BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT

210 Lottie Street
Bellingham, Washington 98225

MINUTES OF THE PUBLIC MEETING OF THE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT DESIGN COMMITTEE MEETING WEDNESDAY, JUNE 23, 2004

The following committee members were present: David Warren, Robin Halliday and Dunham Gooding. Manca Valum was excused.

David Warren, Chair, called the meeting to order at 9:43 a.m.

BUSINESS

1. Approve minutes of the March 11, 2004 Design Committee Meeting. **Dunham Gooding MOVED TO APPROVE THE DESIGN COMMITTEE MEETING MINUTES OF MARCH 11, 2004. Robin Halliday seconded.**

Motion carried 3-0.

2. Discussion of streetscape design for the Regional Center. Dunham stated that the board had waited on streetscape design due to the unknown site of the museum, but that should be known soon, so an architect could now give meaningful study on the regional center. Dunham would like to look at spending some money on something more than what the streets should look like. For example, how far should the look of the regional center reach? It should include the Library on its current site, the American Museum of Radio and Electricity, and the Theatre. This may mean it's not a simple triangle – it might be a diamond. Dunham would like the study to include the economic impact of the regional center insofar as it should stimulate major private investment. He would like an urban designer and landscape architect to help identify particular pockets of opportunity for redevelopment, including best uses for different spots of land.

Robin wants to have a design that people will associate with the cultural center, but at the same time be sensitive to the Port's plans for the waterfront. Robin sees the need for a connection between the cultural center and waterfront development. Don Keenan said the City and Port have been working together on this connection in the past, and most recently on the Waterfront Futures effort. He also explained how the City is improving Central Avenue between Prospect and the top of Maritime Heritage Park, as well as the creekside by the REStore. Dunham recommends hiring a design team that would include an urban designer and landscape designer, to put together an RFQ. Robin assumed this process would be separate from the Museum Design Competition. Dunham says it would be, but what is learned on the way could be shared with the architects. Dunham would like to see some concepts and use them as a tool for fundraisers. A discussion of timing ensued. Robin suggested the opening event at the Mount Baker Theatre on September 10 as a communications opportunity and to

showcase the completed streetscape in front of Mount Baker Theatre. Dunham and Don believed there wasn't sufficient time for the streetscape to be done by then. Don expressed his concern that defining hot spots for development could drive up costs.

Don mentioned that with the design competition process will come opportunities for public input - this is the public phase of the PFD project. Dunham asked about who could advise the PFD on this public phase. Don recommended Patricia Decker and people from her team for their work on Waterfront Futures. Dunham would like to ask the board today to authorize a not-to-exceed amount to hire some design consultants. Robin is concerned about public scrutiny of consultant fees. David asked Robin to make a motion at the board meeting for approval of preliminary design consultation. After some discussion, the committee came up with wording for the proposed motion, "to spend up to \$2,000 for design consultation to help the PFD draft an RFQ for a streetscape and gateway project, defining the cultural center boundaries and touch points to other key districts such as the waterfront."

Don cautioned that the design consultation cannot be seen as replicating some of the work that Dave Leland or Mahlon Clements did for the Centennial Project. It must be seen as different.

Robin is looking at defining the boundaries of the cultural center, whereas Dunham is thinking more about economic development inclusion.

ADJOURNMENT

David Warren adjourned the meeting at 10:40 a.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant



**MINUTES OF THE PUBLIC MEETING OF THE
BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT
WEDNESDAY, DECEMBER 21, 2005**

CALL TO ORDER

Robin Halliday, President, called the meeting to order at 2:06 p.m.

ROLL CALL

Board members present were Yvonne Bianchi, Dean Brett, Jerry Chambers, Dunham Gooding, Robin Halliday, Charles Self, and David Warren.

OPEN PUBLIC COMMENT PERIOD

None.

APPROVAL OF MINUTES

DEAN BRETT MOVED TO APPROVE THE MINUTES OF THE NOVEMBER 30, 2005 REGULAR BOARD MEETING, AS DRAFTED. DAVID WARREN SECONDED.

Motion carried 7-0.

AGENDA REVIEW

None.

BUSINESS

1. BWPFD Capital Project Updates – Follow-up presentation by Olson Sundberg Kundig Allen Architects (OSKA) on Art & Children's Museum Schematic Design Phase. Patricia introduced Stephen Yamada-Heidner of OSKA, asking him to begin by distributing the updated Space Allocation Table. She said the Core Team recognized that the board did not want to add square footage beyond the basement and noted that the square footage is back in line. OSKA will also compare cost estimates with where they were in January 2005. Patricia advised the board that she is looking for board direction in order to provide the architects with the written approval they need for the Schematic Design phase in order to proceed with the Design Development phase.

Jeff McClure added that the Art & Children's Museum Core Team had reviewed on December 14, 2004 the first cut of the Schematic Design phase costs. The scope had changed and the square footage increased, so the Core Team asked OSKA to cut back. The Light Catcher wall needed to be made of a maintainable material, so the material cost has increased. The Courtyard material has changed from gravel to patterned concrete. The structure for the Roof Garden has been added. The construction escalation was unanticipated. At the competition, it was set at 3.5% per year. It is now

higher. The Core Team is looking to OSKA as the team continues to fine-tune the costs.

Stephen Yamada-Heidner distributed a December 21, 2005 Memorandum from OSKA, Bellingham Art and Children's Museum – Schematic Design Cost Estimate, BWPF Board meeting. The Schematic Design square footage was initially at 37,737 sf and is now at 35,342 sf. Stephen distributed the Schematic Design Estimate from The Robinson Company, 11/23/2005, revised 12/19/2005. The newest figures are back on track.

The building has moved over slightly on the lot, although the overall general plan and building appearance have not changed much. The basement scheme in July was \$7,504,610. The newest scheme is \$8,656,781. Item #5, Program factors and Item #6, Computation factors, lay out the factors contributing to the cost increase. For example, the change in escalation from January to December 2005 is \$453,016 in today's dollars. The General Contractor's Overhead and Profit escalation was 4% during the competition and is now 7.5%.

Charlie asked about the \$1,136,100 overall increase. In response Jeff McClure distributed the December 21, 2005 spreadsheet, Bellingham Art & Children's Museum Cost Estimates. Jeff explained the different escalation rates used for the basic building and basic building with basement, at 3.5% per year. The current Schematic Design estimate uses an escalation factor of 7.9% per year. The difference is about \$1 million dollars.

Item # 7 of the OSKA memorandum explains changes that were incorporated to arrive at the revised Schematic Design estimate, including the elimination of the stormwater detention vault, which was estimated to cost over \$300,000. The State Department of Ecology rules could have required a detention vault. OSKA worked with the City of Bellingham and OSKA's civil engineer and determined that it is not now needed. Ravyn Whitewolf explained that the water will go to a different outfall source directly to Bellingham Bay, so on-site detention will not be required.

Dean Brett asked if the aesthetics of the building have been compromised as a result of the height changes. Stephen said the design hasn't suffered as both the height of the Light Catcher and the height of the building were reduced. The height of the Light Catcher wall decreased from 42' to 39'.

OSKA will look at the items under #8, such as shoring, electrical and mechanical systems, General Contractor Overhead and Profit, and Light Catcher alternates, to see if any further cost decreases would be possible during Design Development.

Item #9 of the memorandum states that \$250 per square foot for a Museum is relatively low. Patricia passed out a January 23, 2006 Memorandum, Update on Construction Costs from Tom Livesay to David Warren with research that David requested. It shows square footage costs for other museums ranging on average from \$256 to \$372 per

square foot, higher for the Seattle Art Museum and Museum of Glass. Robin reminded the board that Jim Olson spoke of his interest in building an iconic space rather than a tower to complement the Mount Baker Theatre and 1892 Museum building. She noted that the “space” is in the courtyard and lobby. Stephen responded that the Light Catcher that forms the space of the lobby and courtyard is in fact the most expensive design element. Jeff McClure recommended the board visit the Tacoma Art Museum to compare and contrast design elements. Charlie asked about elements of the other museums included in Tom Livesay’s memorandum. Do they have basements? Do they have open spaces? Charlie expressed concern about the budget and the source of needed additional funds. He noted the gap is closing but the project is still over budget.

Patricia said she needs direction from the BWPFD approving the Schematic Design phase in order for OSKA to proceed with the Design Development phase. She noted the Design Development phase is 23% of the total fee or \$268,019; the Construction Documents phase is \$466,120, and the Construction Contract Administration phase is \$291,325. Jeff McClure said OSKA will be considering construction cost savings approaches during the Design Development phase.

Discussion:

Dean asked if Patricia would like the board to authorize OSKA to proceed to the Design Development phase at a cost of about \$268,000. This will be before the Construction Documents phase, and that decision will not be made until the end of February when BWPFD has a better idea of the fundraising status. Dean asked to hear the fundraising report before moving to approve the Design Development phase.

Jeff said OSKA will give BWPFD amended cost estimates as part of the Design Development phase. Robin reminded the board that the BWPFD has \$3.1 million remaining from the bond issue in November 2004, and another \$8 million in bonding capacity. Dunham added that out of the process taken on by the Building Committee and Core Team would come a building that has importance to the community. He noted that while the cost is escalating, income is growing too. Therese Holm has said that numbers won’t be available on 2005 revenues until April or May, but that the initial \$15 million bonding capacity increased to \$17 million as of five months ago. Unofficial estimates are that by spring, the bonding capacity will be more like \$18 - \$19 million.

Dunham also reminded the BWPFD about the basement and how it is addressing the Museum’s program needs and extending the useful life of the building. He asked Tom for a status report on the collection. Tom reported that the Museum has a signed bequest from the donor to the Museum for the Folk Art Americana exhibit. The donor still wishes to remain anonymous.

Charlie reminded the board that we have been putting pressure on the fundraisers, but that we would not require regular updates from the fundraising group. He added that the BWPFD is committed to making a decision in February 2006. He spoke to the need for the project to continue moving forward to the Design Development phase, including payment of approximately \$268,000 to OSKA for this phase.

Dean said that agenda item 2 includes fundraising status, so if there is a report he would like to hear it. Patricia noted that the regular agenda items are placeholders for ongoing discussions. Financing relates to the overall regional center. For example, last month she mentioned the streetscape planning and that there is capital budget money for that. This month she will address funds already received for the Mount Baker Theatre. She is also planning to meet with representatives from state government to pursue other grants that public facilities districts in other parts of the state have already received. That will ease the pressure on the Art & Children's Museum and Mount Baker Theatre Phase 2.

Robin added that agenda item #2 on occasion could include a formal financial report from Therese Holm or a fundraising report or other financial report. She agreed with Charlie that the BWPFD needs to let the Campaign for the Arts continue its work.

Gaye Godfrey said that on February 10 a new evening event will be held for the Campaign for the Arts. She reported that the campaign for the Mount Baker Theatre and Museum boards has resulted in 100% participation. Robin asked for the same response from the BWPFD board.

Jerry had asked about the potential sale of the ARCO building. He said that early on that was part of the whole equation. Tom Livesay responded that was part of the solution the board was looking at in order to generate endowment, and it still is. The Museum is making a presumption that both the ARCO building and the current Children's Museum building will be assets that will be applied towards the Museum's endowment as part of the Museum's solution to make up the gap. The Museum is still totally focused on making certain that it has sufficient endowment, whether it's from sale of assets or whatever it might be, so it can make up the difference between the current operating costs and those projected.

CHARLES SELF MOVED TO AUTHORIZE OLSON SUNDBERG KUNDIG ALLEN ARCHITECTS TO PROCEED FROM THE SCHEMATIC DESIGN PHASE TO THE DESIGN DEVELOPMENT PHASE OF THE ART & CHILDREN'S MUSEUM AT THE COST PREVIOUSLY ESTIMATED AT \$268,000. YVONNE BIANCHI SECONDED.

Motion carried 7-0.

2. BWPFD Administration, Financial Reports and Fundraising Status. Approve board meeting dates and times for 2006. A brief discussion concluded that the board would like to keep the meetings at the same time and on the same days as last year.

CHARLES SELF MOVED TO SET THE 2006 BOARD MEETINGS OF THE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT ON THE FOURTH WEDNESDAY OF EACH MONTH FROM 2 TO 5 P.M. EXCEPT FOR NOVEMBER AND DECEMBER, WHEN THEY WOULD BE HELD ON THE THIRD WEDNESDAY. YVONNE BIANCHI SECONDED.

Motion carried 7-0.

3. City of Bellingham and Whatcom County Activities and Issues. There have been no meetings scheduled yet with City and County officials.

4. Cultural District Stakeholders Activities and Issues. Updates from Brad Burdick and Patricia Decker on Mount Baker Theatre renovations in 2006. Brad reported that he and other theatre staff have been working with Myron Carlson of the City of Bellingham on maintenance of the theatre. There were some items not included in the scope of work in Phase 1, but that were agreed upon, including painting the old dressing rooms and adding new carpeting. That work will be done in the next couple of months. An additional item is adding backing on grey curtains in the Studio Theatre. Some of the louvers on the old heating system are rusted close. The City is working with a contractor on the boiler system.

The Mount Baker Theatre applied for and received a grant from HUD monies in the amount of \$20,000 last November, which will be used for acoustics. Brad has been working with Sheila Hardy of the City on environmental and historical issues. They are now interviewing and working with a consultant to develop a scope of work to address the acoustics of the theatre. One of the major concerns of patrons of the Mount Baker Theatre is sound problems. Any time amplification is needed, there's a problem.

In 1999, the Mount Baker Theatre worked with BRC Acoustics & Technology Consulting of Seattle. They came up with a preliminary solution for the sound problems. The federal grant is based upon the original BRC recommendations. The grant will include buying some additional equipment, including moveable panels on the side walls of the buildings and some cloud reflectors above the apron of the stage. Technological advances would minimize the visual impact of the equipment on the theatre. Regarding the timeline, a group will be coming up from Long Beach, CA during a late, heavily amplified concert in January to listen to the acoustics. The Mount Baker Theatre still needs to bring its final recommendations back to the historical review board, the BWPF board and Mount Baker Theatre board. After that the project will be sent out for bid. Installation may be July 2006 – before the next season.

Dean asked about the quality of the acoustics now, and the how it will be after the work is done. Dan Larner, on the Mount Baker Theatre Board and building committee, responded that the problem is with amplification – distortion or cancellation – when sound disappears. There will be a significant improvement after the work has been done. Brad said the acoustical upgrades were not included in Phase 2 renovations.

Brad said that last fall he, Ken Marzocco, Patricia, Robin, and Dick Little met with state legislators. They asked for \$2 million in state capital funds, but were awarded only \$200,000. Patricia is working with LMN Architects and Sparling, an electrical firm, using Phase 2 information. The grant work will focus on lighting fixture improvements in the main theatre and lobby. Patricia will write up a preliminary scope of work. There is a

1.5% administrative fee, so the actual grant is \$197,000. There will be permits and project management costs. Patricia is trying to figure out how to do as much as possible with the funding without closure of Mount Baker Theatre. Patricia will give another report next month. The hope is to do the lighting work at the same time as the acoustical work in July, although that may not be possible.

Robin Halliday said a meeting has been scheduled in early January with Dan Aarthun of the State of Washington Department of Community, Trade & Economic Development to pursue potential funding for the Art & Children's Museum. Funding for the Art & Children's Museum would come from a program called Building for the Arts, which is from a different source than that for the Mount Baker Theatre, and would not be available until 2007.

5. Public Awareness & Communication. Board members need to reach out to the community to inform and also to look at other funding opportunities. The communications committee will meet after January 1st. The committee will put together a list of opportunities for board members to present the regional center. Patricia added that the videotaping of the Art & Children's Museum Building Committee of November 15, 2005 is done and she or Alison will let the board know when it will be broadcast on BTV 10 when it's being shown. Robin is asking BWPF board members to consider making a contribution to the campaign. Gaye is looking for pledges from the board members by February 2006. Robin will send something to BWPF board members. Robin asked for 100% participation from BWPF board members in February.

Susan Edgar, Development Chair of the Museum Board, wanted to thank Dunham Gooding for his leadership and thank the BWPF.

ADJOURNMENT

Robin Halliday adjourned the meeting at 3:50 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant.

AGENDA

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING
WEDNESDAY, DECEMBER 21, 2005
2:00 P.M. – 5:00 P.M.
Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

Citizens may speak informally to the Board on subjects not scheduled for public hearing. Each speaker is allowed a maximum of three minutes. A copy of any written comments for the Board should be provided to the Administrative Assistant, preferably before the meeting.

APPROVAL OF MINUTES

ACTION: Approve minutes of the November 30, 2005 regular board meeting.

AGENDA REVIEW

BUSINESS

1. BWPFD Capital Project Updates – Follow-up presentation by Olson Sundberg Kundig Allen Architects on Art & Children's Museum Schematic Design Phase.
2. BWPFD Administration, Financial Reports and Fundraising Status.
Action: Approve board meeting dates and times for 2006.
3. City of Bellingham and Whatcom County Activities and Issues.
4. Cultural District Stakeholders Activities and Issues. Updates from Brad Burdick and Patricia Decker on Mount Baker Theatre renovations in 2006.
5. Public Awareness & Communication.

ADJOURNMENT

FOR CITIZENS WITH SPECIAL NEEDS, the Mayor's Boardroom is fully accessible. Elevator access to the second floor is available at City Hall's west entrance. Hearing assistance is available in the Mayor's Boardroom and a receiver may be checked out through the clerk prior to the meeting. For additional accommodations, persons are asked to contact Alison Henshaw at 738-7451 at least 3 working days in advance of the meeting. Thank you.



**MINUTES OF THE PUBLIC MEETING OF THE
BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT
WEDNESDAY, NOVEMBER 30, 2005**

CALL TO ORDER

Robin Halliday, President, called the meeting to order at 2:05 p.m.

ROLL CALL

Board members present were Yvonne Bianchi, Dean Brett, Jerry Chambers, Dunham Gooding, Robin Halliday, Charles Self, and David Warren.

OPEN PUBLIC COMMENT PERIOD

None.

APPROVAL OF MINUTES

Discussion:

Patricia Decker discussed the motion passed by the board on October 26, 2005, authorizing up to \$4,000 plus 10% for permits for the purpose of installing two signs for the Bellingham-Whatcom Public Facilities District at 216 Grand Avenue. Patricia mentioned that this authorization did not include the two signs originally intended to be put in the windows of the building. These signs were designed by Museum staff and will actually be placed on the corner brick walls of the building rather than inside on the windows, as the windows are too reflective. The cost for these two signs is estimated at \$369. Bob Carmichael suggested approving the minutes of the October 26, 2005 as drafted and having the board consider the matter of the extra signs separately.

DAVID WARREN MOVED TO APPROVE THE MINUTES OF THE OCTOBER 26, 2005 REGULAR BOARD MEETING, AS DRAFTED. JERRY CHAMBERS SECONDED.

Motion carried 7-0.

DAVID WARREN MOVED TO AUTHORIZE THE TWO ADDITIONAL SIGNS TO BE PLACED ON THE OUTSIDE OF THE BUILDING AT 216 GRAND AVENUE, IN AN AMOUNT NOT TO EXCEED \$369.00. DEAN BRETT SECONDED.

Motion carried 7-0.

AGENDA REVIEW

None.

BUSINESS

1. BWPFD Capital Project Updates – Presentation on Schematic Design of Art & Children’s Museum (ACM) by Olson Sundberg Kundig Allen Architects (OSKA). Jim Olson explained that during the Art & Children’s Museum Design competition, OSKA was looking at making the building a third icon – the Mount Baker Theatre and Old City Hall being the existing two icons, but instead of incorporating a tower, the Art & Children’s Museum incorporates a space. The Light Catcher defines space outside and inside the building, reflecting light into the courtyard. It is luminous during the day and night. It has several potential uses, such as projecting movies, sculpture and art presentations, and Children’s Museum programs. The Light Catcher helps the building “breathe” by contributing to natural ventilation. A balcony in the upstairs hallway allows one to look down and across at the two-story Hall of Light to the Light Catcher. The ACM entrance will be on Flora Street.

Jim Olson presented the updated floor plans.

John Kennedy described the materials for the Light Catcher as simple and elegant. OSKA is looking at three possibilities: glass block, polycarbonate, and translucent, laminated glass. Fabric or a layer of plastic would be put on the inside. Materials for the faces of the building are tilt-up, color-infused concrete, with steel trim on the outside and steel framework on the inside. The lobby and Hall of Light will have extra finishings. There will be a wood ceiling with slats for acoustic panels and floors will be concrete with color mixed in. The Courtyard will be gravel or concrete.

Jim Olson discussed the courtyard landscaping. It will have one large ginkgo tree, northwest plants, including ferns, and non-invasive water horsetails. The benches will be logs in appearance, one of which may be of petrified wood. There will be a water element along the base of the Light Catcher.

Stephen Yamada-Heidner discussed the building design. Structural components will be added for the roof terrace. There will be air conditioning in all collection areas and art galleries. The Hall of Light will be naturally ventilated, including fans to help the building “breathe”. The Children’s Museum will have some air conditioning but will not require gallery-level quality. The City is requesting a storm water detention vault. Stephen has met with sub consultants and Museum staff regarding the café, shop, admissions desk, audiovisual needs, and telecommunications needs. The building will be designed with a LEED equivalent silver rating with sustainability standards, resource use, landscaping and indoor air quality. A geotechnical study and a site survey are being conducted. There has been no meeting yet about lighting.

The cost estimation process is ongoing, including costs of the Light Catcher, detention system, mechanical, electrical, and market factors. Cost estimates will be discussed at the next board meeting.

Stephen Yamada-Heidner produced a Space Allocation Table with updated square footage as of the completion of the Schematic Design Phase, including the basement. Finally, he distributed a Project Schedule for the Bellingham Art & Children's Museum.

Discussion

Both Charlie and Robin expressed concerns with "scope creeping". She mentioned the private fundraising group's deadline of the end of February. Jerry added that the square footage cost has increased. Dunham responded that some of the additional square footage is less expensive. For example, the Light Catcher was moved so the hallway would be wider, and this took some space from the courtyard. OSKA could have the cost estimates for a BWPFD board meeting on December 14, but would prefer the December 21 meeting date option.

Printed images from the Schematic Design Phase as presented at the board meeting today will be mailed to board members.

2. BWPF Administration, Financial Reports and Fundraising Status. Robin announced that the Campaign for the Arts will be asking BWPF board members to contribute. She would like 100% participation. Gaye Godfrey will answer the timing question. In answer to Dean's question about the fundraising status, Gaye said the fundraising group is wrapping up board campaigns, and there should be 100% participation from the boards of the Mount Baker Theatre and Whatcom Museum Society.

3. City of Bellingham and Whatcom County Activities and Issues. Patricia Decker distributed "The Skinny" articles from the November 10 and 17, 2005 editions of the Bellingham Weekly. Patricia had spoken with Tim Johnson because his article on November 10 contained several errors. He made corrections in the edition on November 17.

Robin would like the BWPF to get on the agenda with the County. She and David Warren would like to participate in a meeting.

Patricia distributed a letter from the Bellingham Parking Commission dated November 25, 2005. It was in response to the BWPF's letter to the commission dated September 14, 2005 regarding the change in parking permit process. Patricia explained that now board members can obtain a blank parking permit to use for unanticipated occasions and that they could also obtain one permit that would apply for several meetings.

Gaye Godfrey mentioned that Ryan Stiles has offered to put on "An Afternoon with Ryan Stiles with Bellingham then and now" at the Mount Baker Theatre. The show will be for 20 to 30 minutes followed by a reception. The Museum Board, Mount Baker Theatre board and others have been invited. The Campaign for the Arts would like to talk to the City and County Council members on a different occasion. Charlie mentioned that giving full disclosure will encourage interest in the project. Dean offered

to talk to Gaye about the property owners who are interested in development in the area.

Patricia mentioned the presentation about the BWPFD that she gave on November 28 to the new members of the Rotary Club of Bellingham. She showed them the funding pie chart, area information, waterfront context and context of the Art & Children's Museum. It was well received by Rotary members.

5. Public Awareness & Communication. Patricia reported that the Art & Children's Museum Building Committee of November 15, 2005 was videotaped. The recording will be aired on Bellingham TV 10. Patricia and Alison will let BWPFD board members know when it will show.

Other rotary clubs may be interested in a BWPFD presentation. Robin suggested making a list of the groups to which the BWPFD could present. Patricia recommended this be reviewed at a Communications Committee meeting, encouraging all board members to contribute ideas.

The December BWPFD board meeting could take place on December 14 or 21. Board consensus was that it should take place on December 21.

ADJOURNMENT

Robin Halliday adjourned the meeting at 3:30 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant.

AGENDA

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING
WEDNESDAY, NOVEMBER 30, 2005
2:00 P.M. – 5:00 P.M.
Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

Citizens may speak informally to the Board on subjects not scheduled for public hearing. Each speaker is allowed a maximum of three minutes. A copy of any written comments for the Board should be provided to the Administrative Assistant, preferably before the meeting.

APPROVAL OF MINUTES

ACTION: Approve minutes of the October 26, 2005 regular board meeting.

AGENDA REVIEW

BUSINESS

1. BWPFD Capital Project Updates – Presentation on Schematic Design of Art & Children's Museum by Olson Sundberg Kundig Allen Architects.
2. BWPFD Administration, Financial Reports and Fundraising Status.
3. City of Bellingham and Whatcom County Activities and Issues.
4. Cultural District Stakeholders Activities and Issues.
5. Public Awareness & Communication.

ADJOURNMENT

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**MINUTES OF THE PUBLIC MEETING OF THE
BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT
WEDNESDAY, OCTOBER 26, 2005**

CALL TO ORDER

Robin Halliday, President, called the meeting to order at 2:05 p.m.

ROLL CALL

Board members present were Yvonne Bianchi, Jerry Chambers, Dunham Gooding, Robin Halliday, and David Warren.

OPEN PUBLIC COMMENT PERIOD

None.

APPROVAL OF MINUTES

Discussion:

Dunham requested that a sentence in the minutes of September 28, 2005 be amended. At the top of page 4, "He added that if the Project Timeline is available on the BWPFD's website, there will be an assumption that the Phase II renovations will happen" should be changed to read, "He expressed his concern that if the Project Timeline is available on the BWPFD's website and appears on other papers with the BWPFD's name, there will be a false assumption that the Phase II renovations have been approved and are scheduled."

DAVID WARREN MOVED TO APPROVE THE MINUTES OF THE SEPTEMBER 28, 2005 REGULAR BOARD MEETING, AS AMENDED. YVONNE BIANCHI SECONDED.

Motion carried 5-0.

AGENDA REVIEW

None.

BUSINESS

1. BWPFDF Capital Project Updates. Discuss timing of Phase II of Mount Baker Theatre Renovations. Patricia handed out two documents that she had previously e-mailed to the board, "Factors Affecting Mount Baker Theatre (MBT) Phase 2 Timing in Relation to Scheduled Regional Center Capital Projects" and "Resources Available for Eligible Capital Projects".

Discussion:

Robin mentioned the need to use bond funds within 3 years. Currently, Phase 2 is scheduled for design in 2007 and construction in 2008. It would be difficult having two

major construction projects going on at the same time. Public Works staff can manage both projects, but will assign another person – Brian Dempsey - to the Mount Baker Theatre.

Dunham is comfortable proceeding with Phase 2 if the money is available. Construction of the Art & Children's Museum (ACM) will take 15 – 18 months. Patricia says the plan is to go out for bonds by the end of 2006. Therese Holm would like to talk with the financial team at the beginning/middle of next year to figure out bond issue timing. Interfund loans may also be available.

Brad Burdick said the most challenging factor is the length of time the theatre will be closed. Whatcom Symphony Orchestra and Bellingham Festival of Music have scheduling problems. The Bellingham Festival of Music is moving up to Western Washington University due in part to the uncertainty of the timing of Phase 2.

Robin wants to get through all of the design of the Art & Children's Museum. February 28, 2006 is the first deadline for the fundraisers. There is a possibility that Phase 2 MBT design could start at the end of 2006, but construction still couldn't happen in 2007. A decision cannot be made until after the design development phase of Art & Children's Museum. The BWPFD must have cost estimates before it can make decision.

Mary Passmore of the Whatcom Symphony Orchestra (WSO) said that the WSO had planned a short season for 2005 and 2006 assuming MBT might close in 2007.

Jeff McClure confirmed that the ACM architects will provide the BWPFD with cost estimates after the schematic design phase.

Robin – wait until February 28, 2006 and end of design development regarding funding and cost estimates.

Patricia and Dunham both commented that if a decision had to be made today, construction could take place no sooner than 2008. Additionally, cost estimates for the design of Phase 2 are needed.

Robin stated that the Mount Baker Theatre Board wanted a decision from the BWPFD board today on timing for Phase 2. The tentative dates are still design in 2007 and construction in 2008 – the BWPFD doesn't have information to proceed before then.

Patricia appreciated Brad's suggestion and will work with Brad to determine what work could take place at MBT prior to closure to shorten the closure time.

Art & Children's Museum – No report was given, as the architects are busy meeting regarding stormwater, catering, shop and HVAC.

2. BWPFD Administration, Financial Reports and Fundraising Status. September 2005 Financial Report. Therese Holm reported that sales are up so sales tax revenues are up. Seventeen million dollars in sales tax revenue is projected. Interest income is up and interest rates are increasing. Revenues are \$806,780 year-to-date, which is better than budgeted. The State Auditor's office will be here on December 15, 2005 to conduct a 3-year audit of the BWPFD. Robin had asked Therese for a balance sheet. In response, Therese provided a "Statement of Net Assets as of December 31, 2004", which is like a balance sheet. It can be provided once a year.

Therese reported on some new legislation regarding sales tax streamlining or "internet taxing" to change the way sales tax is collected. The point of delivery would be charged rather than the current point of origin. The overall effect on the BWPFD is positive. All states must be consistent, and Washington State is in favor of the legislation. Although the City of Bellingham would be a net loser, Whatcom County would be a net winner. Therefore, BWPFD would be a net winner. No beginning date for this legislation has been set.

Robin reported on the State PFD conference in Lynnwood on October 24 and 25, 2005. She attended, together with Patricia, Alison, and Therese Holm and Kipp Drummond (City's Finance Department).

3. City of Bellingham and Whatcom County Activities and Issues. Patricia reported that she has received some information on waterfront planning. There has been no movement on the County jail issue. The County is focused on the EMS levy. Robin suggested meeting with County officials after the elections.

Dunham reminded the board that there is a brief window of opportunity for the PFD before the focus shifts to waterfront development.

Robin mentioned that Western Washington University (WWU) has proposals for waterfront development and is asking for her perspective.

4. Cultural District Stakeholders Activities and Issues. Robin said the Community Development Advisory Board (CDAB) had asked her for a report on the BWPFD. CDAB realizes that cultural amenities are necessary for infilling. The Campaign for the Arts endowment is important to CDAB.

Dunham reported that the WWU Master Planning is coping with thousands of extra students. He thought academic needs would be met on campus with placement of support services in programs off campus. He also thought technology, economic development, and small business development don't seem to require waterfront location. Patricia recommended that the board take the time to discuss waterfront plans.

Robin, Patricia and Dean had a successful meeting with Library, City staff and the Library Board President. The Library is now looking at two sites – its existing site and

the Municipal Court site. Dean mentioned that the Municipal Court site is not the preferred site from the BWPFD's perspective because it would put government buildings between two parts of the regional center.

Robin will be meeting with Mayor Asmundson on Friday to bring him up-to-speed.

Gaye will be meeting with Jerry and Tom Mesaros.

5. Public Awareness and Communication.

a) Authorize hiring a contractor for installation and creation of a marketing sign for the building at 216 Grand Avenue, future site of the Art & Children's Museum, in an amount not to exceed \$4,000.

Discussion:

Yvonne met with David Wiggs of Signs by Tomorrow at the site of the Art & Children's Museum. They are looking at attaching a sign 4' tall and 12' long. The bid accommodates a sign on both sides of the building; one on Flora and one on Grand. The verbiage will say "another project funded by the BWPFD". Yvonne asked if we should use two separate images. The permit required by the City will cost \$125. The signs will be left up for a year. Lighting is included. Robin asked Yvonne if the cost sounded reasonable. Jerry thought the cost for the signage was okay, but questioned the need for lighting. Yvonne responded that the lights will be on a timer. Patricia said the Pacific Holiday Market will be there in December. The streetlight points away from the building. David thinks the lights will attract people. Jeff McClure thinks it would be good for business owners. Banners in the windows won't be visible at night.

Jerry asked if text for fundraising could be added. Patricia said it could be included on the window banners and noted that the cost of the banners had not been figured into the sign costs. Robin added that it could be included on the website.

DAVID WARREN MOVED TO AUTHORIZE UP TO \$4,000 plus 10% FOR PERMITS FOR THE PURPOSE OF INSTALLING TWO SIGNS FOR THE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT AT 216 GRAND AVENUE. YVONNE BIANCHI SECONDED.

Motion carried 5-0.

Jerry will talk to Gaye Godfrey for possible fundraising text. Patricia asked board members to send to Alison any comments they may have on the website and said she would proceed with banners as well as the two signs.

Robin mentioned the marketing/information video given by McIntyre Hall, which is Skagit PFD's project. Patricia will obtain a copy of the video.

Patricia clarified that the video recording of the November 15, 2005 Art & Children's Museum building committee meeting would be mostly for the presentation by the architects. The architects are willing to do a separate introduction.

Gaye sees great potential value in a video when going to the public phase of the fundraising campaign.

DUNHAM GOODING MOVED TO AUTHORIZE HIRING A CONTRACTOR FOR PRODUCTION OF A PUBLIC INFORMATION VIDEO OF THE ART & CHILDREN'S MUSEUM BUILDING COMMITTEE MEETING ON NOVEMBER 15, 2005, IN AN AMOUNT NOT TO EXCEED \$1,500. JERRY CHAMBERS SECONDED.

Motion carried 5-0.

Robin gave a brief PowerPoint presentation to the board. It was the presentation given to the State PFD conference on October 25, 2005, and related the successes and challenges of the Bellingham-Whatcom Public Facilities District. Patricia added that the presentation can be made available to board members in an electronic format on a compact disc or in printed format in a binder.

Discussion:

Dunham would like pictures of the inside of the Studio Theatre. David would like to have more pictures and have them printed out on paper in a binder. Jerry would like it in a binder.

Robin concluded that the general consensus of the public facilities districts is that they need to go to legislators to thank them for passing the legislation and to present a report of what project each public facilities district has created with the funding.

The board discussed the signs to be displayed at 216 Grand Avenue. Dunham likes the Buster Keaton graphic better than the hand puppets. Yvonne likes the crisp resolution of the puppets. Buster Keaton might be too low resolution. David thinks the museum looks more like an outdoor theatre with Buster Keaton.

ADJOURNMENT

Robin Halliday adjourned the meeting at 4:15 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant.

AGENDA

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING
WEDNESDAY, OCTOBER 26, 2005
2:00 P.M. – 5:00 P.M.
Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

Citizens may speak informally to the Board on subjects not scheduled for public hearing. Each speaker is allowed a maximum of three minutes. A copy of any written comments for the Board should be provided to the Administrative Assistant, preferably before the meeting.

APPROVAL OF MINUTES

ACTION: Approve minutes of the September 28, 2005 regular board meeting.

AGENDA REVIEW

BUSINESS

1. BWPFD Capital Project Updates.
Possible Action: Discuss timing of Phase II of Mount Baker Theatre Renovations.
2. BWPFD Administration, Financial Reports and Fundraising Status.
3. City of Bellingham and Whatcom County Activities and Issues.
4. Cultural District Stakeholders Activities and Issues.
5. Public Awareness & Communication:
 - a) Action: Authorize hiring a contractor for installation and creation of a marketing sign for the building at 216 Grand Avenue, future site of the Art & Children's Museum, in an amount not to exceed \$4,000.
 - b) Action: Authorize hiring a contractor for production of a public information video of the Art & Children's Museum Building Committee on November 15, 2005, in an amount not to exceed \$1,500.

ADJOURNMENT

FOR CITIZENS WITH SPECIAL NEEDS, the Mayor's Boardroom is fully accessible. Elevator access to the second floor is available at City Hall's west entrance. Hearing assistance is available in the Mayor's Boardroom and a receiver may be checked out through the clerk prior to the meeting. For additional accommodations, persons are asked to contact Alison Henshaw at 738-7451 at least 3 working days in advance of the meeting. Thank you.



**MINUTES OF THE PUBLIC MEETING OF THE
BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT
WEDNESDAY, SEPTEMBER 28, 2005**

CALL TO ORDER

Robin Halliday, President, called the meeting to order at 2:03 p.m.

ROLL CALL

Board members present were Yvonne Bianchi, Jerry Chambers, Dunham Gooding, Robin Halliday, Charles Self, and David Warren.

OPEN PUBLIC COMMENT PERIOD

None.

APPROVAL OF MINUTES

DAVID WARREN MOVED TO APPROVE THE MINUTES OF THE AUGUST 24, 2005 REGULAR BOARD MEETING. YVONNE BIANCHI SECONDED.

Motion carried 6-0.

JERRY CHAMBERS MOVED TO APPROVE THE MINUTES OF THE SEPTEMBER 7, 2005 SPECIAL BOARD MEETING. DAVID WARREN SECONDED.

Motion carried 6-0.

AGENDA REVIEW

Robin introduced the new agenda format. There are five (5) key agenda categories which relate to the board's areas of focus. This way, committee members will have the opportunity to report regularly to the board. Robin would like to review the Project Timeline document every board meeting.

BUSINESS

1. BWPFD Capital Project Updates. Three representatives of the Bellingham-Whatcom Public Facilities District (BWPFD) participate on the Art & Children's Museum Building Committee: Patricia Decker, Dunham Gooding, and David Warren.

Patricia reported that the Building Committee met on September 14, 2005. The Core Team takes comments from the Building Committee and discusses them in follow-up meetings with the architects. Olson Sundberg Kundig Allen architects (OSKA) issued floor plans in August and September, and they will issue updated floor plans in mid-October. In early November, the architects will make a final presentation to the Building Committee. Patricia suggested that the presentation be videotaped and be aired on BTV 10 and perhaps other stakeholders could attend.

On September 14, OSKA and Charles Anderson Landscape Architecture asked the Building Committee for feedback on:

- Landscaping;
- Roof Terrace – installing structure;
- Courtyard – different paving materials from crushed rock;
- Light Catcher Wall and materials;
- Admission Desk Location;
- Width of hallways – more generous on first floor; and
- Stairway – make it more interesting or grand.

Dunham thought the material in the light catcher wall may be too plain. The architects are exploring glass, including framing systems. There may be transparent sections of the wall. The architects may move the position of the light catcher a little to create more space in the building.

David is excited about the potential of the roof terrace and its location over the courtyard. Including the structure to support a future roof terrace would add about \$30,000.

Jeff McClure, Chair of the Building Committee, has brought the floor plans from OSKA. The basement may go out to the edges of the building. He explained the different levels of art exhibit space.

Charlie is assuming a cost-conscious role. He would like to know what the BWPFD wants, and how much it is willing to pay, and where the money is coming from. Robin responded that there is a budget with checkpoints along the way. She mentioned that she is relying on Building Committee members and fundraising liaison Jerry Chambers to alert the board to changes including costs like different courtyard paving materials. The schematic design phase will end in November. The board needs to make decisions on any additions or changes. Patricia will outline trade-offs. Cost estimates will include the roof terrace structure and the cost difference between crushed rock and other materials.

Charlie said the BWPFD has challenged the fundraisers to raise \$8 million. That has changed due to the addition of the basement, becoming a moving target. David is looking to future generations enjoying the Art & Children's Museum due to the BWPFD's vision now.

2. BWPF Administration, Financial Reports and Fundraising Status

Financial Report: Therese Holm gave the financial report for June 2005, as well as some explanatory notes. Revenues, consisting mostly of the state sales tax rebate are \$461,000, which is 9% more than this time last year. New construction has fueled the sales tax. There is a two month lag, so revenues through June 2005 are from November 2004 – April 2005. Expenses are half of the budget. This year, Patricia's

time is paid directly by BWPFD funds rather than interfund. Capital costs of \$52,000 are for design costs for Art & Children's Museum.

Discussion:

Dunham asked if the revenues are divided proportionally. Therese answered that they are not; they are year-to-date compared to the annual budget. Dunham asked if there is any change between the first and second 6 months of the year. Therese said this is hard to project. The first six months includes state sales tax from Christmas spending and the second six months includes state sales tax from back to school spending.

Fundraising Report: Robin made a presentation last week to the Campaign for the Arts committee. She focused on:

- Schematic Design Phase of Art & Children's Museum
- Stakeholder Communication
- City and County
- Financing Tools and Budgeting Strategies
- Timeline
- What BWPFD is doing relative to larger Cultural District – e.g., Library siting.

3. City of Bellingham and Whatcom County Activities and Issues. Robin and Dean will attend the Library siting meeting tomorrow. Robin would like to schedule a meeting with the County regarding the jail. Bob Goodwin from the Campaign for the Arts would like to participate in that meeting.

4. Cultural District Stakeholders Activities and Issues. Tom Livesay and Patricia are participating in a talk to a delegation of 40 people from Mankato, MN. Tom, Patricia and Bob Hall will present on downtown development. The people are from chambers, manufacturers, city council people, and mayors. The presentation will be about the Holly/Railroad intersection, downtown housing, new development, and waterfront development. Patricia, Tom, and Brad Burdick will give a related presentation to Bellingham Rotary on Monday, although that will focus more on the Museum and Mount Baker Theatre, the Flora District and the BWPFD.

Robin announced that 14 out of the 15 public facilities districts will be attending the first State PFD conference in Lynnwood, October 24 and 25, 2005. Each public facilities district will be giving a 10 minute presentation on its project.

Discussion:

Dunham asked about the references to the timing of the Mount Baker Theatre Phase II renovations in the BWPFD Project Timeline that was handed out at today's meeting. Robin explained that the dates are a place holder. Patricia said she sat down with Brad and discussed design for Phase II in 2007 and construction in 2008. The reason for this is that City Public Works staff is able to manage only one large project at a time. The Art & Children's Museum will be designed in 2006 and constructed in 2007. Brad now says if he could, he'd like to move it up, with design in 2006 and construction in 2007. Dunham says the BWPFD hasn't discussed Mount Baker Theatre Phase II renovations,

other than saying the BWPFD won't do them in 2006. He expressed his concern that if the Project Timeline is available on the BWPFD's website and appears on other papers with the BWPFD's name, there will be a false assumption that the Phase II renovations have been approved and are scheduled. Robin said the Cultural District project has to be continuous throughout 10 years. On February 28, 2006, the BWPFD will know whether or not the Campaign for the Arts is successful in raising \$3 million. At that point, the BWPFD will need to make some decisions. Charlie suggested changing the Project Timeline document to say the dates are "tentative". Dunham would like to discuss Phase II Mount Baker Theatre renovations at the October BWPFD board meeting.

5. Request by Pacific Arts Holiday Market to use the BWPFD-owned facility at 216 Grand Avenue for the three weekends in December, for the time period of December 8 through 26, 2005. The BWPFD board considered the letter of request from Pacific Arts Holiday Market, together with the BWPFD's Facility Use Criteria and Conditions. Patricia asked the board to look at the criteria.

JERRY CHAMBERS MOVED TO APPROVE THE REQUEST BY PACIFIC ARTS HOLIDAY MARKET TO USE THE BWPFD-OWNED FACILITY AT 216 GRAND AVENUE FOR THE THREE WEEKENDS IN DECEMBER, FOR THE TIME PERIOD OF DECEMBER 8 THROUGH 26, 2005, UNDER THE SAME CONDITIONS AS LAST YEAR, WITH THE ADDITIONAL REQUIREMENT OF A TEMPORARY PLACE OF PUBLIC ASSEMBLY PERMIT. DAVID WARREN SECONDED.

Motion carried 6-0.

6. Public Awareness and Communication. Robin asked Yvonne about the sign on the roof of 216 Grand Avenue building. Yvonne will meet with David next week, and then talk to the City. With regard to informational materials for the inside of windows of Museum – Patricia says talk to Museum staff. The Pacific Arts Holiday Market has agreed to set aside an area to display materials about the Art & Children's Museum. Robin asked that the materials and the sign be ready in time for the market in December. Robin would like an update from Yvonne at the next meeting, when the board could take action on authorizing a not-to-exceed amount on the sign.

Website: The board took a look at the new website and made some suggestions for changes that Alison will incorporate. The website should go live in the next couple of weeks.

ADJOURNMENT

Robin Halliday adjourned the meeting at 3:35 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant.

AGENDA

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING
WEDNESDAY, SEPTEMBER 28, 2005
2:00 P.M. – 5:00 P.M.
Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

Citizens may speak informally to the Board on subjects not scheduled for public hearing. Each speaker is allowed a maximum of three minutes. A copy of any written comments for the Board should be provided to the Administrative Assistant, preferably before the meeting.

APPROVAL OF MINUTES

ACTION: Approve minutes of the August 24, 2005 regular board meeting and the September 7, 2005 special board meeting.

AGENDA REVIEW

BUSINESS

1. BWPFD Capital Project Updates.
2. BWPFD Administration, Financial Reports and Fundraising Status.
3. City of Bellingham and Whatcom County Activities and Issues.
4. Cultural District Stakeholders Activities and Issues.
5. Public Awareness & Communication.
6. Possible Action: Request by Pacific Arts Holiday Market to use the BWPFD-owned facility at 216 Grand Avenue for three weekends in December, for the time period of December 8 through 26, 2005.

ADJOURNMENT

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**MINUTES OF THE SPECIAL PUBLIC MEETING OF THE
BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT
WEDNESDAY, SEPTEMBER 7, 2005**

CALL TO ORDER

Robin Halliday, President, called the meeting to order at 4 p.m.

ROLL CALL

Board members present were Dean Brett, Dunham Gooding, Robin Halliday, Charles Self, and David Warren.

BUSINESS

1. Report from the fundraising group on fundraising status.

Steve Brinn reported that the fundraising group has made substantial progress. The group has spent considerable time working on a plan with strategic positioning of fundraising efforts. This first phase will be an ongoing process of private and public cooperation to expand the arts district as a whole. There will be support from a broader constituency than anticipated at the beginning of the campaign, and the campaign lays a foundation for avoiding competition in the fundraising. In the last quarter, Bob Goodwin, Phyllis Self and Steve Brinn have added a part-time staff person, Gaye Godfrey, and engaged Tom Mesaros of The Alford Group for about three days a month. Tom brings many years of campaign experience to the fundraising group.

One key hurdle before the formal launch of the private phase of the campaign was to try to begin with seed commitments. The group has been able to substantiate \$1.6 million in commitments from only three parties. These seed participants want to be actively involved in the campaign. The benchmark for the fundraising group set by the BWPFDF of \$3 million by February 28, 2005, is achievable.

Steve Brinn plans to come back to the board and report formally again in a quarter or by the end of the year.

2. Recommend the City of Bellingham enter into the architectural services contract with Olson Sundberg Kundig Allen for the Art & Children's Museum. Patricia sent out to the board members the most recent draft of the contract and the last e-mail exchange she had with Stephen Yamada Heidner. Patricia had sent to Stephen a marked-up contract incorporating the comments from the contract team and supplemental comments from Bob Carmichael. Bob is here today attending his first board meeting as special counsel to the BWPFDF. The contract team comprised Dunham Gooding, Charlie Self, Jeff McClure, Tom Livesay, Patricia Decker, Les Reardanz and Ravyn Whitewolf.

Discussion:

Robin explained that the outstanding issues with the contract have been addressed. She asked contract team and board members if they had any concerns with the contract. David responded that he was not comfortable with the words "through no fault of the architect" that appear in section 11.3.1 and elsewhere in the contract. Dean explained that this is standard language, and is appropriate. He added that he is encouraged by the provision in the contract of mandatory mediation before arbitration.

Dunham asked if the mark up of 1.1 for consultants would be pre- or post-tax. Bob responded that it would be pre-tax.

DAVID WARREN MOVED TO RECOMMEND THE CITY OF BELLINGHAM ENTER INTO THE ARCHITECTURAL SERVICES CONTRACT WITH OLSON SUNDBERG KUNDIG ALLEN FOR THE ART & CHILDREN'S MUSEUM. CHARLES SELF SECONDED.

Motion carried 5-0.

ADJOURNMENT

Robin Halliday adjourned the meeting at 4:25 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant.

AGENDA

**BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT
SPECIAL MEETING
WEDNESDAY, SEPTEMBER 7, 2005
4:00 P.M. – 5:00 P.M.
Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham**

CALL TO ORDER

ROLL CALL

BUSINESS

1. Report from the fundraising group on fundraising status.
2. **ACTION:** Recommend the City of Bellingham enter into the architectural services contract with Olson Sundberg Kundig Allen for the Art & Children's Museum.

ADJOURNMENT

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**MINUTES OF THE PUBLIC MEETING OF THE
BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT
WEDNESDAY, AUGUST 24, 2005**

CALL TO ORDER

Dunham Gooding, President, called the meeting to order at 2:05 p.m.

ROLL CALL

Board members present were Yvonne Bianchi, Dean Brett, Jerry Chambers, Dunham Gooding, Robin Halliday, Charles Self, and David Warren.

OPEN PUBLIC COMMENT PERIOD

None.

APPROVAL OF MINUTES

**DEAN BRETT MOVED TO APPROVE THE MINUTES OF THE JULY 20, 2005
REGULAR BOARD MEETING. CHARLES SELF SECONDED.**

Motion carried 7-0.

PRESIDENT'S REPORT

Fundraising is moving ahead and Museum staff is working on grant applications.

The change from annual to daily parking permits is not efficient and defies common sense. Board members would like to write to appropriate parties to express their concerns.

The Art & Children's Museum Core Group met with the architects on August 18, 2005. The architects are about to go into schematic design. The Building Committee will meet for the first time on September 14 or 15, 2005.

BUSINESS

1. Architectural Services Contract with Olson Sundberg Kundig Allen for Art & Children's Museum. Patricia shared with the board a memorandum dated August 22, 2005 from Stephen Yamada-Heidner. She had already shared it and consulted with members of the contract team, Dunham, Jeff, and Charlie. The BWPF and City will review the final contract. Patricia didn't want the board to approve the contract until the design fee was tied down. She would like the City Attorney and BWPF's attorney to read the final contract. Patricia had impressed upon OSKA that they should reflect in their fee something for the work already done during the competition. The design fee for the basic design is \$1,095,100. The design fee for the basic design expanded to include the basement is \$1,165,300.

Discussion:

Dunham feels good about the increased square footage due to the basement design. Local architect Jeff McClure believes OSKA spent more on the design competition than the \$20,000 fee they were paid. He thinks the design fee is fair. Jerry wants assurance that the fundraising efforts will cover the cost of the basement design. Charlie asked what would happen if the BWPFD agrees to this and 6 months down the road the BWPFD decides it can't afford it. Patricia says there is a provision for this scenario at the Notice to Proceed point, which would be at the end of the Design Development phase. Charlie would like a timeline of the Art & Children's Museum project. Dean asked how much of the architects' fee would be spent by Schematic Design. Jeff responded that 40% would be spent – about \$400,000. Patricia explained that the design fee will come out of the remainder of the \$9 million bond issue, which is about \$3 million. The plan is to go forward with another bond issue in the summer of 2006. The \$3 million needs to be spent 3 years from November 2004. Robin reminded the board that the fundraisers are confident they'll raise \$3 million by February 28, 2006. Dean added that the new opinion on donor recognition should give the BWPFD more confidence.

Tom confirmed that the Museum board has made commitments to the fundraising group.

Patricia recommended a special meeting of the board be held to approve the contract or delegate authority to the contract team to approve the contract. Jerry needs the fundraising group to convince him they'll raise the money. Heather recommends the board hold off approving the contract until she has seen it – she also recommends a special meeting. Patricia will send the final contract out for review by the Contract Team. Patricia confirmed that the BWPFD's new attorney would review the contract. Jerry wants the fundraising group to come before the board to find out how much money is pledged. Tom responded that \$1.9 million has been pledged, and there is \$321,000 available in grants from state and federal governments. Robin said it would be good to have a formal report from the fundraisers prior to making a recommendation to the City on the architectural services contract.

Patricia recommended that a special meeting be held for a fundraising report and to approve the contract.

Charlie reminded the board that the BWPFD has funds to build the capital facility, but needs endowment funds to operate it. David asked if the special meeting will be an executive session. Heather responded that it will be a public session.

Robin asked for an updated accounting on the BWPFD. Patricia responded by handing out a summary of the overall projects, Summary of All Sources, Budgeting for Regional Center, as of 8/22/05. Approximately \$4.1 million dollars has been spent on Phase I of the Mount Baker Theatre Renovations. Phase II is estimated at about \$3.5 million. The actual and projected costs for the Art & Children Museum are \$14,018,698.

Streetscapes will cost around \$2 million and be paid for by the City. The BWPFD bonded for \$9 million and there remains \$3 million. Remaining bonding capacity is about \$8 million. The total cost for all projects is \$21 million.

Dean would like the contract team, the City attorney, and the BWPFD's attorney to review the contract. Yvonne would like the contract team to give the board a synopsis of the contract, highlighting any issues. Patricia said that after it has been reviewed, a hard copy of the contract will be sent to board members. September 7 at 4 p.m. is the tentative date and time for the special board meeting.

2. Annual election of officers.

DAVID WARREN NOMINATED ROBIN HALLIDAY AS PRESIDENT. JERRY CHAMBERS SECONDED.

Motion carried 6-0-1. Robin Halliday abstained

DEAN BRETT NOMINATED DAVID WARREN AS VICE-PRESIDENT. ROBIN HALLIDAY SECONDED.

Motion carried 6-0-1. David Warren abstained.

DAVID WARREN NOMINATED JERRY CHAMBERS AS TREASURER. DEAN BRETT SECONDED.

Motion carried 6-0-1. Jerry Chambers abstained.

DAVID WARREN NOMINATED YVONNE BIANCHI AS SECRETARY. JERRY CHAMBERS SECONDED.

Motion carried 6-0-1. Yvonne Bianchi abstained.

3. Qualifications of Special Counsel Applicants. Dean reported that a subcommittee comprising David Warren, Charles Self and Dean Brett, together with Les Reardanz and Patricia Decker, met to review the applications for the Special Counsel position. Five groups applied. The subcommittee nominated the two best candidates in Whatcom County, interviewed each of them, and concluded that Bob Carmichael would be the most qualified candidate for the position. He has practiced since 1983; 50% of his practice is municipal law; he advises Whatcom County and the City of Lynden; and wants to work on what he calls "the jewel" that Bellingham can become. His usual rate is \$195 per hour, but he will charge \$165 per hour for legal services to the BWPFD.

DEAN BRETT MOVED TO APPROVE HIRING ROBERT CARMICHAEL AS SPECIAL COUNSEL FOR THE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT. YVONNE BIANCHI SECONDED.

Motion carried 7-0.

4. Executive Session. The board directed staff to enter into a contract for legal services with Bob Carmichael at the rate of \$165 per hour. Charlie asked that the BWPFD notify the other candidate interviewed that Bob Carmichael has been selected. Patricia confirmed that she would both call and write to the other candidate.

5. Recognition of Dunham Gooding for his services as President of the Board.

DAVID WARREN MOVED TO APPROVE RESOLUTION 2005-1, RECOGNITION OF DUNHAM GOODING FOR HIS SERVICE AS PRESIDENT OF THE BOARD. ROBIN HALLIDAY SECONDED.

Motion carried 6-0-1. Dunham Gooding abstained.

6. Old Business: Yvonne asked if there are any parameters set around donor recognition. Patricia responded that the attorneys from Preston Gates Ellis will send to her a summary of the meeting held on August 4 on donor recognition, which she will share with the board. Charlie said there will be a need to refer individual gifts to the attorneys to find out what is legal in the way of recognition.

7. New Business: The first State Public Facilities District conference will be held by the Lynnwood PFD at their convention center on October 24 and 25, 2005. Robin, Patricia, Alison, and Therese Holm are interested in attending. Patricia will send the agenda to board members.

ADJOURNMENT

Dunham Gooding adjourned the meeting at 3:45 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant.

AGENDA

**BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING
WEDNESDAY, AUGUST 24, 2005
2:00 P.M. – 5:00 P.M.
Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham**

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

Citizens may speak informally to the Board on subjects not scheduled for public hearing. Each speaker is allowed a maximum of three minutes. A copy of any written comments for the Board should be provided to the Administrative Assistant, preferably before the meeting.

APPROVAL OF MINUTES

ACTION: Approve minutes of the July 20, 2005 regular board meeting.

PRESIDENT'S REPORT

BUSINESS

1. POSSIBLE ACTION: Subject to review and favorable recommendation by City and PFD attorneys and members of the Contract Committee, recommend the City of Bellingham enter into the architectural services contract for the Art & Children's Museum as outlined.
2. Annual election of officers.
3. Recognition of Dunham Gooding for his service as President of the Board.
4. Executive Session (RCW 42.30.110) concerning qualifications and compensation for Special Counsel applicants.
5. Report of Executive Session.
6. Old Business: Update on Fundraising and Donor Recognition.
7. New Business: State PFD Conference, October 24 and 24, 2005.

ADJOURNMENT

FOR CITIZENS WITH SPECIAL NEEDS, the Mayor's Boardroom is fully accessible. Elevator access to the second floor is available at City Hall's west entrance. Hearing assistance is available in the Mayor's Boardroom and a receiver may be checked out through the clerk prior to the meeting. For additional accommodations, persons are asked to contact Alison Henshaw at 738-7451 at least 3 working days in advance of the meeting. Thank you.



**MINUTES OF THE PUBLIC MEETING OF THE
BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT
WEDNESDAY, JULY 20, 2005**

CALL TO ORDER

Dunham Gooding, President, called the meeting to order at 2:15 p.m.

ROLL CALL

Board members present were Dean Brett, Yvonne Cartwright, Jerry Chambers, Dunham Gooding, Robin Halliday, and Charles Self.

OPEN PUBLIC COMMENT PERIOD

None.

APPROVAL OF MINUTES

JERRY CHAMBERS MOVED TO APPROVE THE MINUTES OF THE JUNE 22, 2005 REGULAR BOARD MEETING. ROBIN HALLIDAY SECONDED.

Motion carried 6-0.

PRESIDENT'S REPORT

Dunham says Museum staff are still working on plans for the Old City Hall building.

BUSINESS

1. Final Architectural Program – review highlights. Dunham summarized the process for refining the Art & Children's Museum program. The Program Committee worked with the architects to ensure that the space allocations matched up with programmatic intent. Dunham mentioned that the Museum Society Board's Executive Committee has already approved the program. Patricia would like the board to accept the Olson Sundberg Kundig Allen Program for the Art & Children's Museum as presented.

YVONNE CARTWRIGHT MOVED TO APPROVE THE PROGRAM FOR THE ART & CHILDREN'S MUSEUM, AS PRESENTED BY OLSON SUNDBERG KUNDIG ALLEN ARCHITECTS. ROBIN HALLIDAY SECONDED.

Discussion:

Charlie was concerned about approving the program without first discussing the costs. The board discussed the costs (see item 2) and then voted on the program after this discussion.

Motion carried 5-0. (Charlie Self had left by the time this vote was taken).

2. Architectural Design Services – review status and provide direction. Patricia explained that the PFD would have cost estimates before proceeding to construction of the Art & Children's Museum. The fee of \$1,095,100 for architectural and engineering fees is for the basic building. At this point it is not clear what the fee would be for the other options. Patricia provided a timeline and some spreadsheets that showed estimated costs for the project, including soft costs such as construction contingency, sales tax, an escalation factor, and permits, but not demolition, construction management or hazardous materials removal. Ravyn Whitewolf pointed out that the construction contingency amount is subject to sales tax. Costs are approximately \$8.9 million for the basic building, \$10.46 million with the basement, and \$10.17 million for the finish upgrade. Although Patricia would have liked the board's authorization to move forward with the architectural services contract, it is not possible as we don't have clear architectural and engineering numbers. Instead, she would like the board's direction on which option to pursue in finalizing the design contract. Referring to PowerPoint slides, she explained it would cost \$40,000 to carry the basic building and finish upgrade through schematic design and \$80,000 more to carry the basement option through schematic design. It would cost another \$75,000 to carry the basement option through schematic design and subsequently remove it.

Basic Services/Additional Services:

Patricia referred to this list in the packet. Contract Team members Ravyn Whitewolf, Tom Livesay and Jeff McClure were particularly helpful in discussions distinguishing which services we know we need and which therefore will be included in the contract and which "Additional Services" could be requested that would come at additional cost.

Basement Option:

Tom explained that the basement option came up due to back-of-the-house needs: collection, collection storage, and exhibit preparation. Space on the main floor is prime space and is not space that should be used up with back-of-the-house functions. Another consideration for the basement is that the Museum is in a position to receive a prime collection of Americana; the donor is ready to give it to the Museum but wants space for and regular display of the collection. Jeff McClure said that actual square footage for permanent exhibits and collections represents a combination of several different gallery spaces. A basement would add 8,000 square feet using PFD-owned land and would include an option for expansion.

Jeff McClure spoke up and indicated that the Executive Committee of the Museum Board would like to propose splitting the cost of the basement so the PFD would pay for the core and shell, and the Museum Society would pay for the expansion and finishing out.

Discussion:

Jerry thinks the basement cost of \$175 per square foot is expensive. Patricia reminded the board about special HVAC requirements. Jerry likes the idea of a basement, but is concerned about the cost: \$228 per square foot seems low as an overall cost per square foot. Robin asked how much the finish of the basement would cost. Jeff is not

clear, but proposes 50/50 PFD/Museum. Charlie asked how the Museum could have two campaigns going simultaneously; one for an endowment and one for finishing the basement. Jeff wants the basement to be designed in at the outset. Funds may come from grants. Tom said foundations give to bricks and mortar and collections. Jeff said the Museum is committed to the basement option: the existing Children's Museum and ARCO exhibits building are owned by the Museum Society and may be leased or sold to offset costs on upgrades on the Old City Hall and Syre Education buildings, as well as the basement space on the new Art & Children's Museum. Charlie asked if the PFD wants a basement.

Finish Upgrade:

Patricia explained that \$228 per square foot is for the basic building and the cost is \$265 per square foot for the finish upgrade. She understands it's for carpet, paint, wall board, flooring, lighting and glazing. Ravyn suggested that the basement option be done on a time and materials basis with a not-to-exceed amount. Dean asked if Jeff and Tom would prefer the basement or the finish upgrade. Both would prefer the basement. Jerry said if there is enough money, a basement should be built. Jerry and Robin asked about the fundraising status.

Fundraising Status:

Gaye Godfrey said a significant component of the fundraising is on hold due to the determination of the naming opportunities issue. The fundraising group is targeting the first part of November to have 100% participation commitment from the boards of the Museum and Mount Baker Theatre. The group is feeling confident and believes that attaining \$3 million by February 1 is a realistic approach. The \$1 million lead gift is very strong, but waiting for confirmation on the naming. Regarding the naming opportunities, Les Reardanz sent a packet of materials to the attorney at Preston Gates 10 days ago. Gaye wants to put together marketing materials such as renderings, drawings and plans.

Discussion:

Regarding the design options, Robin likes one design that includes a basement, with the basement portion to be charged by time and materials. Jerry suggested tabling the discussion and not making a decision until next month.

Dean is not comfortable spending \$40,000 for the Finish Upgrade. He would prefer two designs: basic and with basement. More information is needed from the fundraisers before the PFD commits to the basement only. Dean thinks it is worth \$80,000 to do two designs. Robin reminded the board that Stephen is advising that one design with a basement is cheaper. Dean and Jerry agreed it would be okay to have a basement if it is affordable.

With regard to the naming opportunities, Dean believes the Foster Pepper decision was good, and there's a possibility that Preston Gates will come up with the same decision. He cautioned the board not to assume it can go ahead with naming opportunities.

Dean Brett MOVED NOT TO AUTHORIZE \$40,000 FOR THE FINISH UPGRADE. ROBIN HALLIDAY seconded.

Motion carried 6-0.

Dean Brett MOVED TO AUTHORIZE OLSON SUNDBERG KUNDIG ALLEN TO GO AHEAD WITH THE \$80,000 DUAL DESIGN FOR BASIC AND BASIC WITH BASEMENT.

Motion failed for lack of a second.

Robin Halliday MOVED TO PROCEED WITH THE BASIC ARCHITECTURAL DESIGN DOCUMENT, LEAVE THE BASEMENT OPTION IN, WITH THE UNDERSTANDING THAT THE PFD WILL TRY TO NEGOTIATE A CONTRACT THAT ALLOWS THE BASEMENT DESIGN PORTION TO BE DONE ON TIME AND MATERIALS SO THAT IF NEED BE, THE PFD CAN GO BACK TO THE BASIC DESIGN. IF THAT NEGOTIATION FAILS, THEN THE PFD UNDERSTANDS THAT IT WILL INCUR A COST OF \$75,000 AT SOME FUTURE POINT TO GO BACK TO THE BASIC DESIGN. YVONNE CARTWRIGHT SECONDED.

Motion carried 4-2, Jerry Chambers and Dean Brett opposed.

[Charlie had to leave for another meeting at this point].

3. Language for grant applications – review and provide direction. Tom Livesay's memorandum of July 5, 2005 to the PFD board explains that the Museum is looking for a statement of support from the PFD, which would help Museum staff apply for capital grants from national foundations towards construction of the new Art and Children's Museum. Dunham drafted some grant language for the PFD's consideration.

Discussion:

Robin suggested making the statement shorter and is concerned about including any commitment of dollar amounts. Dean says the draft is a statement of intent, so he is comfortable with the language. Dunham mentioned that he needs to correct a couple of typographical errors.

JERRY CHAMBERS MOVED TO APPROVE THE LANGUAGE DRAFTED BY DUNHAM GOODING AS A STATEMENT OF SUPPORT FOR THE WHATCOM MUSEUM OF HISTORY & ART IN ITS APPLICATIONS FOR GRANTS FOR THE ART & CHILDREN'S MUSEUM. YVONNE CARTWRIGHT SECONDED.

Motion carried 5-0.

4. Special Counsel Services. Subsequent to Heather Wolf's letter of resignation, the PFD issued a Request for Qualifications for Special Counsel. Patricia recommended that Les Reardanz and two PFD board members review the applications and decide

who needs to be interviewed. Patricia will be on vacation for a couple of weeks but back the week of August 8 to assist with the interviews. Dean volunteered to help review the applications. Yvonne thought David Warren might be interested. Dunham thought Charlie might be interested, too. Dunham said he would ask Charlie and David.

5. Communications Committee Report. Yvonne reported on the sign for the roof of 216 Grand, the new museum site. City staff are pleased that Yvonne approached them. Olson Sundberg Kundig Allen allowed the PFD to use one of their images for the sign. The windows of 216 Grand building could be used as an additional information site.

The new website is coming together, although it is not complete. It needs more content to be drafted by Patricia and Alison. A link to the test site was sent to PFD board members before the meeting for their review.

Discussion:

Dunham is disappointed in the graphic design of the new website, and doesn't think it looks that different from the current one. Robin responded that the audience is the general public so the site must be easy to navigate and to keep current. She added that the video will be another information venue and it can be played on Channel 10.

6. Old Business. Patricia reported that Preston Gates can find ways to address naming opportunities to facilitate fundraising in the context of tax-exempt bond financing, but need to come to Bellingham to meet with a combination of representatives from the City Attorney's office, PFD, and fundraising group during the first week in August. Dunham, Jerry and Charlie could participate.

7. New Business. None.

ADJOURNMENT

Dunham Gooding adjourned the meeting at 4:38 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant.

AGENDA

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING
WEDNESDAY, JULY 20, 2005
2:00 P.M. – 5:00 P.M.
Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

Citizens may speak informally to the Board on subjects not scheduled for public hearing. Each speaker is allowed a maximum of three minutes. A copy of any written comments for the Board should be provided to the Administrative Assistant, preferably before the meeting.

APPROVAL OF MINUTES

ACTION: Approve minutes of the June 22, 2005 regular board meeting.

PRESIDENT'S REPORT

BUSINESS

1. Final Architectural Program - review highlights.
ACTION: Accept Architectural Program for design process.
2. Architectural design services - review status and provide direction.
ACTION: Authorize staff to proceed with design services contract subject to:
i) a not-to-exceed amount; ii) definition of basic/additional services; iii) notice to proceed provision for construction document phase; and iv) cost estimates at each phase.
3. Language for grant applications – review and provide direction.
ACTION: Approve language for Whatcom Museum to use in seeking grants.
4. Special Counsel Services. ACTION: Designate additional board member (in addition to Dean Brett) to assist in the selection process for Special Counsel.
5. Communications Committee Report.
6. Old Business.
7. New Business.

ADJOURNMENT

FOR CITIZENS WITH SPECIAL NEEDS, the Mayor's Boardroom is fully accessible. Elevator access to the second floor is available at City Hall's west entrance. Hearing assistance is available in the Mayor's Boardroom and a receiver may be checked out through the clerk prior to the meeting. For additional accommodations, persons are asked to contact Alison Henshaw at 738-7451 at least 3 working days in advance of the meeting. Thank you.



**MINUTES OF THE PUBLIC MEETING OF THE
BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT
WEDNESDAY, JUNE 22, 2005**

CALL TO ORDER

Dunham Gooding, President, called the meeting to order at 2:07 p.m.

ROLL CALL

Board members present were Dean Brett, Yvonne Cartwright, Jerry Chambers, Dunham Gooding, Robin Halliday, Charles Self, and David Warren.

OPEN PUBLIC COMMENT PERIOD

None.

APPROVAL OF MINUTES

JERRY CHAMBERS MOVED TO APPROVE THE MINUTES OF THE MAY 25, 2005 REGULAR BOARD MEETING. YVONNE CARTWRIGHT SECONDED.

Motion carried 7-0.

PRESIDENT'S REPORT

Dunham stated that the last three weeks have been taken up with discussions regarding IRS rules on tax-free bonds and their restrictions. The City is requesting the assistance of additional outside counsel.

Dunham met recently with Museum. At the next meeting in July, Museum staff will be reporting on their plans for the Old City Hall becoming a museum of history.

BUSINESS

1. Update on Cultural District and Art & Children's Museum. Patricia explained that this item includes discussion of what is needed to encourage private reinvestment in the Cultural District: Decisions about the Library's location, a long-term decision about the court's location and the effect of the jail site, parking, and design standards. There will also be an update on the Art & Children's Museum architectural program.

Clark Williams, the City's Transportation Manager, described some changes in City parking. Staff will be going to City Council on June 27 with parking proposals mostly dealing with rate changes that will impact the 2006 budget. The City's parking system operates at a loss. The proposals are to raise meter rates from 25 cents to 50 cents per hour. A rate schedule is built in, which proposes 75 cents per hour in 2008 and \$1 per hour in 2010. Parking rates haven't changed in Bellingham since 1992. The proposed increases will bring in revenue for the Parking fund, and will be used for improving parking meters and parking areas downtown. Another proposal is that enforcement will

begin at 8 a.m. instead of 10 a.m. Revenue from parking fines covers the cost of the Bellingham Police Department and Municipal Court and goes into the General fund. Currently, if you receive a parking ticket for \$5 and pay it within 72 hours it costs \$3. The proposal is to eliminate the early pay discount and the fine will either be \$5 or \$10. All other parking infractions would go from \$10 to \$20. Another proposal is that parking meters accept U.S. currency only.

Regarding parking operations, the City has issued an RFP asking parking professionals to give the City some options on how to automate the commercial garage and the one at Railroad Avenue, and to look at new technology like pay and display stations. This would ease enforcement and save parking enforcement officers' time. There are only two parking enforcement officers city-wide. No site has been picked for a parking structure. The business plan took the proposed rate increases and showed that there would be enough funds to go out for a \$15 million bond to build a parking structure.

A consultant has done some traffic circulation work as part of the City Center Master Plan. The consultant will look more closely at the feasibility of converting Champion Street to two-way, so that it would then be possible to circulate around the theatre a little better.

David asked about the status of the streetscapes. His recollection was that the Mayor stated that the City would pay for that. Yvonne and Robin agreed with David that the PFD should remind the Mayor about the City's commitment to pay for the streetscapes.

Tara Sundin, Development Specialist II, shared with the board what she knew about the streetscapes. Regarding the implementation of the City Center Plan, the Holly Street corridor improvements are slated for 2006. Timing for the Flora Street improvements of \$2 million is not yet set; another major capital project in the area such as the Art and Children's Museum is needed first. Tara added that federal is funding being sought for waterfront. David Warren explained that the Cultural District includes connections to the waterfront.

Patricia explained that the Art & Children's Museum Architectural Program includes a basement option. The basic plan is \$6.1 million. The larger facility with expanded exhibition area and collections area will cost more. She added that the architect doesn't want to carry both options indefinitely.

Discussion:

Charlie expressed his concerns about increased operating costs. David remains interested in the option of including an elevator up to the roof with room for future expansion. Jerry said we need to know where the revenues are coming from before we can decide on additional options.

Heather left at this point, due to a conflicting client interest regarding the Lettered Streets neighborhood.

2. Presentation on Lettered Streets Planning, expanded area effects on PFD Regional Center. Tara Sundin described the area as including Whatcom Creek, the Lettered Streets side of Old Town and the Central Business District. Issues of concern in the zoning process were the height of buildings and view corridors. All work was on hold until the Growth Forum process was complete. The Comprehensive Plan is now underway. The City has hired Michael Sullivan, who has recently done an analysis of buildings on Port-owned waterfront property. He will be conducting an inventory of historical buildings in Bellingham. Tara encouraged PFD board members to attend the public meetings. The first meeting will be held on June 29, when discussion will be focused on historical resources and public view corridors. The second meeting will be a work session held on July 20, focusing on view corridors, height and design standards, as well as streetscapes, open space and trail connections.

The Planning Commission recently recommended infill targets of 758 units in Lettered Streets and 600 units in the Central Business District in 20 years time. There are currently 30 units in Lettered Streets.

There are view corridors towards the water and back to the bluff. Central/Grand is clear to the waterfront. Flora has an old firehouse at end of it.

Design guidelines will be looked at for the civic center, Old Town and waterfront. Marilyn Vogel has a public process group to look at the guidelines. Robin wants someone from the PFD involved in the group. David volunteered. Multi-family tax-exempt buildings (residential) are the only ones subject to current design standards. Buildings are currently 150' tall on the waterfront and Old City Hall is 119' tall.

3. Report on presentation to the Bellingham Arts Commission. Patricia gave a Powerpoint presentation to the Bellingham Arts Commission on June 7. The Art Commission has to review the design of buildings on City property. The PFD is acting as though it is subject to the Arts Commission's process. In her presentation, Patricia included the streetscape process and the Art and Children's Museum design. The Arts Commission liked public input and the Art and Children's Museum Design Competition. At the end of the schematic design phase, the PFD will go back and update the Arts Commission.

One Arts Commission member suggested that the community mural wall be used instead as an art installation wall that could change quarterly or semi-annually. Charlie believes the art installation wall should be the Museum's decision.

4. Old Business. Dean brought up the letter from the PFD to the County. Dan McShane had asked Patricia if she had heard anything. She had not. Dan will be meeting with Dewey Desler about it.

5. New Business. Heather has sent the PFD a letter of resignation. Her private practice is busy. She has been working 10 – 12 hours per month for the PFD. The rate

she is paid, which is the standard municipal rate, is \$130 per hour. The rate cannot be included in a Request for Qualifications (RFQ).

Discussion:

Dean believes an RFQ would attract some good applicants. Charlie is concerned that the PFD isn't evaluating Heather and telling her the PFD would like to retain her or take the opportunity to make a change. Patricia said an executive session would be needed to discuss that. Charlie and David would like to hold an executive session.

President Gooding called an executive session regarding a public employment matter.

7. Report of Executive Session. The board discussed a public employment matter and gave direction to staff to proceed.

ADJOURNMENT

Dunham Gooding adjourned the meeting at 3:56 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant.



AGENDA

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING

WEDNESDAY, JUNE 22, 2005

2:00 P.M. – 5:00 P.M.

Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

Citizens may speak informally to the Board on subjects not scheduled for public hearing. Each speaker is allowed a maximum of three minutes. A copy of any written comments for the Board should be provided to the Administrative Assistant, preferably before the meeting.

APPROVAL OF MINUTES

ACTION: Approve minutes of the May 25, 2005 regular board meeting.

PRESIDENT'S REPORT

BUSINESS

1. Update on Cultural District and Art & Children's Museum.
2. Report on presentation to the Bellingham Arts Commission.
3. Presentation on Lettered Streets Planning, expanded area effects on PFD Regional Center.
4. Old Business.
5. New Business.

ADJOURNMENT

FOR CITIZENS WITH SPECIAL NEEDS, the Mayor's Boardroom is fully accessible. Elevator access to the second floor is available at City Hall's west entrance. Hearing assistance is available in the Mayor's Boardroom and a receiver may be checked out through the clerk prior to the meeting. For additional accommodations, persons are asked to contact Alison Henshaw at 738-7451 at least 3 working days in advance of the meeting. Thank you.



**MINUTES OF THE PUBLIC MEETING OF THE
BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT
WEDNESDAY, MAY 25, 2005**

CALL TO ORDER

Dunham Gooding, President, called the meeting to order at 2:06 p.m.

ROLL CALL

Board members present were Dean Brett, Yvonne Cartwright, Jerry Chambers, Dunham Gooding, Robin Halliday, and Charles Self.

OPEN PUBLIC COMMENT PERIOD

None.

APPROVAL OF MINUTES

JERRY CHAMBERS MOVED TO APPROVE THE MINUTES OF THE APRIL 27, 2005 REGULAR BOARD MEETING. CHARLES SELF SECONDED.

Motion carried 6-0.

DEAN BRETT MOVED TO APPROVE THE MINUTES OF THE MAY 5, 2005 SPECIAL BOARD MEETING. CHARLES SELF SECONDED.

Motion carried 6-0.

PRESIDENT'S REPORT

Included under business items.

BUSINESS

1. Update on City Council action on agreements and action by the Bellingham-Whatcom Public Facilities District (PFD) on (i) the revised Real Estate Transfer Agreement for the Mount Baker Theatre between the City of Bellingham and the PFD and (ii) the revised Facility Lease Agreement between the Bellingham-Whatcom Public Facilities District (PFD) and the MBT. Heather Wolf reported that City Council approved the Management Services Agreement between the City and the Mount Baker Theatre and gave its consent to the Facility Lease Agreement and the Real Estate Transfer Agreement. She explained that the only substantive change the Council made was extending the term of the Lease to 20 years instead of 10. The Mount Baker Theatre Board asked for a 20 year lease. Brad Burdick explained that the Mount Baker Theatre Board wanted a 20-year lease, similar to what was done before (a 25-year Lease), as it would assist in raising funds and obtaining grants because of the long-term relationship. **YVONNE CARTWRIGHT MOVED TO APPROVE THE REVISED REAL ESTATE TRANSFER AGREEMENT FOR THE MOUNT BAKER THEATRE BETWEEN THE**

CITY OF BELLINGHAM AND THE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT AND THE REVISED FACILITY LEASE AGREEMENT BETWEEN THE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT AND THE MOUNT BAKER THEATRE AND TO GIVE CONSENT TO THE MANAGEMENT SERVICES AGREEMENT BETWEEN THE CITY OF BELLINGHAM AND THE MOUNT BAKER THEATRE. ROBIN HALLIDAY SECONDED.

Motion approved 6-0.

2. Update on Art & Children's Museum: Presentation on Programming from Stephen Yamada-Heidner of Olson Sundberg Kundig Allen Architects. Dunham explained that the task of the Art & Children's Museum Program Committee was to make sure space allocations for each use in the museum are exactly as they ought to be. The committee met on May 10 and May 23 with Stephen Yamada-Heidner and Jim Olson.

Stephen is refining quantitative and qualitative issues. He and Jim have reread the materials from the competition and toured the facilities on May 10. He produced two documents, which are still works-in-progress, the Program and Space Narrative and the Space Allocation Table.

Larger scale feedback showed that no one liked the community mural, and there was a concern about growth and expansion not being addressed.

Space Allocation Table

This includes the exhibit categories for the Art Museum and Children's Museum, the Lobby and Public Space and combined common areas, as well as possible alternates that would provide added space for collection and exhibit areas. Item 5.0 shows the square footage adjustment for these possible add alternates.

Stephen provided a new two-page handout – floor plans from Olson Sundberg Kundig Allen and cost estimates from Sellen Construction for a proposed basement. These alternate floor plans identified ways to create additional square footage for collections and exhibits in response to the Program Committee's recommendations. The floor plan on the right is for a proposed basement. The floor plan on the left looks at other options for the second floor as a result of adding a basement for storage, which frees up space on the first floor. The hatched space on the left shows the reduced 2-story concept. Less space would be needed on the second floor due to the addition of the basement. More second story space could be developed in the future.

The current estimated (hard) construction costs for the Art & Children's Museum are \$6.1 million. It would cost an additional \$1.27 million for adding the basement.

Discussion:

The board discussed additional space requests such as the roof and basement and what the museum would actually need, as well as the requirement of raising more funds if more space is added. Dunham expressed an opinion that although at this point it is

not clear that we can afford the extra space, it would be good to have the roof and basement as “add alternate” options. Patricia added that there would be an additional cost for additional design time for the add alternates. Dean would also like to know the design cost for the open space on the second floor. Stephen explained that the basement floor plan indicated is an option only, and could be reconfigured.

Program and Space Narrative

Stephen pointed out that for the Art Museum, museum staff clarified what they wanted in terms of exhibit space. There was some discussion of a public hands-on space, which could be handled as another add alternate. For the Children’s Museum, there would be a single space for children aged 3 – 9, with a subspace for toddlers. Visual and physical continuity are important for the Children’s Museum, as is its location on one floor. A physical separation between the Art Museum and Children’s Museum is needed. The lobby, courtyard and public spaces will be used for several events. The possible add alternates are roof access, the public hands-on space, and the collections storage at the basement level.

Discussion:

Robin clarified that paragraph 4.4.b of the narrative be amended to clarify that tenting off large areas is not practical for the courtyard. Patricia asked that paragraph 2.6.a of the narrative be amended to clarify that acoustical separation and acoustical mitigation are essential, not desirable.

Patricia summed up that the Art & Children’s Museum design needs to be versatile and operationally efficient.

Stephen will make this same presentation to Museum Board tomorrow at 12 p.m.

3. Review the planning done by the fundraising group and identify fundraising goals.

Dunham recapped the discussions at the last meeting, where the board identified the amount of funds needed to be raised as between \$6 million and \$8 million, with \$6 million for endowments and \$2 million in grants for capital construction.

As requested by the board, Dean and Dunham met with fundraisers. The fundraising group’s conclusion was to focus on the endowment idea of \$6 million. This endowment idea is simple to explain to the public. The fundraising group has floated the endowment idea to a broader group, and it has been accepted well.

Discussion:

The board discussed at length the funding needed for the PFD’s Regional Center projects, and for what purposes, given that the PFD must be fiscally responsible.

Jerry expressed his concern that the PFD cannot pay for all the capital facilities. Dunham responded that a \$5 million shortfall for capital needs to be made up by private fundraising.

Jerry is concerned about the fundraising group not being able to come up with capital funds. He understood the fundraising group would be coming up with both capital funds and endowment funds for operations.

Dunham mentioned that the fundraising group needed a challenge. He suggested giving the fundraising group a challenge of raising \$3 million by the end of February 2006, then the PFD would proceed. Dean suggested telling the group that if they raised \$3 million by February 1, 2006, the PFD would go forward with construction drawings for the Art & Children's Museum, and if the group did not raise \$3 million by February 1, 2006, the PFD would not go forward with construction drawings. He added that the PFD could give the group an additional challenge for another \$3 million. Robin said the PFD would need to know the cost of any delay. Patricia reminded the board that the Mount Baker Theatre would like to proceed with Phase Two of the renovations. Heather said \$10 million needs to be spent on the Regional Center; \$6 million has already been spent. If the fundraisers don't come up with the money, the PFD will have to go forward with Phase Two of the Mount Baker Theatre renovations.

DEAN BRETT MOVED TO DIRECT THE FUNDRAISING GROUP THAT THE PFD PLANS TO SPEND \$17 MILLION ON CAPITAL IMPROVEMENTS IN THE REGIONAL CENTER ON THE CONDITION THAT THE FUNDRAISING GROUP RAISES \$6 MILLION IN ENDOWMENT FOR THE MUSEUM AND MOUNT BAKER THEATRE AND FURTHER THAT IF BY FEBRUARY 28, 2006 THE FUNDRAISING GROUP HAS RAISED \$3 MILLION TOWARDS THAT ENDOWMENT, THE PFD WILL GO AHEAD WITH FUNDING CONSTRUCTION DRAWINGS ON THE ART & CHILDREN'S MUSEUM, BUT THAT IF BY FEBRUARY 28, 2006 THE FUNDRAISING GROUP HAS NOT RAISED \$3 MILLION IN PRIVATE FUNDS, THE PFD WILL NOT GO AHEAD WITH THE CONSTRUCTION DRAWINGS ON THE ART & CHILDREN'S MUSEUM.

Robin suggested we take out the word "endowment", and just state the amount of money. Tom Livesay would like more latitude. Dean would prefer that the PFD give the fundraisers a hard line. Jerry doesn't want an endowment for operations.

Robin Halliday seconded and amended the main motion to remove the word "endowment". Jerry asked that the "\$17 million" also be removed. No vote was taken on the amended motion.

Vote on the main motion defeated, 5-1. NAYS: Jerry Chambers, Yvonne Cartwright, Dunham Gooding, Robin Halliday, Charles Self. AYE: Dean Brett.

CHARLIE SELF MOVED THAT IF THE FUNDRAISING GROUP IS ABLE TO RAISE \$3 MILLION BY FEBRUARY 28, 2006, THE PFD WILL CONTINUE WITH ITS WORK ON THE ART & CHILDREN'S MUSEUM PROJECT IN THE FORM OF CONSTRUCTION DRAWINGS. IF THE FUNDRAISING GROUP IS NOT ABLE TO RAISE \$3 MILLION BY FEBRUARY 28, 2006, THE PFD WILL NOT PROCEED WITH CONSTRUCTION DRAWINGS. Robin Halliday seconded.

Motion approved 6-0.

4. Discussion on status of neighboring facilities that relate to the Cultural District, including the location of the Bellingham Public Library and Whatcom County facilities within Bellingham's Civic Center. Dunham recapped that the board wanted to amend its previous letter to Dan McShane. On reflection, the board sees the value of keeping the courthouse downtown. Dean reported on the feasibility of building a new library on the lawn behind the existing library and the feasibility of expanding the existing library by going upwards. The results of a seismic study showed that it is not feasible to expand another story to the additional library; however a new library could be built on the lawn, with one story of parking underground.

Dean spoke with Pam Kiesner about the possibility of building a new library on the County-owned parking lot and trading the existing library land with the County. The benefits would be that library operations could continue at the current site and it would be closer to the cultural district. The County would acquire more space in the central core for County, with the opportunity for growth.

Discussion:

Dean would like to approach the County with this idea. The City would need to be involved in the trade of property. Charlie thinks it's urgent that the PFD lets the County know PFD's new position. Dean added that the County's Master Facilities Plan looked at only two alternatives. This third alternative could be considered. Dunham wanted the PFD to explain the economic impact of keeping the County downtown. Robin asked if Dean could draft a letter to the County and distribute it to board members via e-mail.

5. Old Business. The parking lot at 104 N. Commercial Street has received some revenue, but the parking lot at 216 Grand Avenue has not.

There has been some progress on the website and Patricia will tell PFD board members when it is "launched".

Regarding the name for the Art & Children's Museum, Yvonne said we need to be clearer with communications about the two museums being within one facility. The name of facility could change again. She suggested that in the name or logo, different colors be used for Art and Children's.

6. New Business. None

ADJOURNMENT

Dunham Gooding adjourned the meeting at 4:10 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant.

AGENDA

**BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING
WEDNESDAY, MAY 25, 2005
2:00 P.M. – 5:00 P.M.
Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham**

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

Citizens may speak informally to the Board on subjects not scheduled for public hearing. Each speaker is allowed a maximum of three minutes. A copy of any written comments for the Board should be provided to the Administrative Assistant, preferably before the meeting.

APPROVAL OF MINUTES

ACTION: Approve minutes of the April 27, 2005 regular board meeting and the minutes of the May 5, 2005 special board meeting.

PRESIDENT'S REPORT

BUSINESS

1. **ACTION:** Update on City Council action on agreements and action by the Bellingham-Whatcom Public Facilities District (PFD) on (i) the revised Real Estate Transfer Agreement for the Mount Baker Theatre between the City of Bellingham and the PFD and (ii) the revised Facility Lease Agreement between the PFD and the Mount Baker Theatre.
2. Update on Art & Children's Museum: Presentation on Programming from Stephen Yamada-Heidner of Olson Sundberg Kundig Allen Architects.
3. **ACTION:** Review the planning done by the fundraising group and identify fundraising goals.
4. Discussion on status of neighboring facilities that relate to the Cultural District, including the location of the Bellingham Public Library and Whatcom County facilities within Bellingham's Civic Center.
5. Old Business.
6. New Business.

ADJOURNMENT

FOR CITIZENS WITH SPECIAL NEEDS, the Mayor's Boardroom is fully accessible. Elevator access to the second floor is available at City Hall's west entrance. Hearing assistance is available in the Mayor's Boardroom and a receiver may be checked out through the clerk prior to the meeting. For additional accommodations, persons are asked to contact Alison Henshaw at 738-7451 at least 3 working days in advance of the meeting. Thank you.

**MINUTES OF THE SPECIAL PUBLIC MEETING OF THE
BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT
THURSDAY, MAY 5, 2005**

CALL TO ORDER

Dunham Gooding, President, called the meeting to order at 3:11 p.m.

ROLL CALL

Board members present were Dean Brett, Dunham Gooding, and David Warren. Robin Halliday and Charlie Self joined the meeting by telephone.

BUSINESS

1. Continuation of discussion regarding and review of latest drafts of (i) the Facility Lease Agreement between the Bellingham-Whatcom Public Facilities District (PFD) and the Mount Baker Theatre; (ii) the Real Estate Transfer Agreement for the Mount Baker Theatre between the City of Bellingham and the PFD; and (iii) the Management Services Agreement between the City of Bellingham and the Mount Baker Theatre.

Heather had made some changes to the agreements and those changes will be given to the City Council at the City Council Meeting on May 9. The Mount Baker Theatre will also have changes. The Mount Baker Theatre Board is also meeting today. Patricia and Heather will attend the City Council meeting Monday at 3 p.m. when the agreements will be considered by the Council.

Discussion:

Real Estate Transfer Agreement

Heather explained the changes. In paragraph 2.2, Heather explained that the statute allows the PFD to impose sales tax to fund the regional center. The words "regional center" are now included. Paragraph 2.4.1 allows the PFD to make alterations up to \$10,000 in value without the City's written approval. Also in paragraph 2.4.1, Heather clarified that the City is not required to terminate but may terminate the agreement.

Charlie asked about the blank exhibits for the legal description, map, and lease agreement. Les explained that all these exhibits will be attached to the original Management Services Agreement before Dunham signs it.

Lease Agreement

Paragraph 6.2.2 allows the City and the PFD to have 3 non-performance related uses annually. There was a typographical error on page 8, which Heather has corrected.

Charlie asked about paragraph 6.8 – he doesn't know why the PFD needs to authorize the posting of signs on the exterior of the building. Heather explained that the PFD's consent would be required prior to posting a sign. Charlie wonders who will monitor compliance. Regarding paragraph 10.2, Charlie asked who on the PFD will monitor

compliance of insurance, and he asked about insurance requirements for the Studio Theatre. Les Reardanz explained that the previous insurance requirement of \$500,000 for use of the Studio Theatre and Encore Room, if passed onto the renter, would make it so expensive that no one would want to rent those spaces. The City will assume the risk and try to monitor it. Charlie is concerned about small community groups who cannot afford the insurance requirements. Les explained the City's ability to waive insurance requirements. Dean explained that there is a \$2 million general liability policy on all parts of the theatre. On those occasions when someone rents out the main stage, the obligation to provide insurance is transferred to the renter. When someone rents the Studio Theatre, it is not transferred to them but nonetheless we still have insurance. It is the Mount Baker Theatre's risk.

Robin asked if the Lease Agreement uses language from the past lease between the City and the Mount Baker Theatre. Les responded that it does, plus it takes into account the bond requirements. Regarding Exhibit C, Charlie asked if the City would inherit the theatre's HVAC and electrical problems. Les responded that it would. Patricia added that the City has urged the PFD to move ahead with Phase Two of the Mount Baker Theatre renovations, knowing that the City is responsible for the infrastructure.

Management Services Agreement: Heather changed paragraph 5 to clarify that \$231,000 is for 2005 and thereafter it will be increased by the CPI.

Charlie is concerned that the term of the Management Services Agreement varies from the term of the Lease. Heather says it's the City's responsibility to find another tenant.

Les mentioned that the City's Finance Department had researched the historical value of the Mount Baker Theatre. It was previously valued at \$3.4 million and is now valued at \$3.85 million, to include the roof and tower repairs. Therese explained that the theatre counts towards the 33% match. The hotel/motel tax, the City's maintenance expenses, and private donations can also be included in the match. The match is the present value of the sales tax rebate revenue stream – or about \$6 million.

David Warren MOVED TO AUTHORIZE THE PRESIDENT TO SIGN THE REAL ESTATE TRANSFER AGREEMENT FOR THE MOUNT BAKER THEATRE, MADE BETWEEN THE CITY OF BELLINGHAM AND THE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT; THE MANAGEMENT SERVICES AGREEMENT, MADE BETWEEN THE CITY OF BELLINGHAM AND THE MOUNT BAKER THEATRE; AND THE LEASE BETWEEN THE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT AND THE MOUNT BAKER THEATRE, IN A FORM THAT REFLECTS THE CHANGES THAT HAVE BEEN DISCUSSED BY THE PFD AND INCORPORATED BY THE PFD'S ATTORNEY HEATHER WOLF. Charlie Self seconded.

Motion carried 5-0

Les mentioned a change requested by Therese Holm to paragraph 5.1 of the Lease and paragraph 7 of the Management Services Agreement. As auditors can review records for more than 3 years, the records retention period needs to be consistent.

Dean Brett MOVED TO APPROVE THE CHANGE OF THE RETENTION REQUIREMENT FROM 3 TO 6 YEARS. David Warren seconded.

Motion carried 5-0.

2. Continuation of discussion regarding PFD funding commitment to the Art & Children's Museum project. Dunham recapped that at the last PFD board meeting, Dean introduced some ideas from the fundraising group targeting endowments as a focus for the fundraising efforts. Therese Holm suggested as an alternative that the PFD look at funding operations with its revenue stream so it wouldn't have to spend interest on the bond. Patricia and Dunham met with Therese Holm on May 3, 2005 to review the revised Projected PFD Revenues - 2005.

Therese reported that she just received from the Department of Revenue the updated retail sales from 2004. She thought the current numbers might assist in planning for fundraising.

In the left three columns of the spreadsheet, ten years of actual retail sales data are included from 1995-2004. Total combined Bellingham/Whatcom County retail sales for 2004 were \$2,604,948. The average historical growth rate over the 10 years is 4.5%. The City has discounted that rate by 75% for a 3.4% growth rate for 2005-2006. Based on this growth rate, the annual retail sales would increase to almost \$5.6 billion in 2026. Dean noted that in 2000 – 2001, the actual retail sales growth was negative.

The middle columns calculate the estimated present value borrowing capacity at 5.5%. The tax rebate in 2002 was \$140,000 in 2002 and \$900,000 in 2004. The tax rebate is estimated at \$2,145,000 for 2026. Assuming debt services of \$524,000 in 2005, there would be \$366,000 remaining. In 2026, assuming debt service of \$971,000,000, there would be \$15,000,000 remaining. Factoring in a borrowing rate of 5.5% for present value, there would be \$8,258,000 remaining. The PFD could bond at its full remaining capacity of \$8 million. Two percent of the bond issue would go to bond costs.

Discussion:

Dean explained the proposal that an endowment of \$3 million would be raised for the Mount Baker Theatre and the theatre would use some of the interest income on the endowment each year for operations. Therese responded that the same would apply to the PFD funds – they would bear interest, too.

Therese added that all spaces related to the Art & Children's Museum are subject to tax-exempt bond requirements.

Dean stated that the fiscally responsible position of PFD would be to invest \$15 million in capital if the public could raise \$6 million in endowment.

Dunham expressed that the fundraisers expect to be more successful raising funds for the endowment. There is a limited window of opportunity for fundraisers. The PFD could give the fundraisers the go ahead to raise funds for the endowment. Then if necessary in the future, funds could be raised for capital, if favorable to the PFD and the fundraisers.

Charlie explained that in any major fundraising effort, there will be a period of three to five years during which the collections are made on the commitments, so cash wouldn't be available immediately for construction.

Dean recapped the potential donors' concerns:

1. Why contribute money when the PFD has money?
2. Where is the money going?
3. A clear and simple story is needed for public understanding.

Charlie recommended that someone from the PFD attend the fundraising meeting tomorrow and try to understand better what they are trying to accomplish. Robin thinks the PFD should explain to the fundraising group how it would be possible to save a significant amount of money if the PFD doesn't have to bond. Then the fundraising group could make the decision as to which of the options would be easier.

Gaye Godfrey expressed that marketability and simplicity are important in fundraising.

Tom said the museum has been working on the endowment concept already, but thinks the fundraising group would be willing to listen to the PFD.

Dean said the PFD needs to have an amount that is available from tax revenues. After some discussion, the board decided to use the PFD's bonding capacity of \$17 million.

Dean and Dunham will go to the fundraising group meeting tomorrow at 10:30 a.m. with a clear message that they want to defer to the group's judgment, taking into account the need for flexibility.

Therese asked about the costs to be covered by the endowment. Charlie responded that \$3 million would be for the MBT and \$3 million for the Museum for operating costs. Therese said that assumes the City will continue funding the Museum at \$1.4 million per year. She noted the City budget may not always be able to continue its current level of support for the Museum. Therese, Patricia, Tom will meet internally about business plans to be put together for the existing facilities, the proposed structures, and the two smaller facilities of the Museum.

ADJOURNMENT

Dunham Gooding adjourned the meeting at 4:37 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant.

AGENDA

**BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT
SPECIAL MEETING
THURSDAY, MAY 5, 2005
3:00 P.M. – 5:00 P.M.
Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham**

CALL TO ORDER

ROLL CALL

BUSINESS

1. **POSSIBLE ACTION:** Continuation of discussion regarding and review of latest drafts of (i) the Facility Lease Agreement between the Bellingham-Whatcom Public Facilities District (PFD) and the Mount Baker Theatre; (ii) the Real Estate Transfer Agreement for the Mount Baker Theatre between the City of Bellingham and the PFD; and (iii) the Management Services Agreement between the City of Bellingham and the Mount Baker Theatre.
2. **POSSIBLE ACTION:** Continuation of discussion regarding PFD funding commitment to the Art & Children's Museum project.

ADJOURNMENT

FOR CITIZENS WITH SPECIAL NEEDS, the Mayor's Boardroom is fully accessible. Elevator access to the second floor is available at City Hall's west entrance. Hearing assistance is available in the Mayor's Boardroom and a receiver may be checked out through the clerk prior to the meeting. For additional accommodations, persons are asked to contact Alison Henshaw at 738-7451 at least 3 working days in advance of the meeting. Thank you.

**MINUTES OF THE PUBLIC MEETING OF THE
BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT
WEDNESDAY, APRIL 27, 2005**

CALL TO ORDER

Dunham Gooding, President, called the meeting to order at 2:10 p.m.

ROLL CALL

Board members present were Dunham Gooding, Robin Halliday, Charles Self and David Warren. Dean Brett joined the meeting by telephone from 3:30 – 4 p.m.

OPEN PUBLIC COMMENT PERIOD

None.

APPROVAL OF MINUTES

**CHARLES SELF MOVED TO APPROVE THE MINUTES OF THE MARCH 23, 2005
REGULAR BOARD MEETING. DAVID WARREN SECONDED.**

Motion carried 4-0.

PRESIDENT'S REPORT

Dunham reported that he and Tom Livesay had visited Seattle recently to announce the Bellingham Art & Children's Museum project to Virginia Wright as the key person who could get the word out to the Seattle community for those interested politically or in investment or contribution.

BUSINESS

1. Request by First Baptist Church to use the parking lot at 104 N. Commercial Street on Sundays from 8 a.m. to 1 p.m. Patricia explained that at one time, the PFD had an agreement with First Baptist Church whereby church patrons could use the parking lot at 104 N. Commercial Street on Sundays from 8 a.m. to 1p.m. That agreement was revoked in December 2003, when construction work began on the first phase of the Mount Baker Theatre renovations. Now that Diamond Parking is managing the lot, all owners of vehicles parking in the lot must pay. Curt Thornburg of Diamond Parking had figured into the agreement with the PFD some income from those church patrons who would want to park and pay. He was willing to work something out directly with the church if approved by the PFD. Heather said it would be difficult to figure out how to do that given our tax-exempt bond issue. Patricia and Heather recommended that the PFD continue the present arrangement with Diamond with no changes.

Discussion: Robin asked if Diamond could negotiate directly with the church for some kind of subsidy. Heather explained that they can't because part of the agreement the

PFD has with Diamond Parking is that there are general schedules available and that is part of us maintaining our tax-exempt bonds. Patricia communicated this to Diamond and agreed to tell them again. Dunham asked Patricia to talk to Diamond again and write a letter to the church explaining that there are implications on the bonds and that the PFD cannot provide for use of the lot by the church outside of the parking management contract.

2. First Quarter Financial Report. Therese Holm stated that the annual budget beginning balance for 2005 is \$4,692,565, most of which represents the unused bond proceeds that the PFD needs to use within three years. Comparing the first quarters in 2004 and 2005, the sales tax rebate is higher in 2005. Total revenues for the first quarter of 2005 are \$262,040. Capital costs are for the Mount Baker Theatre and Children's Museum.

3. Latest draft of (i) the Management Services Agreement between the City of Bellingham and the Mount Baker Theatre (MBT); (ii) the Facility Lease Agreement between the Bellingham-Whatcom Public Facilities District (PFD) and the MBT; and (iii) the Real Estate Transfer Agreement for the Mount Baker Theatre between the City of Bellingham and the PFD. Patricia introduced the three agreements. One is the Management Services Agreement, to which the PFD is not a party. Sheila Hardy is the contact person for this agreement, which essentially deals with the lodging tax allocation. The others are for the transfer of the theatre from the City to the PFD and the Lease Agreement between the PFD and Mount Baker Theatre.

Discussion:

Management Services Agreement: Charlie asked about paragraph 5, Funding and Terms and Conditions relating thereto. The PFD had talked about changing the management fee from not to exceed \$231,000 to some other language that would permit it to be higher. Robin explained that the CPI is included in the second sentence. The \$231,000 is for 2005 only, and should be clarified. Charlie is concerned he hasn't had an adequate opportunity to study the agreements. Patricia responded that the City Council will meet May 9 to discuss the agreements, and in order for the PFD to ensure that the City Council receives the PFD's comments on the agreements, the PFD would need to schedule a special meeting before May 9.

David is concerned that "for any reason" in paragraph 10.5 is too broad. Robin says she understood that if the manager couldn't operate and manage the theatre, then the City would have to find a new manager for the theatre. Heather responded that Robin is correct, but that this paragraph relates only to the lodging tax. The Management Services Agreement lasts for 5 years. Sheila Hardy added that it was a 5-year agreement previously for the Mount Baker Theatre's booking purposes.

Real Estate Transfer Agreement for the Mount Baker Theatre: Patricia said the Transfer Agreement is for the life of the PFD only. Part of the City's match requirement is included in the Transfer Agreement.

Dunham asked about the end of the first sentence of paragraph 2.2, which states that the state sales tax is “to improve the Theater Property”. His understanding is that the tax is for the whole regional center. Heather explained that it’s for the match and improving the theatre property, and agreed that the language needs to be clarified. Robin would like to add that a requirement included in the RCW was for the formation of the public facilities district.

Patricia explained that paragraph 2.4 deals with the protection of the City’s reversionary interest in the Mount Baker Theatre property. In order for the Mount Baker Theatre to be a recipient of the lodging tax, allocation, the theatre needs to be a City facility. Heather reassured Dunham and Charlie that violation of paragraph 2.4.1 section by the PFD isn’t an issue.

Heather suggested inserting a dollar amount for improvements in paragraph 2.4.1. She explained that she had changed 2.4.3 to clarify the City’s responsibilities: “c) the City shall be responsible for occupancy of the Property by an appropriate tenant;”

Therese reminded the board that Les Reardanz has done a remarkable job of balancing these considerations:

1. The bonds remain tax-exempt;
2. The Mount Baker Theatre remains exempt from leasehold tax;
3. The City is still able to give the Theatre the hotel/motel tax; and
4. The transfer of the theatre goes towards the City’s 33% match.

Charlie asked about the balance of the 33% match. Patricia and Therese say it could come from private fundraising, the city’s maintenance and operations, state grants, and the hotel/motel tax. Therese interprets the match to be 33% of the total revenue stream.

Facility Lease Agreement: The lease is for 10 years. Under paragraph 6.2.2, Heather highlighted that the PFD and City jointly have the right to use the MBT 3 times a year. She will insert the word “annually” in the first sentence. Paragraph 6.3 deals with the tax-exempt status of the bonds – and the PFD might have to amend this from time to time. Paragraph 6.9 references a Parking Agreement, which will be included as part of the Lease Agreement. Paragraphs 8.1 and 9.1 show that the PFD doesn’t have to perform maintenance. Paragraph 8.2 states that the PFD can make improvements to the theatre without written approval of the City, so long as they are for less than \$10,000. Paragraph 10.2.1 explains that the MBT holds liability insurance of \$2 million. David asked if there would be any liability to the PFD if an incident of more than \$2 million were to occur. Patricia explained that under paragraph 2.4.4 of the Transfer Agreement, the City shall indemnify the PFD. In paragraph 13.1, condemnor is misspelled.

Patricia recommended the PFD Board examine Exhibit C of the Lease Agreement, as it explains the maintenance responsibilities of the City and MBT.

A special meeting of the PFD should be held on Thursday, May 5 at 4 p.m. to provide additional time for PFD review and discussion. Alison agreed to confirm the meeting date.

4. Old Business – Fundraising. Dunham reported that he and Dean met with Steve Brinn and Phyllis about ten days ago. Phyllis Self, Bob Goodwin, and Gaye Godfrey are representing the fundraising group at today's meeting.

Dean joined the meeting at 3:30 p.m. by telephone. He explained that the Federal District Court Judges have selected him to be the new United States Magistrate for Northwest Washington. It is a part-time position doing criminal cases. It will allow him to continue in his civil practice, but one of the requirements is that although he can serve on a civic board, there are three things he cannot do: He cannot be on a board that is involved in litigation, he cannot give investment advice, and he cannot solicit funds. Accordingly, Dean will resign from his position as the PFD's coordinator for the fundraising group as of July 3.

Dean reported that the fundraising group has a suggestion as to how to proceed with fundraising. Potential donors ask why they should donate if the PFD has \$15 million. There is some confusion about the need for money and where it would go. The PFD has already completed the Phase One improvements to the Mount Baker Theatre and the City already has a Children's Museum. Steve Brinn needs a simple, straightforward explanation as to why we need to raise funds. The PFD has \$16 million for capital improvements – but needs to be fiscally responsible. The proposal to the fundraising group is that the PFD will build the capital improvements if private funds can be raised to create an endowment of \$6 million to run the three facilities; the Mount Baker Theatre, the Whatcom Museum of History and Art and the Art & Children's Museum.

Discussion:

Dunham asked about naming rights for a chunk of the building. Heather says it's complicated and needs to be run by bond counsel. Dunham asked Tom if national foundations can give money to capital projects. Tom responded that the Museum and Mount Baker Theatre could still go out for grants for furniture, fixtures and equipment (FF&E).

Phyllis received advice from Thomas Mesaros of The Alford Group, who thinks an endowment can be raised for operations.

Dean would like the communications committee to explain the fundraising concept to the public.

Therese enjoys the notion of fiscal responsibility, but recommends that the fundraising group consider the notion of flipping the funds so the PFD would use funds for an operating endowment so the tax-exempt status of the bonds and interest costs would not be an issue. The private fundraising could then be used for the capital facilities.

Patricia summarized that \$10 - \$11 million is needed to build the Art & Children's Museum. The old figure for Phase 2 of the Mount Baker Theatre is \$4 million. The PFD has already spent \$6 million. The PFD cannot do all capital projects with state sales tax rebate. Four million dollars more are needed for capital.

Therese recommends a separate meeting with finance staff to discuss the reversal of the endowment and capital funding, as well as naming rights.

Dunham distributed to the board members a memorandum dated April 22, 2005 from Tom Livesay to Dunham Gooding regarding naming rights. This needs to be run by bond counsel. Patricia can contact bond counsel regarding the memorandum. Patricia and Gaye Godfrey will contact Brad Burdick for a memorandum regarding naming opportunities for the Mount Baker Theatre.

5. Update on Art & Children's Museum. Dunham asked if the PFD could change "Art & Children's Museum" to "Art Museum and Children's Museum" because of some confusion on the part of the public who think it's just a children's museum with an art component. Discussion ensued with input from Patricia, Robin and Charlie. Robin suggested we retain "Art & Children's Museum" but then add a tag line of "two museums in one". The Communications Committee could work on this. Also, the fundraising group needs to give input on the name of the museum.

Dunham reported on the Programming Committee comprising Patricia Decker, Susan Edgar, Andrea Evans, Dunham Gooding, Tom Livesay, Jeff McClure, Richard Vanderway, Scott Wallin, and David Warren. The committee is working with the architect and looking at space allocation and possibly a basement. On May 10 the Program Committee will meet with Jim Olson. Stephen Yamada-Heidner will give a report on programming to the boards of the Museum and PFD. Patricia explained that after the programming phase, schematic design is expected to take about 5 months, through October 2005. Design development is expected to take about 4 months, through March 2006. Cost estimates will be done by spring of 2006 before the PFD goes forward with construction. The exact timeline for construction drawings, bids, and construction administration is not set. Construction is likely to be in 2007.

6. Appoint an additional PFD Board member to the Art & Children's Museum Building Committee. Heather thinks the building committee needs another PFD board member. Dunham and David are on it now. The time commitment would be for three meetings; one each at the beginning, mid and end of schematic design. Charlie agreed to serve.

Robin MOVED TO APPOINT CHARLIE SELF AS AN ADDITIONAL PFD BOARD MEMBER TO THE ART & CHILDREN'S MUSEUM BUILDING COMMITTEE. David Warren seconded.

Motion carried 4-0.

7. Report on State Budget Capital Request, Mount Baker Theatre Renovations. Patricia announced that the state capital budget request netted \$200,000 for Phase Two of the Mount Baker Theatre renovations. There were several competing requests.

8. Letter from the PFD to Whatcom County Council regarding recommendations on the location of county administrative offices and court facilities within Bellingham's Civic Center. This item is postponed to the May meeting. Patricia distributed to the board members a letter from Sam Crawford about the Bellingham Public Library dated April 20, 2005. The PFD briefly discussed letting the Library Board know of the PFD's interest in having the library stay within the civic center. Patricia, Dunham and Dean agreed to work on a letter to the Library Board and the City of Bellingham.

9. Report from Communications Committee. Patricia and Alison met earlier today with Michael DeMan and Anna Ehnmark of Open Access, the consultant for the PFD's new website. Open Access will put up a test website by the May board meeting, but the site won't go live until the end of June. The website could include a fundraising report.

Regarding the video production, the Communications Committee has put together an outline for the video. The committee needs to interact first with the fundraising group, then with the stakeholders. The fundraising group may create its own video or use the PFD's video then add a fundraising-specific ending.

10. New Business. David asked if the PFD would consider putting up a billboard on the roof of the building it owns at 216 Grand Avenue – perhaps showing a rendering of the museum model, saying “future site of the Art & Children's Museum”. Robin wondered if Yvonne might know the cost of a billboard. Patricia added that there are city restrictions, and that she is concerned that the billboard may be up for a couple of years, but that she will pursue the idea with someone in the Planning Department. David will be the liaison.

ADJOURNMENT

Dunham Gooding adjourned the meeting at 5:02 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant.

AGENDA

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING
WEDNESDAY, APRIL 27, 2005
2:00 P.M. – 5:00 P.M.
Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

Citizens may speak informally to the Board on subjects not scheduled for public hearing. Each speaker is allowed a maximum of three minutes. A copy of any written comments for the Board should be provided to the Administrative Assistant, preferably before the meeting.

APPROVAL OF MINUTES

ACTION: Approve minutes of the March 23, 2005 board meeting.

PRESIDENT'S REPORT

BUSINESS

1. **POSSIBLE ACTION:** Request by First Baptist Church to use the parking lot at 104 N. Commercial Street on Sundays from 8 a.m. to 1 p.m.
2. First Quarter Financial Update.
3. **POSSIBLE ACTION:** Latest draft of (i) the Facility Lease Agreement between the Bellingham-Whatcom Public Facilities District (PFD) and the Mount Baker Theatre; and (ii) the Real Estate Transfer Agreement for the Mount Baker Theatre between the City of Bellingham and the PFD.
4. Update on Art & Children's Museum.
5. **ACTION:** Appoint an additional PFD Board member to the Art & Children's Museum Building Committee.
6. **POSSIBLE ACTION:** Letter from the PFD to Whatcom County Council regarding recommendations on the location of county administrative offices and court facilities within Bellingham's Civic Center.
7. Report on State Budget Capital Request, Mount Baker Theatre Renovations.
8. Report from Communications Committee.
9. Old Business.
10. New Business.

ADJOURNMENT

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**MINUTES OF THE PUBLIC MEETING OF THE
BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT
WEDNESDAY, MARCH 23, 2005**

CALL TO ORDER

Dunham Gooding, President, called the meeting to order at 2:08 p.m.

ROLL CALL

Board members present were Dean Brett, Yvonne Cartwright, Jerry Chambers, Dunham Gooding, Robin Halliday, Charles Self and David Warren.

OPEN PUBLIC COMMENT PERIOD

Patricia Decker introduced Malcolm Fleming, the Chief Administrative Officer for the City of Bellingham.

APPROVAL OF MINUTES

Patricia amended language in the third sentence of the last paragraph on page 1 of the minutes. It currently reads "He sees the cultural district as a 9-block grid, with the museum site in the center". Patricia recommended that it be changed to read "He noted the 9-block grid laid out in the heart of the city, and the museum site is at its center".

Yvonne asked if under the first item of business "Stephen introduced" should actually say "Jim Olson introduced". It should.

Dunham asked that the date of the meeting be added at the top of the minutes.

DAVID WARREN MOVED TO APPROVE THE MINUTES OF THE FEBRUARY 23, 2005 REGULAR BOARD MEETING, AS AMENDED. CHARLES SELF SECONDED.

Motion carried 7-0.

PRESIDENT'S REPORT

Dunham updated the board regarding the museum project. Patricia, Tom Livesay, Jeff McClure and Dunham met with architects Jim Olson and Stephen Yamada-Heidner on Monday, March 21, to discuss the contract. It will be in two phases; schematic design and design development in the first phase; and construction drawings, services during the bidding of the construction contract, and construction administration in the second phase. The American Institute of Architects has a contract it uses which is acceptable to the architects, the City and Jeff McClure. There will be cost estimates included in both phases. Contingencies will also be included in the contract. Patricia said she would keep the board up-to-date with the contract negotiations.

Robin brought up the matter of 15% apprenticeship set-asides, asking if this would be included in the contract negotiation discussions. Patricia responded that the board didn't take a vote on the apprenticeship set-asides, probably because we don't know enough about it yet. As more information becomes available, the issue should be clearer. Alison added that the mandate is for state contracts, which means it does not currently apply to the PFD or the City, although the PFD and City may decide to do something on a local level. Dunham stated that most people understand the virtues of the idea, but don't understand the real costs associated with it.

Dunham continued his report on the museum project meeting, saying the participants discussed the museum program to ensure that prior to schematic design, the allocation of space is what museum staff think would best fulfill the museum's mission and needs of the public. The plan is to create a Program Committee consisting of museum staff (Tom Livesay plus 5 or 6 members of his staff), representatives of the museum board Jeff McClure, Susan Edgar, and Andrea Evans, and representatives of the Building Committee Patricia, Dunham and David. Jim Olson and Stephen Yamada-Heidner suggested they come up with questions for the Program Committee. The Program Committee would then gather responses, and at a Program Committee meeting give those responses to the architects. The architects would write up a refined program using those responses and return the refined program to the Program Committee for review and comment. Tom Livesay would draw up the final proposal for program space allocation and take it to the Building Committee for final review and finally to the Museum Board for approval. Schematic design would follow this approval.

Dunham reported on the City Council Committee of the Whole meeting when he and others gave a presentation on the museum design concept. At that meeting, Patricia introduced Bill Liskamm and Jim Olson and Stephen Yamada-Heidner. Dunham explained the reasons the PFD held a competition, Bill Liskamm explained the competition and the jury's deliberations, and Jim Olson and Stephen Yamada-Heidner gave a shortened version of the Powerpoint presentation they gave to the PFD board back on February 23. The City Council members gave positive comments about the design and the architects.

There followed a discussion about the PFD's commitment to the Art & Children's Museum project. Dunham emphasized that museum staff is not able to pursue grants from private foundations for the Art & Children's Museum until they can say the project is going forward. Accordingly, there is a need for commitment by both the fundraising group and the PFD. Dunham recommended the PFD put together a proposal to the fundraising group, saying if the group raises a minimum amount of funds, then the PFD would proceed with the Art & Children's museum project.

Charlie asked the PFD not to lose sight of the fact that the fundraising group is committed to having an endowment for operations of the Art & Children's Museum.

Patricia added that the City has been looking at the operational side of the City's budget in general and there was a meeting to discuss moving the Art & Children's Museum

project forward, recognizing that there are some uncertainties in terms of City budget support. She added that the PFD monies can be used as a revenue stream to reduce operating costs. It may not be a good use of funds, but is an eligible use. Regarding fundraising, she summarized that the fundraising group needs a commitment from the PFD to set aside a certain amount of money towards the Art & Children's Museum, so that the gap between expected construction and operational costs and what we have already set aside is known. Finally, Patricia reminded the board that the PFD has agreed to move forward with Phase Two of the renovations to the Mount Baker Theatre. The two projects need to happen together in order to maximize the fundraising group's efforts.

Charlie wants the PFD to ask the City to keep the Library in its current location and would like to generate a similar level of enthusiasm with the County about the Art & Children's Museum, making the County sensitive to the need of keeping the courthouse in the civic center. Jerry is supportive of helping out the fundraising group but is insistent that the PFD does not allocate funds to operations. Robin wishes to continue to engage other stakeholders and would like them to see the Olson Sundberg design presentation. Dunham suggested having the presentation at a County Council meeting and inviting the other stakeholders. Charlie said it's urgent that the County Council be kept informed. Dean said the PFD has been giving the County mixed signals. Yvonne recommends one-on-one meetings with County Council members. Dunham asked the PFD to write a proposal to the County. Patricia suggested Dean draft it and the Communications Committee review it. Dean will draft the proposal to the County and send it to Robin and Yvonne before the next PFD board meeting. Patricia suggested that the PFD send the letter to County Council members and then schedule a meeting with them after they have had a chance to think about it. Dean asked for a copy of the letter the PFD previously sent to the County. Alison will supply this.

BUSINESS

1. 2004 Year End Financial Report. Therese Holm reported that 2004 is the second full year completed for the PFD. The state sales tax rebate for 2004 was almost \$900,000, reflecting the robust economy. Bonds were issued in the amount of \$9.37 million and the PFD paid off its interfund loan to the City of over \$6 million, leaving a balance of approximately \$3 million. The major expense for 2004 of \$4.7 million was for the Mount Baker Theatre renovations and the purchase of the building and land at 216 Grand Avenue.

Discussion:

On the expense side, Dunham expressed concern about the amount paid to bond counsel. Therese responded that there are significant bond costs due to the complex \$10 million bond issue. Heather Wolf explained that almost every contract the PFD has somehow implicates the bonds; hence the bond counsel fees.

Therese concluded by saying that having rerun the numbers, projected income for the PFD looks to be higher than originally expected. The \$16 million is more like \$17.5 or

\$18 million. The balance of \$6 million in debt capacity is more like \$8.5 million. Therese will provide a spreadsheet at the next PFD board meeting with details.

2. Work session regarding Mount Baker Theatre agreements. Patricia explained that all three parties will receive this presentation. She added that no action will be needed on the agreements until April. The goals of the agreements, which are still in draft form, are to:

- Retain tax exempt status of bonds;
- Maintain Lodging tax funds for MBT;
- Eliminate leasehold excise tax; and
- Transfer ownership of theatre to PFD (part of City's 33% match)

The three agreements are:

- City-BWPFD Theatre Transfer Agreement. The PFD will hold ownership until such time as PFD is dissolved;
- BWPFD-MBT Lease Agreement; and
- City-MBT Lodging Tax Agreement. MBT will receive \$231,000 annually for operations.

The next steps are to complete negotiations and receive approval of the agreements by all parties by late April.

Discussion:

Charlie asked who would be responsible if the Mount Baker Theatre group lost money and couldn't continue operations. Les Reardanz responded that the City would be responsible for finding another theatre operator. There followed lengthy discussion regarding the lodging tax and the potential to increase the allocation to the Mount Baker Theatre. Dunham explained that the lodging tax revenue has steadily increased over the last four years, although the tax rate itself has not. Therese reminded the board that the PFD has the ability to access other revenue by using a couple of funding mechanisms: On voter approval, the PFD could increase the lodging tax rate for the PFD's specific purposes. The PFD could also ask for an increase in the sales and use tax by one-tenth of one percent.

[Dean Brett left at 3:30 p.m.]

3. Approve letter to legislators supporting potential state funding of Phase Two of the renovations to Mount Baker Theatre. Robin reported on the meetings held in Olympia on February 16 between herself, Patricia, Ken Marzocco, who is president of the Mount Baker Theatre board, and Brad Burdick with Senator Dale Brandland, Representatives Kelli Linville and Doug Ericksen, and Hans Dunshee, Chair of the Capital Budget Committee. The group asked the state for \$2 million from its capital budget to fund Phase Two of the Mount Baker Theatre renovations.

ROBIN HALLIDAY MOVED TO APPROVE THE LETTER TO THE LEGISLATORS SUPPORTING POTENTIAL STATE FUNDING OF PHASE TWO OF THE

**RENOVATIONS TO THE MOUNT BAKER THEATRE. DAVID WARREN
SECONDED.**

Motion approved 6-0. (Dean Brett absent for the vote, although he signed the letter).

4. Old Business. None.

5. New Business. Patricia mentioned a class to be held on April 26 from 8 a.m. to 5 p.m. at the Bellingham Public Library called "Strategic Marketing in the Public Sector" and asked if any board member would be interested in attending. There were no takers.

ADJOURNMENT

Dunham Gooding adjourned the meeting at 3:37 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant.

AGENDA

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING
WEDNESDAY, MARCH 23, 2005
2:00 P.M. – 5:00 P.M.
Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

Citizens may speak informally to the Board on subjects not scheduled for public hearing. Each speaker is allowed a maximum of three minutes. A copy of any written comments for the Board should be provided to the Administrative Assistant, preferably before the meeting.

APPROVAL OF MINUTES

ACTION: Approve minutes of the February 23, 2005 board meeting.

PRESIDENT'S REPORT

BUSINESS

1. 2004 Year End Financial Report.
2. Work session regarding Mount Baker Theatre agreements.
3. **ACTION:** Approve letter to legislators supporting potential state funding of Phase Two of the renovations to Mount Baker Theatre.
4. Old Business.
5. New Business.

ADJOURNMENT

FOR CITIZENS WITH SPECIAL NEEDS, the Mayor's Boardroom is fully accessible. Elevator access to the second floor is available at City Hall's west entrance. Hearing assistance is available in the Mayor's Boardroom and a receiver may be checked out through the clerk prior to the meeting. For additional accommodations, persons are asked to contact Alison Henshaw at 738-7451 at least 3 working days in advance of the meeting. Thank you.

**MINUTES OF THE PUBLIC MEETING OF THE
BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT
WEDNESDAY, FEBRUARY 23, 2005**

CALL TO ORDER

Dunham Gooding, President, called the meeting to order at 2:08 p.m.

ROLL CALL

Board members present were Dean Brett, Jerry Chambers, Dunham Gooding, and David Warren. Charles Self joined the meeting by telephone at 2:25 p.m.

OPEN PUBLIC COMMENT PERIOD

There were no public comments.

APPROVAL OF MINUTES

Dean Brett wanted the record to reflect that at the meeting on January 26, 2005, he had directed staff to remove the trailer parked at 216 Grand Avenue.

THERE WAS NO MOTION OR SECOND, HOWEVER A VOTE WAS TAKEN THAT THE MINUTES OF THE JANUARY 26, 2005 REGULAR BOARD MEETING BE APPROVED, AS AMENDED.

Motion carried 4-0.

PRESIDENT'S REPORT

Dunham gave a history of the Museum Design Competition, from its inception to the announcement of Olson Sundberg Kundig Allen and Charles Anderson Landscape Architecture as the winners. [History attached].

BUSINESS

1. Presentation by Jim Olson of Olson Sundberg Kundig Allen and discussion of preliminary design concept for the Art & Children's Museum. Jim Olson introduced his colleague, Stephen Yamada-Heidner as the project manager, and himself as lead designer. He agreed that the competition was well run, and that it included opportunities for feedback, which is unusual in competitions.

Jim explained that the design is a concept only – not a finished design. He mentioned that the site is well placed between the two existing icons of the current museum and the Mount Baker Theatre. He noted the 9-block grid laid out in the heart of the city, and the museum site is at its center. Rather than competing with the two buildings, it would be more of a space or place rather than a tower. The team tried to create a welcoming, vital, public gathering space. The gathering space is wrapped with a wall of light – “the

light catcher” – which reflects back to the old city hall. The building is a simple and loft-like inexpensive structure that can be flexible and have multiple uses.

The team suggests planting a major grove of street trees - a hybrid of native dogwood – to tie Flora Street together. Olson Sundberg is working with a landscape architect, Charles Anderson.

On the first floor is the main entrance at the corner of Grand and Flora and the lobby. The lobby has glass along the Flora and courtyard sides. Adjoining the lobby is the gift shop and café, both of which have doors to the street, so they can be used when the Museum is not open. The café can spill out into the courtyard for some events. The light catcher wall is translucent, allowing light from outside to spill into the hall of light during the day and at night the light comes the other way. At the south end is the Children’s Museum, where there will be clear sunlight. The Children’s Museum is two stories, so it can be divided for different age groups. At the north end is the art exhibition space, where light can be controlled. In the center is the collections space, next to the loading dock and workshops. It is possible to peek into the collections area from various places in the hall of light. There are gateways in the wall dividing the courtyard from Grand, which can be open or closed, depending on what’s going on.

On the second floor is the upper story of the Children’s Museum with three classrooms, meeting rooms and administrative areas, reference library, restrooms, and mechanical rooms. From the balcony, one can look down into the public space.

Outside the building is the light catcher wall, making the courtyard a light space. When the sun is hitting the wall on the outside, the entire inside becomes a luminous, glowing surface. At night, with light coming from the inside out, it could change colors, it could be used for showing outdoor movies, art presentations, educational videos, children’s puppet theatres, or a backdrop for a concert. The surface can be used in many ways.

The exterior walls along Grand and Flora, referred to as the “walls of wonder”, are simple walls that enclose the building and define the street edge, but allow peeks into the museum or niches where art can be displayed on the outside of the building. The higher outside of the building becomes open to the public twenty-four hours a day, seven days a week. On the alley side there would be a public mural for community painting.

Charles Anderson, landscape architect on the team, proposes a “Garden of the Ancients” with ginko trees, ferns, and a large rock.

Stephen described the team’s efforts to keep within the budget of \$6.1 million by: 1) increasing the building’s efficiency rating through design of circulation, stairways, mechanical shafts and service areas; 2) using low cost materials in the design; and 3) creating simple, flexible spaces.

Discussion:

Dunham asked about the phases involved in the project. Stephen responded that during the schematic design phase, the team would establish parameters for the project, such as budget, design and construction schedules. At the end of the schematic design phase would come the design and development phase. Before drawing the construction documents, there would be a review related to the budget and a chance to review the schedule and design.

Dean noted that the model shows the current museum building and Mount Baker Theatre using three-dimensional views, whereas the surrounding blocks are shown as two-dimensional. He explained the likelihood of new development in the area, with buildings having 2 – 3 stories. Jim responded that as the building is designed with a space in front of it, the space would be even more important as it would be different from the tall buildings surrounding it.

In answer to a question from David, Jim explained that the material for the light catcher is made of vinyl over polyester substrate.

David mentioned that the model and boards are on display in the lobby of City Hall and that people are excited about the design.

Patricia reported that the PFD has set time on the City Council's agenda of March 21 to allow Jim Olson and Bill Liskamm to present the design concept. Later, another bond issue will be needed to fund the construction. Patricia anticipates the schematic design phase to take between 3 and 5 months and the entire design process to take between 6 and 9 months.

Jerry asked for a progress report on fundraising. Dunham responded that the group had made some progress and is on the verge of hiring a consultant – The Alford Group – and a half-time staff person – to be paid by private monies already raised. Patricia added that she would contact the fundraising group and ask them to provide a report at a future PFD board meeting.

2. Approve formation of Art & Children's Museum Design and Building Committee.

Dunham produced a list of potential committee members. Heather suggested adding another PFD board member to the committee. Dunham recommended Robin Halliday as she had served on the jury. David stated his willingness to serve on the committee, but thinks Robin may have a better background. Dunham had gathered names from PFD board members, the fundraising group, the Museum and Patricia. Patricia said they wanted to build on the knowledge base of the competition committee and the jury. Dean asked about one of the individuals recommended but whose name did not appear on the list. Dunham and Dean decided to discuss this after the meeting.

DAVID WARREN MOVED THE APPROVAL OF THE FORMATION OF THE ART & CHILDREN'S MUSEUM DESIGN AND BUILDING COMMITTEE, TO INCLUDE, BUT NOT BE RESTRICTED TO: TOM LIVESAY, DUNHAM GOODING, JEFF MCCLURE,

ANDREA EVANS, SYLVIA HAGGEN, FRANCES LECOCQ, BOB GOODWIN, BRUCE SMITH, CAROL EDWARDS, MATT HAMMATT, PHYLLIS SELF, CURT MILLER AND ROBIN HALLIDAY. Dean Brett seconded.

Motion carried 5-0.

3. Direct staff to begin negotiating contracts for design of the Art & Children's Museum. Patricia reported that she has spoken to Jeff McClure and Dick McKinley and Rory Routhe of Public Works. For this project, the usual City contract would not be helpful. The AIA contract form is acceptable to the City and Jeff McClure encourages its use. Public Works staff and Tom Livesay will assist Patricia in developing the contract.

Discussion:

David reminded that some time ago when board members first began discussing the Art & Children's Museum, they had agreed that the PFD would like to provide opportunities for apprenticeship programs for local youth during the construction of the museum. David added that a bill has passed the House and Senate requiring any state contracts for construction in excess of \$5 million must provide a set-aside of 15% for apprenticeships.

Dean Brett MOVED TO DIRECT STAFF TO BEGIN NEGOTIATING CONTRACTS FOR THE DESIGN OF THE ART & CHILDREN'S MUSEUM. Jerry Chambers seconded.

Motion carried 5-0.

4. Presentation by Curtis Thornburg of Diamond Parking regarding parking services. Curt Thornburg, Real Estate Acquisition Manager, introduced his colleagues, Dave Bowen, Bellingham City Manager, Rich Miles, Area Supervisor, and Myron Spiegel, Assistant to Senior Vice President for Operations.

For the parking lot at 104 N. Commercial Street, Diamond will work with Mount Baker Theatre to accommodate their employees during the day and the events during the evenings and weekends. There are 16 events a year when Mount Baker Theatre will have full access to the lot, and when they will provide free valet parking, and this will be dealt with under a separate contract with the Theatre. Diamond will check the lot in the morning after events.

For the rest of the time, there will be monthly parking for employees in 8 of the spaces and daily public parking. Diamond intends to offer MBT employees a discount as an incentive to sign up, which will be flexible with the market and at the PFD's discretion. Diamond will stripe, number, and put up reserved signs on the lot, as well as a pay box. Parking citations are issued at \$15, going up to \$30 after two weeks. Diamond has a collection agency to collect payments. Diamond will tow if the landlord asks and if 5 violations have been issued.

[At this point, Dunham left the meeting to attend an interview. He asked David as Secretary to chair the remainder of the meeting].

Curt explained the different revenue-sharing proposals for 104 N. Commercial and 216 Grand.

For the parking lot at 216 Grand Avenue, Diamond would reconfigure the stalls to provide 40 angled parking spaces.

5. Direct staff to enter into revised contracts with Diamond Parking for parking services, subject to approval as to form by City and PFD attorneys and bond counsel and direct staff to take action regarding provision of towing services.

Jerry Chambers MOVED TO ACCEPT THE DIAMOND PARKING PROPOSAL FOR 104 N. COMMERCIAL BASED ON REVENUE SHARING OF 60/40 AND A MONTHLY MANAGEMENT FEE OF \$50, AND TO ACCEPT THE DIAMOND PARKING PROPOSAL FOR 216 GRAND BASED ON REVENUE SHARING OF 75/25, WITH A MONTHLY MANAGEMENT FEE OF \$150. Dean Brett seconded.

Motion carried 4-0.

6. Approve hiring a contractor for website hosting and maintenance, with a one-time set up fee not to exceed \$1,500 and an hourly maintenance rate. Patricia gave a report from the Communications Committee, which is made up of Patricia, Yvonne and Robin. In their absence, Patricia reported that the committee had met several times, outlining its responsibilities. [See Communications Committee Report, attached]. Patricia added that in most cases, the committee will run proposals by stakeholder groups.

The website proposal talks about hiring a contractor for a one-time website set-up, ongoing hosting and maintenance, up to \$1,500 and an hourly maintenance rate, to be negotiated.

Jerry Chambers MOVED TO APPROVE HIRING A CONTRACTOR FOR WEBSITE HOSTING AND MAINTENANCE, WITH A ONE-TIME SET UP FEE NOT TO EXCEED \$1,500 AND AN HOURLY MAINTENANCE RATE. Dean Brett seconded.

Motion carried 4-0.

7. Approve hiring a contractor for production of a 5-minute promotional video for information and marketing purposes, in an amount not to exceed \$3,000. Patricia stated that the video proposal is an off-shoot of the two-hour recording of the design competition and the jury's comments for showing on Channel 10. The 5-minute video would be used for fund raising and for going around to various groups to explain who the PFD is and what it does. Patricia would like to integrate some of the streetscape images from Walker Macy, some of the material the PFD has developed, and work with a videographer to develop a 5-minute video that is more of a marketing piece.

Discussion:

Jerry didn't think 5 minutes would be enough. David agreed, saying 10 minutes would be more appropriate. Charlie suggested the PFD work on the video with the fundraising group and The Alford Group.

Dean Brett MOVED TO APPROVE HIRING A CONTRACTOR FOR PRODUCTION OF A 10-MINUTE PROMOTIONAL VIDEO FOR INFORMATION AND MARKETING PURPOSES, IN AN AMOUNT NOT TO EXCEED \$7,000. Jerry Chambers seconded.

Motion carried 4-0.

8. Old Business. On the communications committee report, Dean asked how the committee would develop key messages and materials and how it would gather input from the stakeholders, including board members and the fundraising group. Patricia responded that she didn't know what the process would be, but the committee would gather input from stakeholders. Dean asked that the committee develop key messages and materials "in conjunction with the fundraising group and The Alford Group". Patricia said she would add that language.

Regarding the motor home that is illegally parked on the parking lot at 216 Grand Avenue, Patricia said the police had spoken to the occupants several times. Initially, police gave them 24 hours notice, but the legal requirement is more like 7 days. Dean added that today he had asked someone in his office to figure out what is needed to get rid of the motor home. That person responded by way of a memorandum and Dean gave the memorandum to Patricia. Patricia said the PFD would enter into a contract with a towing company to remove the motor home. She reminded the board that someone from the PFD needs to be on location when the vehicle is towed.

9. New Business. None.

ADJOURNMENT

David Warren adjourned the meeting at 4:02 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant.

AGENDA

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING
WEDNESDAY, FEBRUARY 23, 2005
2:00 P.M. – 5:00 P.M.
Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

Citizens may speak informally to the Board on subjects not scheduled for public hearing. Each speaker is allowed a maximum of three minutes. A copy of any written comments for the Board should be provided to the Administrative Assistant, preferably before the meeting.

APPROVAL OF MINUTES

ACTION: Approve minutes of the January 26, 2005 board meeting.

PRESIDENT'S REPORT

BUSINESS

1. Presentation by Jim Olson of Olson Sundberg Kundig Allen and discussion of preliminary design concept for the Art & Children's Museum.
2. **ACTION:** Approve formation of Art & Children's Museum Design and Building Committee.
3. **ACTION:** Direct staff to begin negotiating contracts for design of the Art & Children's Museum.
4. Presentation by Curtis Thornberg of Diamond Parking regarding parking services.
5. **ACTION:** Direct staff to enter into revised contracts with Diamond Parking for parking services, subject to approval as to form by City and PFD attorneys and bond counsel and direct staff to take action regarding provision of towing services.
6. **ACTION:** Approve hiring a contractor for website hosting and maintenance, with a one-time set up fee not to exceed \$1,500 and an hourly maintenance rate.
7. **ACTION:** Approve hiring a contractor for production of a 5-minute promotional video for information and marketing purposes, in an amount not to exceed \$3,000.
8. Old Business.
9. New Business.

ADJOURNMENT

FOR CITIZENS WITH SPECIAL NEEDS, the Mayor's Boardroom is fully accessible. Elevator access to the second floor is available at City Hall's west entrance. Hearing assistance is available in the Mayor's Boardroom and a receiver may be checked out through the clerk prior to the meeting. For additional accommodations, persons are asked to contact Alison Henshaw at 676-6880 at least 3 working days in advance of the meeting. Thank you.



**MINUTES OF THE PUBLIC MEETING OF THE
BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT
WEDNESDAY, JANUARY 26, 2005**

CALL TO ORDER

Dunham Gooding, President, called the meeting to order at 2:05 p.m.

ROLL CALL

Board members present were Dean Brett, Yvonne Cartwright, Dunham Gooding, Robin Halliday, and Charles Self.

OPEN PUBLIC COMMENT PERIOD

There were no public comments.

APPROVAL OF MINUTES

Charlie Self wanted the record to reflect that he was actually at the meeting on December 15, 2004, and did not join it by telephone, as stated in the minutes.

Yvonne Cartwright MOVED THAT THE MINUTES OF THE DECEMBER 15, 2004 REGULAR BOARD MEETING BE APPROVED, AS AMENDED. Robin Halliday seconded.

Motion carried 5-0.

PRESIDENT'S REPORT

Dunham reported that January has been an exciting month for museum, with the design competition coming to a close.

BUSINESS

1. **ACTION:** Provide direction/approve entering into contracts with Diamond Parking for parking services, subject to approval as to form by City and PFD attorneys and resolution of details regarding any required permits for parking lot restriping. Patricia announced that this agenda item would be tabled until next month. She reported that the material in the packet is okay, but bond counsel says we need to structure it differently. Heather Wolf and Les Reardanz were involved in the discussion with bond counsel. The parking arrangement as currently structured would be problematic for the tax-exempt status of the bonds. A management agreement with a confirmed fee is needed rather than shared revenue. The PFD can't lease with a private, profit-making company. The 501(c)(3) status of the Mount Baker Theatre also needs to be taken into account. Valet parking at night may still be possible. The other alternative would be to change the interlocal agreement and have the City manage it. Patricia's preference is

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to have Diamond Parking manage it. Patricia added that a building permit is needed in order to restripe the parking lots.

Discussion: Patricia would like a PFD board member to assist her with the parking issue. Charlie doesn't want the PFD to spend more in bond counsel fees than what it collects in parking revenue. Dean is concerned about the trailer parked at 216 Grand Avenue, as it is a liability. He directed staff to have the trailer removed from the parking lot immediately. Charlie volunteered to assist Patricia when the trailer is towed.

2. Museum Architectural Design Competition Update. The architect teams arrived on January 11, when a press conference was held. A press kit was produced for the competition. The public began coming into the museum on January 12 to view the designs. On the night of January 20, a gathering of about 150 people came to see designs. An award ceremony for the children's design competition took place on January 15. Channel 10 interviewed the children. There was an event on the 23rd about the competition process, with presentations by Jeff McClure, Tom Livesay, Dunham Gooding, and Patricia Decker. KVOS did a taping of Patricia about the design competition. Entries from the children's design competition are on display in the old Museum board room. The Daily Journal of Commerce in Seattle did an article about the design competition, too. On Saturday, there will be 5 minute summaries at 3:15 p.m. and the whole presentations will be videotaped. Patricia said Mary Gallagher has the information she needs and will be there on Saturday. The jury is supposed to make a decision by 6 p.m. Patricia will call local media with the jury's decision. Patricia pointed out that PFD and City Council would have to approve the jury's decision.

Discussion: Charlie expressed his concern that the competition wasn't publicized well enough. Dunham asked about issuing another press release. Yvonne advised Patricia to call local media representatives rather than issue another press release. Patricia responded that Mary Gallagher would write another article. Yvonne said the free press had been maximized and that the Herald is doing well. She advised that additional advertising would take funding. Patricia said the event of the 20th "took the steam out" of the event on the 23rd. Tom Livesay said the event of the 20th was mostly for museum members, but members could take someone with them.

3. New Business.

Communications. Yvonne led a discussion about the communications committee and website. Yvonne and Robin met this morning. They decided that the website is an important tool for fundraisers and the general community. Yvonne suggested that the website be hosted elsewhere. Content management could be done by staff and graphic could be done by the contractor. Robin suggested that the Communications Committee explore all communications issues, including the website, and come back to the board with a proposal and plan. Dean wants a budget included in the proposal. Patricia said board members need to let the Communications Committee know to whom it should send information. The PFD needs a mailing list. Yvonne mentioned another group who sent out bookmarks with that group's website address, explaining that it may be

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possible to do the same thing with the PFD's website. Robin mentioned that she heard about Audience Central talking to the City about their "peer system". It is a database with content management and distribution with controlled, secure access to press releases, mailers, etc., and is cost-effective and efficient. Patricia suggested the Communications Committee meet with the ITSD Director and staff about this. Dunham would like some updates to the website to be done next week. Robin said the Communications Committee needs to put together topics for a communications campaign. Patricia said the PFD would need funding to do this.

Property owners. Dean has continued to talk to property owners in the area. One of the property owners is unlikely to redevelop. Dean contacted in writing the owner of apartments. The owner responded with a letter, saying they are interested in talking to Dean. Dean will follow up with them and other property owners.

4. Arts & Culture District Project Update. Patricia distributed the final drawings from Walker Macy. Yvonne asked if Walker Macy would redo the drawings once the design for the Art and Children's Museum design is selected. Patricia responded that she would expect so.

5. Discuss PFD facility use criteria and conditions. Patricia wants to add criterion #4, "Consistent with bond counsel opinion". Heather clarified that the PFD can rent out to any non-governmental group for 50 days or less. Governmental entities such as Western Washington University, City of Bellingham, or Bellingham School District could rent it for any length of time. A fee schedule is applicable to everyone if the building is rented for more than 50 days. Dean recommended that in criterion 3 "moderate" be changed to "minimal".

Dean Brett MOVED THAT THE PUBLIC FACILITIES DISTRICT FACILITY USE CRITERIA AND CONDITIONS BE APPROVED, AS AMENDED. Charlie Self seconded.

Motion carried 5-0.

6. Old Business. Fundraising. Charlie mentioned that the fundraising group is having its first event tonight for a potential buy-in.

7. Move to Whatcom Museum of History & Art building to view designs submitted by finalist teams in museum design competition. All board members present had previously viewed the designs, so the board did not move to the Museum.

ADJOURNMENT

Dunham Gooding adjourned the meeting at 3:34 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant

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AGENDA

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING
WEDNESDAY, JANUARY 26, 2005
2:00 P.M. – 5:00 P.M.
Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

Citizens may speak informally to the Board on subjects not scheduled for public hearing. Each speaker is allowed a maximum of three minutes. A copy of any written comments for the Board should be provided to the Administrative Assistant, preferably before the meeting.

APPROVAL OF MINUTES

ACTION: Approve minutes of the December 15, 2004 board meeting.

PRESIDENT'S REPORT

BUSINESS

1. **ACTION:** Provide direction/approve entering into contracts with Diamond Parking for parking services, subject to approval as to form by City and PFD attorneys and resolution of details regarding any required permits for parking lot restriping.
2. Museum Architectural Design Competition Update.
3. Arts & Culture District Project Update.
4. Discuss PFD facility use criteria and conditions.
5. Old Business.
6. New Business.
7. Move to Whatcom Museum of History & Art building to view designs submitted by finalist teams in museum design competition.

ADJOURNMENT

FOR CITIZENS WITH SPECIAL NEEDS, the Mayor's Boardroom is fully accessible. Elevator access to the second floor is available at City Hall's west entrance. Hearing assistance is available in the Mayor's Boardroom and a receiver may be checked out through the clerk prior to the meeting. For additional accommodations, persons are asked to contact Alison Henshaw at 676-6880 at least 3 working days in advance of the meeting. Thank you.



**MINUTES OF THE PUBLIC MEETING OF THE
BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT
WEDNESDAY, DECEMBER 20, 2006**

CALL TO ORDER

Robin Halliday, President, called the meeting to order at 2:07 p.m.

ROLL CALL

Board members present were Yvonne Bianchi, Dean Brett, Dunham Gooding, Robin Halliday, Charles Self, and David Warren. Brent Walker joined the meeting at 2:45 p.m.

OPEN PUBLIC COMMENT PERIOD

Brad Burdick, Executive Director of the Mount Baker Theatre, introduced the theatre's new Development Director, Thea Kleiber.

APPROVAL OF MINUTES

DAVID WARREN MOVED TO APPROVE THE MINUTES OF THE NOVEMBER 15, 2006 REGULAR BOARD MEETING. CHARLES SELF SECONDED.

Motion carried 6-0.

AGENDA REVIEW

Robin welcomed Senior Assistant Attorney Les Reardanz, who is the acting director of the Whatcom Museum of History and Art.

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status. i) The board agreed to postpone the discussion with Alan Dashen, financial advisor for the City of Bellingham, regarding the proposed 2007 bond issue, until Brent Walker arrives.

ii) The board considered when in 2007 it would conduct its meetings. Currently, they are held on the fourth Wednesday of the month except for November and December, when they take place on the third Wednesday. Dunham pointed out that in 2007, the third Wednesday of November is right before the Thanksgiving holiday, so the November meeting should be held on the fourth Wednesday.

YVONNE BIANCHI MOVED TO APPROVE THAT BOARD MEETINGS BE HELD ON THE FOURTH WEDNESDAY OF EACH MONTH IN 2007, WITH THE EXCEPTION OF DECEMBER, WHEN IT WILL BE HELD ON THE THIRD WEDNESDAY. DAVID WARREN SECONDED.

Motion carried 6-0.

ii) Robin read the Resolution Commending the Library Board of Trustees.

DAVID WARREN MOVED TO APPROVE RESOLUTION 2006-2 OF THE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT, COMMENDING THE LIBRARY BOARD OF TRUSTEES. YVONNE BIANCHI SECONDED.

Motion carried 6-0.

2. BWPFD Capital Projects. i) Art & Children's Museum. An Art & Children's Museum Core Team meeting was held in Seattle at the offices of Olson Sundberg Kundig Allen Architects on December 13. The Core Team looked at the structural system, glass components and colors for the Light Catcher. The cement in the walls will be beige, complementing the color of the Light Catcher. Natural light will affect the color of the wall, as will lights at the bottom. Tom Livesay allayed Dean's concern that there might be some "plaid" effect because the beams will show.

Patricia met with Les and members of the Museum staff and identified some minor design changes, such as changing the door into the Children's Museum area from 6 feet to 8 feet; changing the location of the sinks in the Children's Museum classroom; creating a separate corridor to the catering kitchen; and changing the location of the sinks from the Education support/storage space to the east wall of the room. They also discussed the potential for the Children's Museum to use multi-level exhibits and expand the usability of the vertical space. A structure could be suspended from the ceilings or walls for temporary exhibits. The changes without the structural review would necessitate an increase in the Architectural and Engineering costs of \$1,300. The structural review estimate is \$3,000. Patricia asked the board if it would authorize OSKA to do these additional services.

DAVID WARREN MOVED TO AUTHORIZE PAYMENT TO OLSON SUNDBERG KUNDIG ALLEN OF UP TO FIVE THOUSAND DOLLARS (\$5,000) FOR ADDITIONAL DESIGN WORK DURING THE CONSTRUCTION DOCUMENTS PHASE DUE TO OPERATIONAL REQUIREMENTS. DUNHAM GOODING SECONDED.

Motion carried 6-0.

Patricia reported on the timeframe for the Art & Children's Museum bid process. There will be some preparation of prequalification items, final design work and related construction and bid documents. Ongoing fundraising will continue. The Core Team is in the process of identifying base bid items separate from bid add alternates. The add alternate items will be delayed or omitted depending on available funding. These items will cause the bid process to be pushed out by 4 – 6 weeks, which will help with the operations questions. The bond issue timeline will not be affected by the extended bid process.

ii) Mount Baker Theatre The MBT Phase II Core Team met for the first time on December 11. Project architects, LMN Architects and their subcontractors reviewed the

Schematic Design done for all three phases. Structural components were built into Phase I and designed to be built into Phase II, including foundational walls for the expanded theatre in Phase III. Charlie asked if the cost of the foundation walls for Phase III to be included in Phase II could be isolated. Patricia responded that they could. David wanted fire suppression to be addressed. Dean responded that adding new wiring would help prevent fires.

Regarding the Mount Baker Theatre Lighting Project, a new bid was issued on November 8, 2006. The City secured a grant for \$197,000, which will be used on this project. Sparling is consulting with the BWPFD on the lighting project. The task will be to take apart historic fixtures, clean, reassemble with new wiring, remove the non-historic lighting, and create more light without increasing the load on existing systems. Three vendors responded with bids. The BWPFD will go to City Council in January to award the bid to the lowest responsive, responsible bidder. The plan is to have the work done by June 2007. The bid is divided into base bid and add-alternates. Those items that cannot be accomplished with the grant will be moved into the scope for Phase II.

(Brent Walker arrived at this point). Discussion continued of item i) of BWPFD Administration, Financial Reports and Fundraising Status.

i) Alan Dashen met with Patricia Decker and Therese Holm a month ago to go over timing and content of a second BWPFD bond issue. He said that it would be advantageous for the BWPFD to capture lower interest rates. He noted that the City's debt capacity may be needed to fund infrastructure and related costs of the waterfront project. It would be preferable for the BWPFD to issue bonds backed by the City. The ideal timing of the bond issue would be after bids are received. Patricia noted that the second bond issue would be used to fund the Art & Children's Museum and Phase II of the Mount Baker Theatre, and that bids for the Art & Children's Museum will be advertised in the spring. The bid process for Phase II will be late in 2007 or early 2008. Alan said that the security for paying back the revenue bond would be sales tax. The City and BWPFD would enter into a contingent loan agreement. Lynnwood, Ocean Shores and Tri-Cities have this type of agreement in place with their public facilities districts. The BWPFD would need to set up a reserve fund of \$400,000 as a buffer for the City.

Alan distributed two items – 20 YEAR G.O. TAX EXEMPT INTEREST RATE TRENDS and BWPFD Projected Cash Flow that assumes a 3.5% growth rate. This would create \$10.5 million in new bond proceeds and leave a balance of \$1 million for debt service after 20 years. Before financing, the contingent loan agreement would need to be worked out, proof of adequate funds to complete the project, and the operation of the new Art & Children's Museum would need to be addressed.

Bank qualified bonds are for less than \$10 million and have a lower interest rate. If the BWPFD purchased bank qualified bonds, the City could make an interfund loan to the BWPFD if it needed more than \$10 million.

(Yvonne Bianchi left at this point).

The bonds will be based on BWPFD's rating with the backing of the City of Bellingham.

3. City of Bellingham and Whatcom County Activities and Issues. Patricia met with Mayor Tim Douglas, who wants the operational concept for the Museum in place before the BWPFD issues bonds. The City and Museum Society are working together on how the new facility will fit into the Museum campus, and how it will affect the overall operations of the Museum and the City/Museum Joint Services Agreement.

4. Cultural District Stakeholders Activities and Issues. Ken Culver is president of the Campaign for the Arts (CFA). There will be a joint meeting of the CFA board, Museum board, and Mount Baker Theatre board on January 10, 2007. The BWPFD board members are invited as guests.

5. Public Awareness & Communication. A brainstorming session was held on December 12, with representatives from the Arts District stakeholders. The group discussed collaborating on an event that may coincide with the ground-breaking of the Art & Children's Museum and distribution to the public of materials about the BWPFD, the Museum, the Mount Baker Theatre, the Pickford Dream Space campaign, the American Museum of Radio & Electricity, and planned streetscape projects.

Public Works made a video for BTV10 of the entire construction of the Depot Market Square, sped up to last for two minutes. The group would like to do the same sort of video for the Art & Children's Museum construction. The BWPFD has money set aside in its budget to go towards an informational video. The purpose of the event would be to inform, educate, and get feedback from the public. The next communication meeting will be held in January.

On behalf of the BWPFD board, Dunham thanked Tom Livesay for his work on the Art & Children's Museum raising museum standards, and for his contribution to achieving national accreditation for the Whatcom Museum of History & Art.

ADJOURNMENT

Robin Halliday adjourned the meeting at 3:35 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant.

AGENDA

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING
WEDNESDAY, DECEMBER 20, 2006
2:00 P.M. – 5:00 P.M.
Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

Citizens may speak informally to the Board on subjects not scheduled for public hearing. Each speaker is allowed a maximum of three minutes. A copy of any written comments for the Board should be provided to the Administrative Assistant, preferably before the meeting.

APPROVAL OF MINUTES

ACTION: Approve minutes of the November 15, 2006 regular board meeting.

AGENDA REVIEW

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status:
 - i) Discussion with Alan Dashen, financial advisor for the City of Bellingham, regarding the proposed 2007 bond issue.
 - ii) **ACTION: Approve board meeting dates and times for 2007.**
 - iii) **ACTION: Approve Resolution 2006-2 Commending the Bellingham Public Library Board of Trustees.**
2. BWPFD Capital Project Updates.
3. City of Bellingham and Whatcom County Activities and Issues.
4. Cultural District Stakeholders Activities and Issues.
5. Public Awareness & Communication.

ADJOURNMENT

FOR CITIZENS WITH SPECIAL NEEDS, the Mayor's Boardroom is fully accessible. Elevator access to the second floor is available at City Hall's west entrance. Hearing assistance is available in the Mayor's Boardroom and a receiver may be checked out through the clerk prior to the meeting. For additional accommodations, persons are asked to contact Alison Henshaw at 738-+7451 at least 3 working days in advance of the meeting. Thank you.



**MINUTES OF THE PUBLIC MEETING OF THE
BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT
WEDNESDAY, NOVEMBER 15, 2006**

CALL TO ORDER

Robin Halliday, President, called the meeting to order at 2:08 p.m.

ROLL CALL

Board members present were Dean Brett, Dunham Gooding, Robin Halliday, Charles Self, Brent Walker and David Warren.

OPEN PUBLIC COMMENT PERIOD

None.

APPROVAL OF MINUTES

DEAN BRETT MOVED TO APPROVE THE MINUTES OF THE OCTOBER 25, 2006 REGULAR BOARD MEETING. DAVID WARREN SECONDED.

Motion carried 6-0.

AGENDA REVIEW

None.

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status. No report.

2. BWPFD Capital Projects. i) Discussion on revised Capital Sources and Uses of Funds document, with approaches to timing and funding. Patricia distributed the updated Bellingham-Whatcom Public Facilities District Estimated Capital Sources and Uses of Funds document that was sent to board members with the meeting agenda. It is dated November 8, 2007. A bond issue of \$12,000,000 is anticipated in 2007. The capital fundraising is split \$1 million for the Building for the Arts grant, \$1 million for the Museum's Furniture Fixtures and Equipment (FF&E), and \$2 million for capital. The document now shows the estimated soft costs for both the Art & Children's Museum and the Mount Baker Theatre Phase 2 Renovations.

Therese Holm reported on the meeting she and Patricia had with Alan Dashen, the City's financial advisor and distributed her notes from that meeting, Update on Prospective Bond Issue. The two key assumptions being made on the bond issue were the sales tax growth rate and the interest rate on the bonds. Alan Dashen suggested using a sales tax growth rate of 3.5%, together with a borrowing rate of 4.75%. Using those two rates, the BWPFD could issue bonds for \$10 million. Adding the cash on hand of \$2 million totals \$12 million.

Therese added that this is the first step in issuing bonds. There is a three-member team of the financial advisor, bond underwriter and bond counsel. The BWPFD would be the bond issuer this time. The City would require a contingent loan guarantee from the BWPFD, so that if there were not sufficient sales tax rebates to repay the bond, then the City would make up the difference. Because of this arrangement, the City would want some protection in the form of a reserve fund. Alan Dashen suggested the BWPFD set aside a reserve beginning with \$300,000 and building that to about \$500,000, which would be the equivalent of about half a year's debt service.

According to Alan Dashen, the ideal timing of the bond issue would be after construction bids are opened but before contracts are negotiated. At that time, he would put together a schedule for the bond issue. If the BWPFD were to issue bonds for less than \$10 million, that would be a bank qualified issue and could save about 20 basis points in annual interest, or \$10,000 each year. Therese had estimated interest income on the bond proceeds of \$500,000, which would be offset by the \$500,000 in reserves.

Therese will ask Alan Dashen to prepare a schedule for the bond issue and will invite him to attend the BWPFD board meeting on December 20, 2006.

Returning to the Sources and Uses document, Patricia talked about the soft costs for the capital projects, explaining that the construction contingency amount for the Art & Children's Museum is estimated at 5% of the construction cost, and is estimated at 10% of the construction cost for the Mount Baker Theatre Phase 2 Renovations, because that is a renovation project. The document now includes FF&E for the Art & Children's Museum of \$1 million, which will be paid for by the Museum Society. Jeff McClure added that based on the expected receipt of the Building for the Arts grant, the CFA is being asked to raise another \$1 million.

Discussion:

Charlie wants to know the Museum's plans for the proceeds from the sale of any Museum Society owned property – would the money go to the CFA or would it be set aside for some other purpose? Dean wants to be sure about the sources, and doesn't want to find out later that the \$1.7 million deficit increases to \$2.7 million. Robin understood that the Museum Society agreed early on that it would pay for the FF&E. Jeff McClure responded that the BFA grant is being counted towards the capital fundraising and that the Museum Society will look for grants that will cover the FF&E. A discussion is needed with the CFA to consider the \$2 million in capital.

Charlie would like a commitment from the Museum Society explaining how it will use the proceeds from the sale of its assets. Tom Livesay hopes the Museum could raise funds for the endowment, but if necessary, the building sales proceeds could go towards the endowment. The BWPFD would like a letter from the Museum Society board to this effect. In view of the \$1.7 million shortfall, Charlie isn't comfortable with giving the Museum Society the latitude of raising funds for the endowment rather than using the sale of its assets. Gaye Godfrey clarified that the CFA board will have control of how the undesignated CFA capital fund is spent.

Dean said the BWPFD cannot go forward with the knowledge that it has a shortfall of \$1.7 million. Dean believes there are six variables:

1. Sales tax revenue exceeds expectations;
2. The borrowing rate for the bond will be lower than anticipated;
3. The Campaign for the Arts raises more than expected;
4. More grants are received than anticipated;
5. Phase 2 renovations to the Mount Baker cost less than expected; and
6. The Art & Children's Museum is built for less than expected.

If none of the above take place, then the BWPFD would be forced to choose between building the Art & Children's Museum or doing Phase 2 of the MBT renovations.

Robin asked Jeff how much the buildings owned by the Museum Society are worth. Jeff thinks \$1.1 - \$1.3 million. Robin suggested the BWPFD needs to talk to the CFA to see about the possibility of raising more funds. She asked about grants the Museum Society is seeking. Kathleen Iwersen, Development Director for the Museum, said that in December the Museum Society will apply for a \$500,000 grant for the Art & Children's Museum from the Murdock Foundation. The Museum Society and the Mount Baker Theatre are coming up with a strategy for both projects in December.

Therese believes that to support its bond application, the BWPFD could use something formal from the Campaign for the Arts as a documented commitment. Charlie cautioned that the letter could be a contingent commitment only, perhaps in the form of a letter of intent. Therese suggested that when the BWPFD issues the bonds, it will need to commit to one or the other project through completion as it waits for the outcome of these other uncertainties. The board discussed the implications of the \$1.7 million shortfall.

ii) Art & Children's Museum Update. The board considered the potential action item before it. Dean and Charlie believe it is right to go ahead with the bid process, with the added benefit of finding out if the estimated construction numbers are close to actual costs.

DAVID WARREN MOVED TO DIRECT STAFF TO INITIATE THE BID PROCESS FOR CONSTRUCTION OF THE ART & CHILDREN'S MUSEUM. CHARLES SELF SECONDED.

Motion carried 6-0.

Discussion:

Coming back to the subject of the shortfall, Robin suggested the BWPFD have a brainstorming meeting with the CFA to see if there are any obstacles to reaching its targets that the BWPFD can eliminate, if there is any additional capacity, and if there are any more potential grants. She noted Jerry Chambers used to be the fundraising liaison and asked for board volunteers to work with her as liaison to the CFA.

As to the question of the sale of the buildings owned by the Museum Society, the proceeds will go toward endowment for operations. Jeff McClure will ask the Museum Society board for a letter setting out this commitment.

Tara Sundin asked about assets owned by the BWPFD, such as the parking lot at 104 North Commercial Street. Charlie recalled the purchase price was \$165,000.

Therese reminded the board that the BWPFD could charge an admissions tax and she could ask Alan Dashen to explore that.

3. City of Bellingham and Whatcom County Activities and Issues. Patricia, Therese and David are scheduled to give an update to City and County Councils next week.

4. Cultural District Stakeholders Activities and Issues. Patricia described an inquiry she received from the Whatcom Community Foundation (WCF), asking that they be included on the current signs at the site of the future Art & Children's Museum on Flora Street and Grand Avenue. Instead of estimating the costs as it was asked to do, the sign company put up an amended sign without receiving any authority to do so. The BWPFD is working with the WCF and the CFA to include language that would clarify that the WCF is a partner. The cost would be a total of \$300 for both signs.

Discussion:

Dean asked what will happen to the signs once construction begins. Patricia responded that they will be taken down and a different sign will be put up that is included in the contract with the architects, and will have the same information plus the name of the architects and the construction company. Charlie said the WCF should pay for the sign if it's getting a benefit from it. Dunham agreed that it would be appropriate to include the WCF in the architects' construction sign, but if the WCF wants its verbiage on the current signs, the WCF should pay for it.

5. Public Awareness & Communication. Patricia would like to invite the CFA to the proposed Open House in January 2007 for the Art & Children's Museum. The event could take place at 216 Grand Avenue. The Communication Committee will discuss the event and bring information back to the board.

ADJOURNMENT

Robin Halliday adjourned the meeting at 3:46 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant.

AGENDA

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING
WEDNESDAY, NOVEMBER 15, 2006
2:00 P.M. – 5:00 P.M.
Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

Citizens may speak informally to the Board on subjects not scheduled for public hearing. Each speaker is allowed a maximum of three minutes. A copy of any written comments for the Board should be provided to the Administrative Assistant, preferably before the meeting.

APPROVAL OF MINUTES

ACTION: Approve minutes of the October 25, 2006 regular board meeting.

AGENDA REVIEW

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status.
2. BWPFD Capital Project Updates:
 - i) Discussion on revised Capital Sources and Uses of Funds document, with approaches to timing and funding.
 - ii) Art & Children's Museum Update: **POSSIBLE ACTION: Direct staff to initiate bid process for construction of the Art & Children's Museum.**
3. City of Bellingham and Whatcom County Activities and Issues.
4. Cultural District Stakeholders Activities and Issues.
5. Public Awareness & Communication.

ADJOURNMENT

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**MINUTES OF THE PUBLIC MEETING OF THE
BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT
WEDNESDAY, OCTOBER 25, 2006**

CALL TO ORDER

Robin Halliday, President, called the meeting to order at 2:00 p.m.

ROLL CALL

Board members present were Dean Brett, Dunham Gooding, Robin Halliday, Brent Walker and David Warren. Charles Self arrived at 3:55 p.m.

OPEN PUBLIC COMMENT PERIOD

None.

APPROVAL OF MINUTES

DAVID WARREN MOVED TO APPROVE THE MINUTES OF THE SEPTEMBER 27, 2006 REGULAR BOARD MEETING. BRENT WALKER SECONDED.

Motion carried 5-0.

AGENDA REVIEW

Earlier this year, the board was looking at the possibility of changing the dates of the November and December board meetings. Robin asked board members if they had any objection to moving the November 22 board meeting to November 15 and the December 27 board meeting to December 20. No objections were raised, so the meetings were set for November 15 and December 20, 2006.

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status: i) Presentation by Therese Holm, Finance Director, on projected state sales tax revenues. Therese reviewed the September 30, 2006 PFD Operating Statement, explaining that both the sales tax rebate and interest income amounts are higher than budgeted.

Therese then distributed the Bellingham-Whatcom Public Facilities District Projected PFD Tax Revenues and Estimated Debt Capacity – Updated October 2006. The PFD is looking at future bond capacity and issuing bonds in spring 2007. Therese will review with the City's financial advisor the current projected bonding capacity of \$11,792,000 using a 6.6% growth rate, as well as the possibility of the PFD issuing its own bonds. Therese expects the City's debt capacity to be used primarily for the City's waterfront project, so it may be preferable if the PFD issues its own bonds in 2007.

Once the PFD capital projects are built and operating, administrative costs will decrease and the board will not need to meet as frequently.

The Campaign for the Arts (CFA) is looking for PFD support regarding a commitment to the Construction Drawings Phase of Mount Baker Theatre Phase 2 renovations. Steve Brinn distributed the Campaign for the Arts Board Resolution to PFD Approved by the Executive Committee at its October 16, 2006 meeting. The reasons for the CFA's request are:

- 1) To maximize the ability of the CFA to seek larger combined contributions from selected donors for the Museum and Theatre together, it must have specific cost estimates for the many foundations that would fund these requests;
- 2) With construction on Phase Two commencing by April 1, 2008, there would be less impact on the theatre's revenue during the theatre's closure; and
- 3) Potential donors' increased level of confidence in the projects.

Patricia reported that contract negotiations with LMN Architects are ongoing, and the design services contract is expected to be finalized and signed in November. Construction is expected to begin in 2008. The PFD has already approved the Design Development phase, which will cost approximately \$230,000. The Construction Drawings phase will cost approximately \$240,000.

Discussion:

Dean believes it is the PFD's fiduciary obligation to make sure the infrastructure of the Mount Baker Theatre works. David added that the PFD has always been committed to Phase 2, but will need to move forward earlier than planned.

DEAN BRETT MOVED THAT THE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT AGREE TO RELEASE SUFFICIENT FUNDS TO PROCEED WITH THE CONSTRUCTION DRAWINGS PHASE OF MOUNT BAKER THEATRE PHASE 2 RENOVATIONS, TO BE COMPLETED BY OCTOBER 31, 2007.

DAVID WARREN MOVED THAT "SUFFICIENT FUNDS" BE REWORDED TO "\$240,000". DEAN BRETT ACCEPTED DAVID WARREN'S AMENDMENT.

Discussion:

Dean emphasized the importance of the timeline with respect to the planned closure of Mount Baker Theatre. Patricia said there would be an eight month construction process and there will be incentives built into the construction contract for finishing sooner and penalties imposed for finishing later. Mary Passmore asked if some of the work could be done without the theatre closing. Patricia responded that was unlikely because the work will be done on the actual theatre building. She is checking with the architects to see if the Encore Room and Studio Theatre will remain open during construction.

DEAN BRETT RESTATED THE MOTION, INCLUDING DAVID WARREN'S FRIENDLY AMENDMENT.

Motion carried 5-0.

2. BWPFD Capital Projects. i) Art & Children's Museum Update: Presentation by Stephen Yamada-Heidner, project architect, on cost estimates for Construction Drawings phase. Stephen Yamada-Heidner distributed his memorandum, Bellingham Art and Children's Museum BPF Board – Construction Design Cost Estimate dated October 25, 2006 and The Robinson Company Bellingham Art and Children's Museum Construction Documents Base Estimate dated October 17, 2006 and Estimate Summary Sheet, Design Development Estimate dated 23 March, 2006 and Estimate Summary Sheet. Finally, he distributed the Robinson Company's Estimate Summary Sheet for Expand Basement. Stephen explained that the square footage amount has changed between Design Development (DD) and Construction Drawings (CD). The cost estimate has increased from \$9,381,670 at DD to \$9,528,671 at CD, and the cost per square foot has increased. Stephen explained the alternates. The basement expansion cost is \$597,632 and includes escalation through January 15, 2007.

Discussion:

Dunham said that the Art & Children's Museum Core Team would like to include the alternates and retain the value engineering items. The board began to look at the base estimate, bearing in mind it does not include soft costs, or the basement expansion.

ii) Presentation by Patricia Decker on capital project financing and timelines: Patricia distributed Bellingham-Whatcom Public Facilities District Estimated Capital Sources and Uses of Funds dated October 18, 2006.

Discussion:

There was some discussion about the Sources and Uses document. Dean expressed concern about the lack of numbers for soft costs, saying that if they are 12% to 18% of the construction costs, then the PFD will need to find an additional \$2 million. Therese said that the goal was to put all of the information on one sheet for the board to capture, adding that revenue projections are still an estimate, and that construction costs have increased and the bonds issued in 2004 were at a 40 year low. At the November 15 meeting, the board will need to take action to go ahead with the bid process. Robin wants Patricia, Therese and Alison to update the Sources and Uses document for the November meeting.

Patricia distributed Bellingham-Whatcom Public Facilities District Project Timelines estimated as of October 2006. It may change based on an amended the schedule for Mount Baker Theatre Phase 2 renovations.

3. City of Bellingham and Whatcom County Activities and Issues. i) Update on the Arts District Making Places for People Project. Tara Sundin gave a brief Powerpoint presentation on the Conceptual Plan for Arts District. She distributed two handouts, Proposed Phase 1 Projects and Bay and Holly Street Intersection.

Patricia asked that Tara include the streetscape design at the PFD's Open House for the Art & Children's Museum in January.

Tara said that Schematic Design of the streetscape around the Art & Children's Museum and the Bay and Holly intersection will be done by January 2007.

4. Cultural District Stakeholders Activities and Issues. Patricia handed out a letter of support to the Tourism Commission for the Downtown Renaissance Network's Downtown Bellingham Visitor Station. Kirsten Walker, director of the Downtown Renaissance Network, explained that the mission of the Downtown Renaissance Network (DRN) is "Enhancing, promoting, and advocating for the healthy maintenance, improvement and development of Bellingham's City Center." She said a central location of 300 square feet is needed for the visitor center, probably in the Holly Street corridor. Railroad/Holly intersection preference. The visitor center will welcome, orient and educate visitors, and include maps and rotating seasonal displays. A part-time person will be hired to get the visitor center up and running, then the DRN will rely on volunteer assistance. DRN has 145 members.

5. Public Awareness & Communication.
No report.

ADJOURNMENT

Robin Halliday adjourned the meeting at 4:40 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant.

AGENDA

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING
WEDNESDAY, OCTOBER 25, 2006
2:00 P.M. – 5:00 P.M.
Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

Citizens may speak informally to the Board on subjects not scheduled for public hearing. Each speaker is allowed a maximum of three minutes. A copy of any written comments for the Board should be provided to the Administrative Assistant, preferably before the meeting.

APPROVAL OF MINUTES

ACTION: Approve minutes of the September 27, 2006 regular board meeting.

AGENDA REVIEW

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status:
 - i) Presentation by Therese Holm, Finance Director, on projected state sales tax revenues.
2. BWPFD Capital Project Updates:
 - i) Art & Children's Museum Update. Presentation by Stephen Yamada-Heidner, project architect, on cost estimates for Construction Drawings phase.
 - ii) Presentation by Patricia Decker on capital project financing and timelines.
3. City of Bellingham and Whatcom County Activities and Issues.
4. Cultural District Stakeholders Activities and Issues.
5. Public Awareness & Communication.

ADJOURNMENT

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**MINUTES OF THE PUBLIC MEETING OF THE
BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT
WEDNESDAY, SEPTEMBER 27, 2006**

CALL TO ORDER

Robin Halliday, President, called the meeting to order at 2:10 p.m.

ROLL CALL

Board members present were Yvonne Bianchi, Dean Brett, Dunham Gooding, Robin Halliday, Charles Self, and David Warren. Brent Walker arrived at 2:15 p.m.

OPEN PUBLIC COMMENT PERIOD

Kathleen Iwersen, Development Director for the Whatcom Museum, took the opportunity to distribute a catalog for "Art and All That Jazz", an upcoming fundraising event. The opening reception will be held on September 30 and 50% of the proceeds from each work of art sold will benefit the Whatcom Museum Society.

APPROVAL OF MINUTES

DAVID WARREN MOVED TO APPROVE THE MINUTES OF THE AUGUST 30, 2006 REGULAR BOARD MEETING. YVONNE BIANCHI SECONDED.

Motion carried 6-0.

AGENDA REVIEW

No changes.

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status: i) Robin welcomed Brent Walker to the board and introduced him to the other board members.

ii) Patricia distributed a copy of a letter dated September 24, 2006 from Charlotte Sather, Manager of the Pacific Arts Holiday Market, together with a copy of the Bellingham-Whatcom Public Facilities District Facility Use & Conditions, which was approved by the board on January 26, 2005. Patricia explained that the Pacific Arts Holiday Market would like to use the BWPFD-owned facility at 216 Grand Avenue again this December under the same terms and conditions as last December. Additionally, the market is willing to pay a deposit of \$1,000.

DEAN BRETT MOVED TO APPROVE THE REQUEST BY PACIFIC ARTS HOLIDAY MARKET TO USE THE BWPFD-OWNED FACILITY AT 216 GRAND AVENUE BETWEEN DECEMBER 1 AND 29, 2006. DAVID WARREN SECONDED.

Motion carried 7-0.

iii) Robin reported that Therese Holm had given a presentation yesterday to the Bellingham City Council and the Port of Bellingham on the Local Infrastructure Financing Tool (LIFT) legislation. Therese said she would give a shorter presentation to the BWPFD today.

LIFT is new to Washington State and is tax increment financing for public improvements. The Bellingham waterfront development project is one of three pilot projects, to be funded with up to one million dollars per year for 25 years from the state in taxes allocated back to the project from new taxes in the development area. The legislation works by establishing a Revenue Development Area (RDA), drawing a geographic boundary around which new tax revenues in the area will be tracked and reported to the State, then come back to the City for the purpose of paying for debt service for the capital infrastructure. LIFT revenues cannot be used for PFD projects.

The State Community, Economic and Revitalization Board (CERB) is the state agency responsible for approving applications and the City has made its application in the required timeline to secure 2007 as the base year. The CERB has awarded \$1 million per year for 25 years, subject to final approval of the ordinance.

LIFT revenues can be used for bonds for improvements in the RDA limited to streets, bridges, roads, utilities, park facilities, recreational areas, and parking facilities. LIFT revenues will pay for only part of these improvements, so other funding will be required. The City is trying to encourage the County to partner with the City. Economic development in the RDA is expected to benefit Whatcom County as well as the City and the Port. The Port will partner with the City. Significant private investment in the RDA is also expected. The RDA covers the New Whatcom area, plus portions of Old Town and Downtown, and overlaps the PFD Regional Center on Prospect, Bay and Champion Streets. Development of a master plan and negotiation of a development agreement with the Port are the next steps.

iv) Capital Campaign Update – Jeff McClure reported that the Campaign for the Arts (CFA) has so far raised \$4.6 million, and is tracking whether the funds come from grants, foundations, corporations, or individuals. The CFA is tracking the various different funds of the Mount Baker Theatre (MBT) and the Museum. MBT endowment is \$1.2 million, MBT capital is \$200,000, new Museum endowment is \$197,500, Children's Museum endowment is \$32,500, Museum capital \$1.35 million. Finally there are non-designated unrestricted funds of \$1.1 million and restricted funds of \$500,000.

The Museum is tracking other assets such as gifts to its existing endowment. The Whatcom Museum Society (WMS) has pledged the Children's Museum and ARCO Exhibits Gallery buildings to the endowment, although it won't sell them until necessary.

The Museum is pursuing grants from foundations such as the MJ Murdock Trust, Key Foundation, Allen Foundation for the Arts, Kresge Foundation, Gates Foundation, and the Norcliffe Foundation. The expected receipt of a Building for the Arts grant is giving credibility to the Art & Children's Museum project. All grants would be for capital costs

only. Tom added that grants need to be for something specific – FF&E for A&CM and HVAC for MBT, for example.

The CFA is now incorporated. Its campaign goal is \$8.6 million, of which \$3 million is for the A&CM endowment, \$3 million is for the MBT endowment, \$2 million is for capital and \$0.6 million is for fundraising. If the Museum Society receives grants, the CFA could increase its capital goal to \$3 million. The CFA has been working with the WMS and the MBT. Steve Brinn added that the CFA is giving consideration in the campaign to parties in the Arts District other than the MBT and the Museum.

Discussion:

Dunham encouraged the CFA to keep the City Council members informed, as well as the new administration. Charlie is concerned about endowment goals not being reached. Steve Brinn is hopeful that increased capital funding from grants will encourage donors to give undesignated gifts. Jeff McClure suggests the CFA consult with donors of undesignated funds and ask if they would be willing to allocate their gifts to endowments.

2. BWPFD Capital Projects. i) Art & Children's Museum Update: Patricia distributed two documents: Basement Expansion Costs & Reimbursement Agreements and Art and Children's Museum Basement Expansion Summary Information, dated September 7, 2006. Patricia mentioned the difference of \$8,000 in design fees (\$31,000 versus \$39,000) is for fees covering the construction contract administration for the expanded basement. Cost estimates will be available in October. Jeff McClure explained the BFA grant is not definite. Patricia added that by December, the Governor will have acted on BFA funding for the Art & Children's Museum with the legislature due to take action in January.

Bob Carmichael reported that representatives from the BWPFD, City and Museum Society met to discuss a written commitment from the WMS to reimburse the BWPFD for payment of the architectural fees for the basement expansion. The agreement provides for reimbursement whether or not the BFA grant is received. Bob has drafted the agreement and it is out to all parties for approval.

CHARLES SELF MOVED TO AUTHORIZE UP TO \$31,000 FOR DESIGN SERVICES RELATED TO BASEMENT EXPANSION ON THE ART & CHILDREN'S MUSEUM PROJECT, SUBJECT TO AN AGREEMENT WITH THE WHATCOM MUSEUM SOCIETY FOR REIMBURSEMENT FROM THE STATE BUILDING FOR THE ARTS GRANT OR OTHER SOCIETY RESOURCES. DEAN BRETT SECONDED.

Motion carried 7-0.

ii) Continued discussion of Capital Project financing: Tom Livesay announced that the City's Public Works Department recently applied for a grant for a partial "green roof" over the entrance area of the Art & Children's Museum. The "green roof" would provide the project with more Leadership in Energy and Environmental Design (LEED) points

and would pay for additional costs for access and the paving surface in the Courtyard. The “green roof” would also provide space for public events and would become an education area. Tom distributed American Association of Museums Museum News September/October 2006, “Being Green – Museums in the Green Movement”. Green buildings such as the Art & Children’s Museum are favored by foundations. According to the article, a “green roof” could reduce operating costs.

Patricia distributed Public Facilities District Capital Expenditures Summary through August 06 and Timeline Elements – Art & Children’s Museum September 27, 2006. She pointed out that remaining bond proceeds are \$2.6 million. The remaining commitment under the contract with Olson Sundberg Kundig Allen Architects (OSKA) is \$565,000. Cost estimates for the construction documents phase of the Art & Children’s Museum and an amount for the contract with LMN Architects for Phase II of Mount Baker Theatre will be available at the October board meeting. Patricia says Timeline Elements for Mount Baker Theatre will be done, too. Robin wants major milestones shown on the timelines. Patricia added that the bond issue timing will also be indicated on the timelines.

3. City of Bellingham and Whatcom County Activities and Issues. Dunham said the Streetscape group talked about the placement of the Bellingham Library. He would like the BWPFD to repeat to the Library Board that it wants the library to remain in the Civic Center. Robin said a resolution has been drafted to go to the Library Board that represents all the stakeholders, to ask that the library stay within the Cultural District. Dean suggests Robin e-mail the draft resolution to the board members. Robin agreed to do this. Charlie suggested talking to the Library Board members and City Council members one-on-one, and to let David know which members have been contacted.

4. Cultural District Stakeholders Activities and Issues. Dean reported new investment in downtown during the last quarter and he expects some property transfers this quarter.

5. Public Awareness & Communication. i) Patricia explained that the signs at 216 Grand Avenue don’t state how citizens interested in the project can make donations. The Whatcom Community Foundation is interested in being included on our signs and our website. ii) Stephen Yamada-Heidner mentioned that on large projects, he’s accustomed to having a public session. OSKA may generate new images to get people ready for the groundbreaking in March. The board brainstormed about an open house event. A lunchtime event at the Studio Theatre in December or early January was suggested.

ADJOURNMENT

Robin Halliday adjourned the meeting at 4:32 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant.

AGENDA

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING
WEDNESDAY, SEPTEMBER 27, 2006
2:00 P.M. – 5:00 P.M.
Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

Citizens may speak informally to the Board on subjects not scheduled for public hearing. Each speaker is allowed a maximum of three minutes. A copy of any written comments for the Board should be provided to the Administrative Assistant, preferably before the meeting.

APPROVAL OF MINUTES

ACTION: Approve minutes of the August 30, 2006 regular board meeting.

AGENDA REVIEW

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status:
 - i) Welcome new board member Brent Walker;
 - ii) **ACTION: Request by Pacific Arts Holiday Market to use the BWPFD-owned facility at 216 Grand Avenue between December 1 and 29, 2006.**
 - iii) Presentation by Therese Holm, Finance Director, on Local Infrastructure Financing Tool (LIFT) legislation;
 - iv) Capital Campaign Update presentation by Jeff McClure, President of the Whatcom Museum Society.
2. BWPFD Capital Project Updates:
 - i) Art & Children's Museum Update. **ACTION: Authorize up to \$31,000 for design services related to basement expansion on the Art & Children's Museum project, subject to an agreement with the Whatcom Museum Society for reimbursement from the State Building for the Arts grant or other Society resources.**
 - ii) Continued discussion of Capital Project financing.
3. City of Bellingham and Whatcom County Activities and Issues.
4. Cultural District Stakeholders Activities and Issues.
5. Public Awareness & Communication.

ADJOURNMENT

FOR CITIZENS WITH SPECIAL NEEDS, the Mayor's Boardroom is fully accessible. Elevator access to the second floor is available at City Hall's west entrance. Hearing assistance is

available in the Mayor's Boardroom and a receiver may be checked out through the clerk prior to the meeting. For additional accommodations, persons are asked to contact Alison Henshaw at 738-7451 at least 3 working days in advance of the meeting. Thank you.



**MINUTES OF THE PUBLIC MEETING OF THE
BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT
WEDNESDAY, AUGUST 30, 2006**

CALL TO ORDER

Robin Halliday, President, called the meeting to order at 2:06 p.m.

ROLL CALL

Board members present were Yvonne Bianchi, Dunham Gooding, Robin Halliday, and David Warren.

OPEN PUBLIC COMMENT PERIOD

Brad Burdick, Executive Director of the Mount Baker Theatre, distributed two brochures for the new season, Mount Baker Theatre Wade Bennett King 2006-2007 Education Series, which is being sent out to all the schools, and Mount Baker Theatre 2006-2007 Season. He added that the Mount Baker Theatre website now has video clips and sound clips.

APPROVAL OF MINUTES

DAVID WARREN MOVED TO APPROVE THE MINUTES OF THE JULY 26, 2006 REGULAR BOARD MEETING. YVONNE BIANCHI SECONDED.

Motion carried 4-0.

AGENDA REVIEW

No changes.

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status: Annual Election of Officers.

DUNHAM GOODING NOMINATED ROBIN HALLIDAY AS PRESIDENT. DAVID WARREN SECONDED.

Motion carried 3-0-1. Robin Halliday abstained

DUNHAM GOODING NOMINATED DAVID WARREN AS VICE-PRESIDENT. YVONNE BIANCHI SECONDED.

Motion carried 3-0-1. David Warren abstained.

DUNHAM GOODING NOMINATED YVONNE BIANCHI AS SECRETARY. DAVID WARREN SECONDED.

Motion carried 3-0-1. Yvonne Bianchi abstained.

DUNHAM GOODING NOMINATED DEAN BRETT AS TREASURER. ROBIN HALLIDAY SECONDED.

Motion carried 4-0.

Financial Report. Therese Holm presented the June 30, 2006 Public Facilities District Operating Statement and Notes to accompany financial report. The state sales tax rebate and interest income are both higher than this time last year. Salaries and benefits are \$42,000; services are \$32,000 and capital costs are \$305,000. Debt service on the bonds is \$206,000.

Therese mentioned the State Audit Accountability report for the Bellingham-Whatcom Public Facilities District completed earlier in the year and handed out a page of the audit report called Audit Areas Examined. The PFD is on a 2 year audit cycle, so the next audit will be for 2005 – 2006, and will be conducted in 2007.

Patricia handed out a spreadsheet entitled Capital Expenditures Summary. It shows that \$6,974,721 has been spent on PFD capital projects since 2002 and that \$2,696,567 in bond proceeds remain as of July 31, 2006. These funds must be spent by the end of 2007, and will be allocated towards the Art & Children's Museum project. Construction is expected to begin in spring, 2007. Patricia estimates the bond issue will occur at about the same time.

Building for the Arts Grant. Tom Livesay distributed a letter from Juli Wilkerson of the State of Washington Department of Community, Trade and Economic Development dated August 16, 2006. The Building for the Arts Advisory Board has recommended that the Art & Children's Museum project be allocated a \$1 million Building for the Arts (BFA) grant. Tom would like the grant funds to be used toward an expanded basement – that is an increase from 5,800 square feet to 14,060 square feet. The expanded basement would be used to house and attract collections.

Jeff McClure said that having the BFA grant in place will attract more granting institutions to the project.

Tom said the Rotary Club of Bellingham is considering a capital grant in the amount of \$115,000 to be used towards a permanent exhibit in the Children's Museum. The Museum should know by September whether or not it is successful in receiving the grant.

(Dunham Gooding had to leave the meeting at this point).

2. BWPFDC Capital Projects: Mount Baker Phase Two. Patricia explained that a Request for Qualifications was issued on June 6, 2006 and two firms responded, Hoshide Williams and LMN Architects. Hoshide Williams partnered with a firm out of

Washington, D.C., Martinez & Johnson. A selection committee including Patricia Decker, Brian Dempsey, Brad Burdick, Bob Nicholl, Dan Larner and Dean Brett unanimously recommended LMN Architects as the best qualified firm. LMN has experience of working together with their team of CDi Engineers, Mechanical Engineering; Sparling, Electrical Engineering; Jaffe Holden Acoustics, Inc., Acoustical Consultant; Candela, Lighting Consultant; Davis Langdon, Cost Estimating; and Flack & Kurtz, Code Consulting.

3. Cultural District Stakeholders Activities and Issues. The second annual State PFD conference will be held in Kennewick on September 25 and 26, 2006. At this time, no one from the BWPFDD has expressed an interest in attending.

Whatcom Museum of History & Art. Tom Livesay handed out the Executive Summary of Potential Operational Impacts of Opening a New Museum Facility in 2008, dated August 9, 2006 and prepared by Tom Dorr of Western Washington University's Small Business Development Center. Tom drew the board's attention to the last sentence of the first paragraph, which states:

"The number one conclusion of this analysis is that the Society can operate the new facility provided the Society and the City of Bellingham continue to work together to financially support the operations of the museum."

Tom added that the Museum Society board is just now looking at the full report, which includes some demographic information. Jeff McClure said that Tom Dorr has an intimate knowledge of the Museum and has proposed seventeen recommendations for the Museum Society to discuss at their retreat in mid September.

(Dunham Gooding returned to the meeting at this point).

4. BWPFDD Capital Project Updates: Mount Baker Theatre. Patricia asked the board to direct staff to begin Design Development contract negotiations for Mount Baker Theatre Phase Two renovations.

YVONNE BIANCHI MOVED TO DIRECT STAFF TO BEGIN DESIGN DEVELOPMENT CONTRACT NEGOTIATIONS WITH LMN ARCHITECTS FOR MOUNT BAKER THEATRE PHASE TWO RENOVATIONS. DAVID WARREN SECONDED.

Motion carried 4-0.

5. City of Bellingham and Whatcom County Activities and Issues. Tara Sundin reported that the budget for the Arts District and Flora Street – Making Places for People project (formerly known as the Streetscape project) has changed. Initially, the City's Public Works capital budget had \$2 million allocated to the project for design and construction. The funding for the project comes from the Real Estate Excise Tax. City priorities for the funds, which are not as high as expected, have shifted. Now the budget has \$1.6 million, which will be allocated as follows:

2006	\$100,000 to cover the first phase
2007	\$500,000 spring quarter, \$500,000 fall quarter
2008	\$500,000 fall quarter

Tara explained that the City needs to be strategic about the timing of the project. Sidewalks will be built around the Art & Children's Museum. The Campaign for the Arts may be another source of revenue.

Tara reported that the five Place-making workshops held in August were well attended. About 65 people participated. Last week, the City held meetings with property owners, cultural arts agencies, and retailers. Property owners are interested in the project because it is being funded by the City. The main interest of property owners in the area is structured parking. The consultant team is compiling the information, which will be used to develop a vision for the district, which will lead into a conceptual design. On September 7 the team will present a draft Place-making vision for the district.

6. Public Awareness & Communication. Alison handed out a Playbill for the Mount Baker Theatre that will be included in programs beginning in September. It includes text and images about the Art & Children's Museum and Phase 2 of the Mount Baker Theatre renovations.

ADJOURNMENT

Robin Halliday adjourned the meeting at 4:05 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant.

AGENDA

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING
WEDNESDAY, AUGUST 30, 2006
2:00 P.M. – 5:00 P.M.
Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

Citizens may speak informally to the Board on subjects not scheduled for public hearing. Each speaker is allowed a maximum of three minutes. A copy of any written comments for the Board should be provided to the Administrative Assistant, preferably before the meeting.

APPROVAL OF MINUTES

ACTION: Approve minutes of the July 26, 2006 regular board meeting.

AGENDA REVIEW

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status:
 - i) **ACTION: Annual Election of Officers.**
 - ii) Financial Report and Revenue Projection – Therese Holm.
 - iii) Projected Revenue Sources and Uses – Patricia Decker.
2. BWPFD Capital Project Updates:
ACTION: Direct staff to begin Design Development contract negotiations for Mount Baker Theatre Phase Two renovations.
3. City of Bellingham and Whatcom County Activities and Issues.
4. Cultural District Stakeholders Activities and Issues.
5. Public Awareness & Communication.

ADJOURNMENT

FOR CITIZENS WITH SPECIAL NEEDS, the Mayor's Boardroom is fully accessible. Elevator access to the second floor is available at City Hall's west entrance. Hearing assistance is available in the Mayor's Boardroom and a receiver may be checked out through the clerk prior to the meeting. For additional accommodations, persons are asked to contact Alison Henshaw at 738-7451 at least 3 working days in advance of the meeting. Thank you.



**MINUTES OF THE PUBLIC MEETING OF THE
BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT
WEDNESDAY, JULY 26, 2006**

CALL TO ORDER

Robin Halliday, President, called the meeting to order at 2:06 p.m.

ROLL CALL

Board members present were Dunham Gooding, Robin Halliday, Charles Self and David Warren. Jerry Chambers joined the meeting at 2:30 p.m.

OPEN PUBLIC COMMENT PERIOD

None.

APPROVAL OF MINUTES

**DAVID WARREN MOVED TO APPROVE THE MINUTES OF THE JUNE 21, 2006
REGULAR BOARD MEETING. CHARLES SELF SECONDED.**

Discussion:

Dunham asked that the minutes be clarified on page one with regard to Mr. Goodwin's intention of phasing out the yearly leases on his apartment building. Alison Henshaw agreed to clarify the language before finalizing the minutes.

Motion carried 4-0.

AGENDA REVIEW

None.

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status. Therese Holm will be giving an explanation of the June 30, 2006 operating statement and information about revenue projections at the August 30, 2006 board meeting.

2. BWPFD Capital Project Updates. Patricia reported that the Mount Baker Theatre Lighting Project is on hold as no bids were received in response to the City's solicitation for the project. The City will need to reissue the bid solicitation. Because of the necessary timing, vendors were given only two weeks in which to respond. In order to use the grant funds and fit in with the theatre's schedule, the project must now be done in August 2006 or January 2007 and the grant funds need to be spent by June 2007.

Mount Baker Theatre Phase Two. Two design teams submitted statements of qualifications to the City for Design Development of Phase Two of the Mount Baker Theatre renovations. One design team was interviewed on Monday and the other will be interviewed tomorrow. The interview panel will make a recommendation after the second interview. Dean is the BWPFD board representative on the interview panel.

The Construction Documents phase of the Art & Children's Museum is almost 50% complete. Cost estimates are not yet available. The project architects are refining the plans and will be working with Museum staff on the organization of the educational areas and building lighting.

3. City of Bellingham and Whatcom County Activities and Issues. Parking Program Update. Clark Williams distributed Parking and Downtown Services Immediate Concerns dated April 7, 2004 with a 2006 Update. In 2005, revisions were made to the Bellingham Municipal Code, City policies and procedures, and internal staffing in the Parking Services Division. Modifications to the parking system have been made this year to address the recommendations of the Parking Management Strategy adopted by the City.

The Bellingham Parking Commission is up to its full complement of 5 volunteer members: Richard Walsh from Whatcom Transit Authority, Susan Horst from the Whatcom Council of Governments, Phyllis McKee from the Fairhaven Merchants Association, Janet Lightner representing the Railroad Avenue and Downtown Merchants Association, and Chair Larry Farr. The Commission's duties and authorities have been expanded to cover city-wide parking issues both on and off-street.

The recommendation of consolidating parking enforcement did not work. Police employees issue tickets, Municipal Court employees collect the fines, and Public Works employees do the remainder of the duties. However, Public Works put together a business model showing revenues and expenses in both the parking and general funds. In the past, there was no accounting of whether or not all ticket fine revenue was being used on parking-related expenses. Some of it was used to pay the salaries of Municipal Court staff and parking enforcement officers. As of 2005 \$475,000 in parking fine revenue goes to the general fund. Anything over that amount goes to the parking fund and is spent to enhance the parking system.

With regard to parking rates and ticket fines, as of January 2006, meter rates increased from 25 cents to 50 cents per hour. As of January 2008, they will increase to 75 cents, and as of January 2010, they will increase to \$1 per hour. Parking ticket fines used to be \$5 with an early pay discount of \$3. Now fines have increased from \$5 to \$10 and there is no early pay discount. Other fines have increased from \$10 to \$20.

Enforcement hours used to begin at 10 a.m., but that was a problem for meter feeding, so the Parking Commission recommended that enforcement begin at 8 a.m. This change began in June 2005. In May 2006, after downtown business owners complained about the early enforcement, the City changed the enforcement hours to begin at 9 a.m. City-wide parking enforcement includes identifying meter feeders and writing scofflaw tickets. Due to increased parking revenues, the City has been able to hire a third parking enforcement officer. A fourth enforcement officer may be hired in 2007.

Other parking matters being considered are bringing back a merchant validation program using tokens that work anywhere in the parking system and an evening parking program for downtown housing tenants who could share parking spaces in the evening when they are not being used by businesses.

Due to increased revenues, the parking fund is now able to support bond debt for a parking structure. The Parking Commission would be interested to hear from the BWPFD board about parking needs around the Cultural District.

Discussion:

Robin suggested the Parking Commission work with Whatcom County. She said the PFD will work as a board to give the Parking Commission input on parking needs. Patricia added that bus parking is lacking for the Library, Museum and Mount Baker Theatre.

Project for Public Spaces Input to Streetscape Scope. Tara Sundin gave an update on the streetscape project. The design team comprises Nakano Associates, landscape architects; Ellen Sollod, artist; Candela Lighting, lighting design; Sparling, electrical engineer; Springline Design, civil engineer; and Zervas Group Architects, local architects.

Earlier this year, Mayor Asmundson and Tara Sundin went to New York for Project for Public Spaces (PPS) training. The Mayor decided he wanted PPS to come to Bellingham, and they did on June 27 and 28. About seventy-five people were trained, including staff, members of boards and commissions, neighborhood groups, members of the Streetscape Core Team, and the Streetscape Design Team. About 100 people attended the public evening presentation.

The Streetscape Core Team would like to integrate PPS into the streetscape project. The PPS believes in a place and community driven approach. The PPS also looks at a phased approach to design. The streetscape is a \$2 million design and construction project. The Art & Children's Museum will have sidewalks as a result of the streetscape funding. Tara would like to honor the PPS process before making an initial investment in the streetscape project.

Tara said the City will be hosting some Placemaking Workshops August 7 – 10, 2006. Part of the PPS training held in June was in the field and the Arts District was one of the sites evaluated by PPS. The key attributes used to evaluate a site are sociability, uses and activities, comfort and image, and access and linkages. The City will be inviting business owners, property owners, members of organizations, and people who participated in the evening PPS presentation. There will be five different sessions. Input from the Placemaking Workshops will help formulate a Place Making vision.

Discussion:

Robin said it's hard to evaluate a space without fully understanding the vision for that space. In the Arts District, there is a vision for the Art & Children's Museum, which needs to be clarified before the Placemaking workshops. Tara suggested that images of the Art & Children's Museum could be displayed at the workshops. Patricia suggested that the Library's role now and in the future should be discussed, and how its role may change depending on its location. Tara added that her group has included the streetscape objectives shown on the BWPFD's website and expanded those objectives.

Patricia said another aspect of the PPS training is the role of the private sector. Businesses can collaborate with the public sector to create better public spaces. The notion of Placemaking involves economic issues, design and physical improvements.

Charlie is concerned about the potential expanded scope of the streetscape project, and the limited resources.

Patricia asked that the board approve the use of the facility at 216 Grand Avenue for the Placemaking Workshops and that the BWPFD cover payment of utilities.

DAVID WARREN MOVED TO ALLOW THE CITY TO USE THE FACILITY AT 216 GRAND AVENUE FOR PLACEMAKING WORKSHOPS AND STREETSCAPE RELATED MEETINGS IN 2006. JERRY CHAMBERS SECONDED.

Motion carried 5-0

DAVID WARREN MOVED THAT THE CITY FOLLOW ALL BWPFD FACILITY USE CRITERIA & CONDITIONS IN USING THE FACILITY AT 216 GRAND AVENUE, EXCEPT FOR CONDITION 2, AS THE BWPFD WILL PAY FOR UTILITIES. CHARLES SELF SECONDED.

Motion carried 5-0.

4. BWPFD Administration, Financial Reports and Fundraising Status.
DUNHAM GOODING MOVED TO APPROVE BWPFD RESOLUTION 2006-1 COMMENDING JERRY CHAMBERS FOR HIS SERVICE. DAVID WARREN SECONDED.

Motion carried 4-0-0. Jerry Chambers abstained.

A new member will be joining the board in August. The appointment is going before City and County Councils on August 7 and 8, respectively.

5. Cultural District Stakeholders Activities and Issues. Robin reminded the board about the PFD Second Annual Conference, which will be held on September 25 and 26, 2006 at the Three Rivers Convention Center in Kennewick.

6. Public Awareness & Communication. Robin distributed a press release dated July 19, 2006 regarding Bob Goodwin. It has not yet been issued because the Bellingham Business Journal wants to do a story first.

ADJOURNMENT

Robin Halliday adjourned the meeting at 3:55 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant.

AGENDA

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING
WEDNESDAY, JULY 26, 2006
2:00 P.M. – 5:00 P.M.
Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

Citizens may speak informally to the Board on subjects not scheduled for public hearing. Each speaker is allowed a maximum of three minutes. A copy of any written comments for the Board should be provided to the Administrative Assistant, preferably before the meeting.

APPROVAL OF MINUTES

ACTION: Approve minutes of the June 21, 2006 regular board meeting.

AGENDA REVIEW

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status.
ACTION: Adopt Resolution Commending Jerry Chambers for his service.
2. BWPFD Capital Project Updates.
3. City of Bellingham and Whatcom County Activities and Issues:
 - Project for Public Spaces Input to Streetscape Scope – Tara Sundin.
 - Parking Program Update - Clark Williams.
4. Cultural District Stakeholders Activities and Issues.
5. Public Awareness & Communication.

ADJOURNMENT

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**MINUTES OF THE PUBLIC MEETING OF THE
BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT
WEDNESDAY, JUNE 21, 2006**

CALL TO ORDER

Robin Halliday, President, called the meeting to order at 2:00 p.m.

ROLL CALL

Board members present were Yvonne Bianchi, Dean Brett, Jerry Chambers, Dunham Gooding, Robin Halliday, Charles Self and David Warren.

OPEN PUBLIC COMMENT PERIOD

None.

APPROVAL OF MINUTES

**CHARLES SELF MOVED TO APPROVE THE MINUTES OF THE MAY 24, 2006
REGULAR BOARD MEETING. YVONNE BIANCHI SECONDED.**

Motion carried 7-0.

AGENDA REVIEW

None.

BUSINESS

1. Cultural District Stakeholders Activities and Issues. Bob Goodwin serves on the Campaign for the Arts private fundraising group and on the Streetscape Core Team. He spoke to the board and outlined his interest in supporting the private sector fundraising as well as the private sector investment in the Arts District. He has purchased the apartments next to the Museum site at the corner of Flora and Commercial Streets and is slowly renovating the space. All sixteen apartments are either currently leased or will be soon. Once the new Art & Children's Museum and early phase streetscape improvements are built, Mr. Goodwin expects to phase out yearly leases and change to monthly leases, with the goal of changing the use of the building from residential to mixed or commercial space. He is in the process of purchasing the old Cascade Laundry building on Prospect Street, with closing expected in late September or early October. His plans are to keep the 1922 original two story building, demolish the one story addition, and then build behind and around the original building, with plans for about 50 condominiums. The existing commercial space on the ground floor could be used as a high-end grocery store, bakery and fish market. Finally, Mr. Goodwin explained he is Executive Director of the Northwest Discovery Project, the organization that wants to build an aquarium on the waterfront. A public opinion survey will be conducted on the Northwest Discovery Project. There will be a sandcastle contest for the Marine Life Center on September 29 and 30 and October 1, 2006.

Dean described how from the outset the board saw funding for BWPFD's projects as \$15 - \$20 million from BWPFD funds, \$6 to \$8 million from the private sector, and \$25 - \$30 million from private sector investment. Private sector investment would not have happened without Robert Goodwin being the first to purchase property in the Arts District. Since he purchased property downtown, others have followed.

2. BWPFD Administration, Financial Reports and Fundraising Status. No report.

3. BWPFD Capital Project Updates. i) Mount Baker Theatre: Appoint PFD Board Representative to Interview and Selection Team for Mount Baker Theatre Phase 2 Renovations. Patricia asked for board member participation in the interview and selection process for design services on Phase 2 of the Mount Baker Theatre renovations. She estimates about 15 hours will be needed for the interview and selection process. Schematic Design was done on Phases 2 and 3 as part of the Phase 1 scope. Phase 2 will involve improvements to electrical and lighting systems, HVAC and similar infrastructure items.

Statements of Qualifications (SOQ's) are due on June 30. SOQ packets should go out to reviewers the first week of July, and interviews should occur the second or third week of July. Brad has asked that all five members of the Mount Baker Theatre Building Committee be involved along with him. Dean and Yvonne are willing to represent the PFD board in some capacity during the interview and selection process. Patricia and Brad will discuss the process further and get back to Dean and Yvonne on the details.

ii) Mount Baker Theatre: Annual Report. Brad Burdick discussed the theatre's annual report, 2006 Annual Report, A Banner Year. The fiscal year, ending June 30, was a record year for the theatre in terms of attendance, which is up over last year by 15%. The main areas of attendance are 37% for community events, 21% for main stage events, and 20% for educational programs. On the revenue side, ticket sales, rental revenue and sponsorship revenues are up.

Brad mentioned a local production for 6 nights that was tried out at the Studio Theatre. It was successful in terms of attendance.

The Theatre board has agreed to add three positions to the Mount Baker Theatre:

- Associate Artistic Director, entry level position, for managing the education program and Studio Theatre programs;
- Development Director, upper level position; and
- Marketing position to promote ticket sales.

Dean asked about repeat visitors. Brad replied that the number of season ticket holders has decreased, which is also the national trend. There are more shows in a season and the shows are more expensive, so people are less likely to buy tickets for the whole season. The theatre's database has increased from 10,000 to 50,000, representing people who have bought tickets within the last three years. Dean added that there are less commercial events and wondered if that was by design. Brad said that there are not as many commercial promoters and the Mount Baker Theatre itself would prefer to

put the shows on the main stage. Encore Room rentals are down because successful rentals have moved to the Studio Theatre.

iii) Mount Baker Theatre – Historical Lighting Renovation Project. Patricia reported that a bid proposal was issued last Friday. The \$197,000 state grant will be used for both the architect's fee and construction costs. As it is a City project, the City Council needs to accept the bid – hopefully at its meeting on July 10.

State law does not allow for prequalification, so bidders will need to complete forms to show that they are especially qualified to do the work, including experience in similar projects and references.

Bids must be responsive, which means true to all the specifications, and responsible, which means that the selected firm has a good work history.

iv) Art & Children's Museum Core Team Report. Stephen Yamada-Heidner and members of the Core Team asked Jeff McClure, Chair of the Art & Children's Museum Core Team, to describe briefly to the board the refinements made since the Design Development phase.

First floor changes, including:

- Addition of passenger elevator, thereby increasing flexibility in the layout and eliminating the cost of a customized (two-sided) freight elevator.
- A larger mechanical room.
- Increased functionality of the catering kitchen layout for large-scale gatherings.
- Reconfiguration of Art Museum gallery space, thereby achieving a more open, more useful and simpler floor plan

Second floor changes including:

- More generous space at the second floor landing for the main stairway.
- More flexibility for educational space.
- Better use of the windows overlooking the Children's Museum in the Meeting Room and Administrative office.
- Reconfiguration of bathrooms, providing more wall space in adjacent rooms.

Basement change:

- Increased mechanical space.

Patricia handed out the Space Allocation Table dated June 12, 2006 from Olson Sundberg Kundig Allen Architects. Total square footage at Design Development was 35,918 and at the 50% mark of Construction Documents phase is 36,161 for a net increase of 243 square feet. Space allocated to the Children's Museum and to the lobby/public space has increased, while space allocated to the Art Museum has decreased.

Dunham further described the improvements in the usability of the spaces. Jerry expressed concern about the square footage increase. Patricia responded that the

Core Team remains committed to minimizing any increase in square footage. Jeff mentioned several cost reductions in items that offset the cost of the added square footage. He felt there would be no further scope changes requiring additional square footage beyond that already discussed. Patricia noted that the elevator reconfiguration also allows for possible basement expansion.

Patricia handed out the Basement Expansion Options spreadsheet from Olson Sundberg Kundig Allen Architects, also dated June 12, 2006, noting these would be handled as bid alternates. A decision will likely need to be made on the basement scenario. In September, about the same time we will learn whether the Museum Society will be receiving a Building for the Arts state grant.

Discussion of basement options continued. The basement provides space for collections. The museum is looking at funding options for the basement expansion. Design fees for the basement expansion are \$39,000. Dean compared the square footages at the Pre-Design Phase with this point in the Construction Documents Phase. He noted that the Children's Museum space has increased by 200 square feet, but most of the change has been in the Art Museum, which has added 4,000 square feet in permanent exhibit space, which will be of public benefit. Yvonne is pleased with the Core Team's work. Patricia said the Art & Children's Museum construction will go to bid at the end of this year, with construction beginning at the beginning of next year. Charlie said we will need evidence of a funding source before September. Robin said the August meeting will be used to look at private fundraising and the financial report.

4. City of Bellingham and Whatcom County Activities and Issues. Robin thanked Dunham, Charlie and Jerry for their service on the board. Their terms expire on July 30, 2006. Dunham and Charlie have agreed to continue, but Jerry will not. Jerry serves on national committees for his work and will be traveling more.

5. Public Awareness & Communication. Yvonne would like to put together a brief of today's talk by Bob Goodwin and approach the Bellingham Herald or Bellingham Business Journal for an article. The board discussed various media and media readership. Yvonne will try to get the article in the Bellingham Business Journal, noting that the Bellingham Herald might be a better way to reach the general public when we are at the groundbreaking stage.

ADJOURNMENT

Robin Halliday adjourned the meeting at 3:42 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant.

AGENDA

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING
WEDNESDAY, JUNE 21, 2006
2:00 P.M. – 5:00 P.M.
Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

Citizens may speak informally to the Board on subjects not scheduled for public hearing. Each speaker is allowed a maximum of three minutes. A copy of any written comments for the Board should be provided to the Administrative Assistant, preferably before the meeting.

APPROVAL OF MINUTES

ACTION: Approve minutes of the May 24, 2006 regular board meeting.

AGENDA REVIEW

BUSINESS

1. Cultural District Stakeholders Activities and Issues.
2. BWPFD Administration, Financial Reports and Fundraising Status.
3. BWPFD Capital Project Updates. i) **ACTION:** Appoint PFD Board Representative to Interview and Selection Team for Mount Baker Theatre Phase 2 Renovations. ii) Art & Children's Museum Core Team Report.
4. City of Bellingham and Whatcom County Activities and Issues.
5. Public Awareness & Communication.

ADJOURNMENT

FOR CITIZENS WITH SPECIAL NEEDS, the Mayor's Boardroom is fully accessible. Elevator access to the second floor is available at City Hall's west entrance. Hearing assistance is available in the Mayor's Boardroom and a receiver may be checked out through the clerk prior to the meeting. For additional accommodations, persons are asked to contact Alison Henshaw at 738-7451 at least 3 working days in advance of the meeting. Thank you.



**MINUTES OF THE PUBLIC MEETING OF THE
BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT
WEDNESDAY, MAY 24, 2006**

CALL TO ORDER

Robin Halliday, President, called the meeting to order at 2:03 p.m.

ROLL CALL

Board members present were Yvonne Bianchi, Dean Brett, Robin Halliday, Charles Self and David Warren. Dunham Gooding arrived at 2:06 p.m.

OPEN PUBLIC COMMENT PERIOD

Gaye Godfrey from the Campaign from the Arts announced that the Whatcom Museum, Mount Baker Theatre, and Campaign for the Arts have completed their agreements with the Whatcom Community Foundation.

APPROVAL OF MINUTES

**DEAN BRETT MOVED TO APPROVE THE MINUTES OF THE APRIL 26, 2006
REGULAR BOARD MEETING. DAVID WARREN SECONDED.**

Motion carried 5-0.

AGENDA REVIEW

None.

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status: i) Discuss BWPFD financial commitment to the Art & Children's Museum for purposes of the recently submitted Building for the Arts grant application. Patricia explained that the Museum and BWPFD had requested \$2 million for the Building for the Arts grant, the maximum 20% match, so a \$10 million commitment from the BWPFD was needed.

**DAVID WARREN MOVED THAT THE BELLINGHAM-WHATCOM PUBLIC
FACILITIES DISTRICT ACKNOWLEDGE ITS COMMITMENT TO FUND AT LEAST
\$10 MILLION TOWARDS THE CONSTRUCTION OF THE ART & CHILDREN'S
MUSEUM, INCLUDING FUNDS SPENT OR OBLIGATED TO DATE. DEAN BRETT
SECONDED.**

Motion carried 6-0.

ii) Discuss services provided by Olson Sundberg Kundig Allen Architects (OSKA) relating to the Building for the Arts grant application. Patricia explained that OSKA had worked on the Building for the Arts grant application, and that the work is outside the scope of OSKA's design services contract with the City.

YVONNE BIANCHI MOVED TO APPROVE PAYMENT OF \$625 TO OLSON SUNDBERG KUNDIG ALLEN ARCHITECTS FOR GRANT APPLICATION SERVICES. DAVID WARREN SECONDED.

Motion carried 6-0.

2. BWPFD Capital Project Updates: i) Update on the potential for using the Apprenticeship Program during the construction of the Art & Children's Museum.

Patricia distributed Public Facilities Districts – Apprenticeship Programs, a summary of research on apprenticeship programs used by other public facilities districts. Patricia reported that agencies typically called for voluntary use of apprentices by the contractor. As an example, the Snohomish County PFD used an apprenticeship program on its Future of Flight project. They experienced no measurable impact on cost or quality.

Discussion: Patricia had followed up with the City's Public Works Director, Dick McKinley, who thinks using the Art & Children's Museum as a pilot project for the apprenticeship program with voluntary apprenticeship hours makes sense.

Charlie asked if contractors could submit bids with and without an apprentice program, and suggested we contact contractors directly about apprenticeship programs. Dean expressed that the City of Vancouver's policy is not clear. Dean will ask local contractors informally what their experience has been with apprenticeship programs. Robin wants to know what it will actually cost the BWPFD to include an apprenticeship program. Patricia will attempt to get more information from other cities and clarification from the City of Vancouver on their apprenticeship program policy.

Dick McKinley joined the meeting later and said the purpose of an apprenticeship program is recognizing that the people in the skilled trades' area are aging and there is a need to train young people in those skilled trades. The use of apprentices is encouraged on public projects, usually those worth at least \$1 million. He cautioned that on some projects where the cost of equipment is high in comparison to the cost of labor, the use of apprenticeship hours does not make sense. There are state approved apprenticeship programs with 15% of the labor coming from apprentice hours. Most apprenticeship programs are for trades hired through union halls and therefore may discriminate against non-union contractors. Fewer bidders may result in a higher cost project. Dick has spoken with other public works directors in the state and concluded that the apprenticeship program is a policy decision. An apprenticeship program could be included in specifications for Art & Children's Museum project. Unfortunately, no documentation is available on bid costs with apprenticeship programs. Dick recommended preparing bid alternatives with and without apprenticeship hours.

ii) Streetscape Project update. Patricia reported that the first Core Team meeting on the streetscape project will take place this week in order to discuss the scope with primary team member Kenichi Nakano. The Core Team includes Tara Sundin and Ravyn Whitewolf, representing City Planning and Public Works departments respectively as well as David Warren and Patricia (BWPFD), Mauri Ingram, Jeff McClure and Bob Goodwin. Jeff and Mauri represent property owners in the larger Arts District and Bob represents the Campaign for the Arts as well as being a property owner in the Regional

Center area. A larger, twenty person Streetscape Schematic Design Committee includes other stakeholder representatives and will be involved at key points during the Schematic Design process.

Discussion: Charlie would like a better definition of the Streetscape project. Patricia explained the City has \$0.25 million in its budget for design this year and \$1.75 million for implementation next year. The Art & Children's Museum is the stimulus for the Streetscape project. Portions of Flora Street and Grand Avenue, including sections adjacent to the new museum facility will be an early part of the project. Early implementation will also include strengthening the connection between the new museum and the Mount Baker Theatre along with a possible streetscape project within the Arts District. Other implementation activities will occur later, including connections to the waterfront.

Patricia confirmed that Olson Sundberg Kundig Allen Architects will be consulted in the Streetscape design process and noted that the Streetscape design team includes an artist, civil engineer, lighting expert and landscape architect.

3. City of Bellingham and Whatcom County Activities and Issues. None.

4. Cultural District Stakeholders Activities and Issues. Patricia reported on a presentation about the BWPFD to the Tourism Commission and distributed her notes, Brief Update on PFD Projects – Tourism Commission Meeting of May 23, 2006. Yvonne suggested the BWPFD get on the Rotary Club of Bellingham's program calendar. Patricia will also schedule some time with Dean about materials for a presentation to the Bellingham Bay Rotary Club.

5. Public Awareness & Communication. Robin reported that the Frequently Asked Questions (FAQ's) have been updated and are posted on the website. Charlie suggested the Campaign for the Arts be included in BWPFD's presentations. Other board members agreed and Robin asked Gaye to let the BWPFD know when the CFA wants to be included in more "public" presentations. Yvonne suggested Bob Goodwin be interviewed by the Business Journal about his vision for the Cascade Laundry building. Robin suggested Bob come to one of the BWPFD board meetings.

Gaye distributed an internal document she uses on the revenues and expenditures for the overall Cultural District. The handout provoked some healthy discussion from board members. Dean expressed his concern that continuing growth in BWPFD revenues appeared to be assumed for use on museum and theatre projects.

Patricia added that she had spoken with Jeff McClure about assumptions regarding the basement expansion. Jeff indicated that the Museum wants to preserve the option for the full basement expansion. However, the ultimate size and funding is still being discussed by the museum board. Museum board members recognize and support reserving future funding for Phase Two of the Mount Baker Theatre. Patricia also noted that the contract modification for OSKA will include a "notice to proceed" provision calling for specific board action on basement expansion plans.

ADJOURNMENT

Robin Halliday adjourned the meeting at 3:26 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant.

AGENDA

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING
WEDNESDAY, MAY 24, 2006
2:00 P.M. – 5:00 P.M.
Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

Citizens may speak informally to the Board on subjects not scheduled for public hearing. Each speaker is allowed a maximum of three minutes. A copy of any written comments for the Board should be provided to the Administrative Assistant, preferably before the meeting.

APPROVAL OF MINUTES

ACTION: Approve minutes of the April 26, 2006 regular board meeting.

AGENDA REVIEW

BUSINESS

1. **BWPFD Administration, Financial Reports and Fundraising Status:**
 - i) Discuss BWPFD financial commitment to the Art & Children's Museum for purposes of the recently submitted Building for the Arts grant application.
ACTION: Acknowledge commitment to fund at least \$10 million towards the construction of the Art & Children's Museum, including funds spent or obligated to date.
 - ii) Discuss services provided by Olson Sundberg Kundig Allen Architects (OSKA) relating to the Building for the Arts grant application.
ACTION: Approve payment of \$625 to OSKA for grant application services.
2. **BWPFD Capital Project Updates:** i) Update on the potential for using the Apprenticeship Program during the construction of the Art & Children's Museum.
ii) Streetscape Project update.
3. City of Bellingham and Whatcom County Activities and Issues.
4. Cultural District Stakeholders Activities and Issues.
5. Public Awareness & Communication.

ADJOURNMENT

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**MINUTES OF THE PUBLIC MEETING OF THE
BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT
WEDNESDAY, APRIL 26, 2006**

CALL TO ORDER

Robin Halliday, President, called the meeting to order at 2:06 p.m.

ROLL CALL

Board members present were Dean Brett, Jerry Chambers, Robin Halliday, and David Warren. Charles Self joined the meeting via telephone.

OPEN PUBLIC COMMENT PERIOD

None.

APPROVAL OF MINUTES

**DEAN BRETT MOVED TO APPROVE THE MINUTES OF THE MARCH 29, 2006
REGULAR BOARD MEETING. JERRY CHAMBERS SECONDED.**

Motion carried 5-0.

AGENDA REVIEW

None.

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status: i) Report from Jeff McClure, Whatcom Museum Board President, regarding the board's agreement with the Whatcom Community Foundation. At its March 29, 2006 board meeting, the BWPFD approved going forward with the Construction Drawings phase of the Art & Children's Museum, subject to a signed agreement being in place between the Museum and the Whatcom Community Foundation. Jeff McClure confirmed that the Whatcom Museum Society has signed an agreement with the Whatcom Community Foundation.

ii) Building for the Arts State Grant Application.

Patricia explained that the Whatcom Museum Society is applying for funds from the Building for the Arts state grant. As a result of some of the application requirements, an agreement needs to be entered into among the Whatcom Museum Society (Society), the City of Bellingham (City), and the Bellingham-Whatcom Public Facilities District (BWPFD).

The grant can be for up to \$2 million, for a 20% match, i.e., as much as \$2 million out of \$10 million could be reimbursed by grant funds. Patricia had asked the architects for cost estimates for expanding the basement because the collection is larger than expected. Patricia has been meeting with Jeff McClure, Kathleen Iwersen and Tom

Livesay to discuss the best use of the grant funds. Expanding the basement all the way to Flora Street would cost \$600,000 in construction costs and \$39,000 in design fees. It would provide an additional 5,785 square feet. The current basement is 8,275 square feet and will cost \$850,000 in construction costs. Patricia distributed a Memorandum from Stephen Yamada-Heidner dated April 18, 2006 regarding the Additional Costs for Basement Expansion together with a diagram from Olson Sundberg Kundig Allen Architects showing each of the three expansion options. Patricia also distributed a document she prepared named Art and Children's Museum Basement Expansion Summary Information.

For the grant application to be successful, the BWPFD needs to partner with the Society. The City has a joint operating agreement with the Society. If the grant is not received, the Museum Society will discuss paying for the basement expansion. If the grant is received, BWPFD funds will not be used to pay for the basement expansion. Kathleen Iversen explained that the funds will come from the 2007-2009 Building for the Arts competitive grant program. She explained that the application will focus on making the arts accessible to everyone; that the new donations to the Museum need more room; and that additional educational space will also be provided in the basement.

Discussion:

Charlie asked if the grant funds could be used for the building rather than the basement expansion. Patricia responded that they could.

Dean summarized that if the grant is won, the BWPFD wouldn't have any additional cost for the basement expansion. If the grant isn't won, the Museum would build the expanded basement with funds other than BWPFD revenue. Dean suggested that if the grant is not received, and the BWPFD goes forward with building the Art & Children's Museum, the BWPFD could loan money to the Museum for the basement expansion in exchange for a mortgage on the existing Society owned buildings. It would be important for the BWPFD to have some security.

Dean wants to know if the \$600,000 could be used on another project – rather than the expanded basement. The BWPFD board has not made that determination. Dean wants to look at other options for the \$600,000. The Museum needs to pay the design fees for the expanded basement. Patricia explained that regarding the timing, we should know this September whether or not our project is recommended for grant funding. Construction is due to begin in October or November this year. Patricia asked the BWPFD to join the Whatcom Museum as a partner applicant in the Building for the Arts grant application, with a scope large enough to encompass the larger basement expansion, subject to the Museum raising the necessary funds to pay for the basement expansion and additional related design services. In any event, the BWPFD would not be out \$600,000.

Patricia explained that the establishment of a Lease Agreement among the BWPFD, the City and the Society for the Art & Children's Museum became necessary for purposes of the grant application, to show that the Museum Society has control of the site.

Bob Carmichael distributed the Lease Agreement, saying that he worked with Les Reardanz of the City Attorney's office and Jennifer Willner, counsel for the Museum Society. He explained that a new, long-term lease would be negotiated when the Museum takes possession of property. The BWPFD is not relinquishing its possession in the lease. The non-profit applicant has to own or lease the property as an eligibility condition of the grant. The BWPFD and City need to be in control of construction. The Lessees will be responsible for utilities, fees and taxes once the new building is built on the property. If grant funds are not obtained or if the Art & Children's Museum isn't built, the Lease Agreement would be terminated.

DEAN BRETT MOVED TO ACCEPT THE LEASE AGREEMENT AS DRAWN. DAVID WARREN SECONDED.

Motion carried 5-0.

DEAN BRETT MOVED TO JOIN THE WHATCOM MUSEUM SOCIETY IN APPLYING FOR BUILDING FOR THE ARTS FUNDING. DAVID WARREN SECONDED.

Discussion:

Charlie applauds the Museum Society for seeking more funds but cautioned the board that the BWPFD is a few million dollars out of pocket, suggesting that the BWPFD proceed slowly when committing new funds. Dean added that the BWPFD has approved the design of the basement but not yet construction of same.

Motion carried 5-0.

iii) Participation in development of Whatcom Museum Operating Plan. The Building for the Arts grant assumes there will be a joint operating agreement, but the BWPFD will not operate the Museum. There is an existing operating agreement between the City and the Society. The Society will contract with the Small Business Development Center (SBDC) for an Operating Plan. The operational make up of the Museum will be different upon the opening of the new building.

Jeff McClure explained that the Museum had projected additional operation costs to be \$150,000 per year. The Society board would like an outside look at operational costs and revenue, including the new Museum shop and café. Jeff McClure distributed the Western Washington University Small Business Development Center Scope of Work for the New Facility for Whatcom Museum: Operating Plan Development. The work, which would be accomplished by the early part of June, would cost a total of \$20,000, of which the Museum Society would pay half. The Museum Society is asking the BWPFD to pay \$5,000 towards the plan. Although the BWPFD was not involved in creating the scope, Patricia would like a BWPFD member involved with the presentations. Yvonne Bianchi has agreed to participate.

Discussion:

Jerry agrees the plan is necessary, but doesn't think the BWPFD should pay for it. Charlie clarified that the Campaign for the Arts would raise incremental operation costs only. David thinks that \$5,000 sounds reasonable and would be a wise investment.

Charlie is troubled that the BWPFD would be getting involved with Museum operations. Dean thinks the operating plan is not part of the BWPFD's obligation. The BWPFD would like to see the plan but shouldn't have to pay for it. Robin is torn.

Jeff McClure withdrew his request for funding, but encourages participation by the BWPFD.

Therese Holm said cost-sharing between BWPFD, City and Society would make sense as all three entities have huge stakes to see that the business plan is feasible.

NO ACTION TAKEN.

2. BWPFD Capital Project Updates: Presentation by Steve Koch, President of the Northwest Building Trades on the potential of using the Apprenticeship Program during the construction of the Art & Children's Museum. Steve Koch distributed Apprenticeship Utilization Agreements 3/30/2006 and said there are three points to remember about apprenticeship set-asides: Need, cost and value.

- Need: Building trades can't be outsourced; they stay in the community, and are high value jobs. Building trade workers are aging so there is a need to train more people to provide a qualified workforce.
- Cost: The University of Washington is currently conducting a study on the costs of apprenticeship programs. Steve's opinion is that the cost of apprenticeship programs is minimal. An apprentice earns seventy percent of a journeyman's salary.
- Value: Building trade employees receive family health benefits, medical and retirement benefits.

Discussion: Dean would like the BWPFD to participate in an apprenticeship program. Steve explained that the building trade encourages women, minorities, and former military personnel to join apprenticeship programs.

Robin asked Patricia to see where the City stands regarding the apprenticeship program, and if the City could take a position on a BWPFD project. Patricia will bring this item back to the next meeting. Charlie would like to have a better idea of costs.

3. City of Bellingham and Whatcom County Activities and Issues: Progress Report by David Warren and Patricia Decker on the Flora District Streetscape Project. The interview panel comprising Patricia, David Warren, Steve Brinn, Ravyn Whitewolf, and Tara Sundin, interviewed four out of the seven firms who responded to the RFQ and there are now two finalists. The team is conducting reference checks and will make a decision on Monday.

4. Cultural District Stakeholders Activities and Issues. Dean Brett reported on private investment in the Cultural District, saying that Bob Goodwin recently bought the Cascade Laundry building on Prospect Street.

5. Public Awareness & Communication. Robin asked the board to look at the stakeholders list again. Patricia agreed to meet with Dean to review the information packet.

ADJOURNMENT

Robin Halliday adjourned the meeting at 3:37 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant.

AGENDA

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING
WEDNESDAY, APRIL 26, 2006
2:00 P.M. – 5:00 P.M.
Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

Citizens may speak informally to the Board on subjects not scheduled for public hearing. Each speaker is allowed a maximum of three minutes. A copy of any written comments for the Board should be provided to the Administrative Assistant, preferably before the meeting.

APPROVAL OF MINUTES

ACTION: Approve minutes of the March 29, 2006 regular board meeting.

AGENDA REVIEW

BUSINESS

1. **BWPFDD Administration, Financial Reports and Fundraising Status:**
 - i) Report from Jeff McClure, Whatcom Museum Society Board President, regarding the board's agreement with the Whatcom Community Foundation.
 - ii) Building for the Arts State Grant Application.
ACTION: a) Join Whatcom Museum Society in applying for Building for the Arts funding; and b) Approve lease of future Art & Children's Museum to the Whatcom Museum Society and City of Bellingham.
 - iii) Participation in development of Whatcom Museum Operating Plan.
ACTION: Approve up to \$5,000 for funding development of a Whatcom Museum Operating Plan by the Small Business Development Center.
2. **BWPFDD Capital Project Updates:**
Presentation by Steve Koch, President of the Northwest Building Trades on the potential for using the Apprenticeship Program during the construction of the Art & Children's Museum.
3. **City of Bellingham and Whatcom County Activities and Issues:**
Progress Report by David Warren and Patricia Decker on the Flora District Streetscape Project.

4. Cultural District Stakeholders Activities and Issues.
5. Public Awareness & Communication.

ADJOURNMENT

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**MINUTES OF THE PUBLIC MEETING OF THE
BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT
WEDNESDAY, MARCH 29, 2006**

CALL TO ORDER

Robin Halliday, President, called the meeting to order at 2:06 p.m.

ROLL CALL

Board members present were Dean Brett, Jerry Chambers, Dunham Gooding, Robin Halliday, and David Warren. Charles Self arrived at 2:10 p.m.

OPEN PUBLIC COMMENT PERIOD

None.

APPROVAL OF MINUTES

DAVID WARREN MOVED TO APPROVE THE MINUTES OF THE FEBRUARY 22, 2006 REGULAR BOARD MEETING. JERRY CHAMBERS SECONDED.

Motion carried 5-0.

DAVID WARREN MOVED TO APPROVE THE MINUTES OF THE MARCH 9, 2006 SPECIAL BOARD MEETING. JERRY CHAMBERS SECONDED.

Motion carried 5-0.

AGENDA REVIEW

None.

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status: Presentation by City Finance Director Therese Holm on updated Sales Tax revenue projections and 2005 Year End Report. Therese Holm reviewed the Operating Statement of December 31, 2005, saying there was \$1.1 million in revenue and \$899,000 in expenses for the year. She then went on to explain the Statement of Net Assets dated December 31, 2005. The BWPFD has assets of \$13,256,350, liabilities of \$9,378,505, and therefore \$3,877,845 in net assets. Finally, Therese explained the spreadsheet, Projected PFD Tax Revenues and Estimated Debt Capacity - Updated March 2006. Debt capacity is \$11 million. The reasons for increased borrowing capacity are that the PFD didn't issue bonds right away; the interest rate was favorable; and the Finance Department used more recent years for the growth rate. Bonds may not be issued until 2007, and can be used only for capital expenses, not operations. Revenue bonds could be used directly by the BWPFD. The final numbers for 2005 will be available in June.

Patricia handed out the BWPFD Financial Work Sheet – Including Revenues and Expenditures to Finance Capital Projects & Operations dated March 29, 2006. BWPFD has available funding of \$14 million.

2. BWPFD Capital Project Updates: Art & Children's Museum – Presentation on revised cost estimates by Stephen Yamada-Heidner of Olson Sundberg Kundig Allen Architects. Stephen Yamada-Heidner distributed the Olson Sundberg Kundig Allen Presentation Agenda of March 29, 2006 and Patricia referred to the Art & Children's Museum Construction Costs spreadsheet of March 29, 2006. Stephen explained that the design contingency was reduced from 10% to 6%. The General Contractors Operation & Profit has been reduced from a Seattle-based number of 7.5% in Schematic Design to 6.5% at Design Development, which is more reasonable for Bellingham market. Cost per square foot has increased slightly from \$249.60 to \$252.74. The size of building increased due to the location of the wall. A Silver LEED rating is necessary for buildings that receive state funds. Stephen distributed the LEED – NC Version 2.1 Registered Project Checklist, w/2.2 Overlay. Twenty-seven points are currently expected, but 33 points are needed. Patricia explained that state grants require LEED equivalency. Add Alternates are listed in The Robinson Company's Design Development Estimate, 28 Mar -06. Patricia wanted to explain to the board what the Core Team thought would be worth adding. There are design fees related to the add alternates. Dean Brett concluded that \$220,000 is not the real increase between Schematic Design and Design Development phases, because both the contingency and the GC O&P were reduced. The board requested a breakdown of expected revenues and expenses for the Regional Center Projects:

Revenue

\$20,000,000 bonding
\$ 2,000,000 capital from CFA
\$22,000,000

Expenses

\$4,219,131 MBT Phase I
\$1,848,422 A&CM property acquisition
\$1,170,299 A&CM FF&E
\$9,400,000 A&CM Construction
\$2,600,000 A&CM Soft Costs
\$3,500,000 MBT Phase II
\$ 700,000 MBT Phase II Design
\$23,437,852

Robin concluded that there is a difference of about \$1.5 million. Therese said that overall \$1.5 million is not that much. She recommended putting together a financing team to look at discount rate and variables.

Stephen explained the LEED add alternates, which are systems that could be added to construction costs. The rainwater harvesting system would collect and reuse water, meaning a smaller water supply line and subsequent savings of \$18,000. The other items are for increasing energy efficiency. There are additional design fees for the LEED add alternates. The difference between LEED equivalency and LEED certification is \$25,000 for paperwork and follow up. Robin suggested that if all the LEED add alternates are done, there will be 7 more LEED points. The mechanical system efficiency add alternate would provide the flexibility to look at other mechanical systems and install the best one. Dunham thought it worthwhile as it could provide

potential savings of \$1,000 per year and have a longer life cycle. Jeff suggested carrying forward the add alternates through the construction documents phase so BWPFD will pay the design fees but not be committed to actual construction costs until the bid process.

LEED Related Add Alternates:

E1	10.5% ENERGY PERFORMANCE IMPROVEMENT	\$ 7,902
M1	14.5% ENERGY IMPROVEMENT	\$11,289
M2	MECH. SYS EFFICIENCY/LCC UPGRADE	\$18,966
M3	RAINWATER HARVESTING SYSTEM	\$33,867

LEED Certification Related Fees: OSKA Design Fees	\$ 9,150
LEED Certification Coordination	\$25,000
Local LEED Consultation	\$ 1,500

Total LEED Related Alternates and Certification Fees Total: \$107,674

Architectural Alternates Design Fees:

A1	KNOTTY FUR SUSP CEIL RM#100 & 200	\$1,000
A2	DAYLIGHT MONITOR & CONTROL SYSTEM	\$5,000
A4	LIGHT CATCHER SPECIALTY LIGHTING	\$ 650
Total		\$6,650

Patricia explained that the Core Team's recommendation is for the whole package.

DUNHAM GOODING MOVED THAT IN CONSIDERATION OF THE BENEFITS THAT WILL ACCRUE TO THE ENVIRONMENT, THE EXAMPLE THAT THE BUILDING WILL SET TO THE COMMUNITY FOR FUTURE CONSTRUCTION AND THE FACILITATION OF THE ACHIEVEMENT OF SILVER LEED CERTIFICATION, THE BOARD OF THE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT APPROVE ADDING THE AMOUNT OF \$107,674 FOR ITEMS LISTED AS E1, M1, M2 AND M3 ON THE ROBINSON COMPANY'S DESIGN DEVELOPMENT ESTIMATE OF 28 MARCH 2006, INCLUDING DESIGN COSTS, TO THE FIGURE FOR TOTAL CONSTRUCTION AT THE END OF DESIGN DEVELOPMENT OF \$9,394,934. DAVID WARREN SECONDED.

Motion carried 6-0.

DUNHAM GOODING MOVED THAT THE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT APPROVE THE SPENDING OF \$6,650 FOR THE DESIGN OF ITEMS A1, A2, AND A4 ON THE ROBINSON COMPANY'S DESIGN DEVELOPMENT ESTIMATE OF 28 MARCH 2006, SO THAT THESE ITEMS COULD BE DESIGNED AND INCLUDED IN THE BID AS ADD ALTERNATES. CHARLES SELF SECONDED.

Motion carried 6-1, Jerry Chambers opposed.

Tom Livesay shared with the board a letter from Jeff McClure, President of the Whatcom Museum Society, which explained that at its regular board meeting on March 23, 2006, the Whatcom Museum Society Board passed a unanimous resolution recommending to the Public Facilities Board that the Art & Children's Museum project be approved for construction. This will be particularly important for the purposes of grant applications for the museum.

DEAN BRETT MOVED TO APPROVE THE CONSTRUCTION DRAWINGS PHASE OF THE ART & CHILDREN'S MUSEUM. JERRY CHAMBERS SECONDED.

Discussion:

Charlie asked if the Museum had agreed to arrange for endowment funds to be collected through the Whatcom Community Foundation (WCF). He added that this is for raising funds. Tom Livesay responded that the Museum Society has met with the WCF and is in negotiations with the WCF, with the understanding that an agreement will be in place shortly. Charlie responded that he could not support the construction drawings phase going forward until such time as an agreement is in place between the Whatcom Museum Society and the WCF. He agreed that he would approve the motion subject to the agreement being in place between the Museum and WCF.

DEAN BRETT ACCEPTED CHARLES SELF'S FRIENDLY AMENDMENT TO APPROVE THE CONSTRUCTION DRAWINGS PHASE OF THE ART & CHILDREN'S MUSEUM SUBJECT TO A SIGNED AGREEMENT BEING IN PLACE BETWEEN THE MUSEUM AND WHATCOM COMMUNITY FOUNDATION.

Motion carried 6-0.

Mount Baker Theatre – Continue discussion on proceeding with Design Development services for Phase 2. Patricia reminded the board that the estimate for design fees for the Design Development phase for Phase 2 renovations to the Mount Baker Theatre is \$155,000.

JERRY CHAMBERS MOVED TO APPROVE THE RFQ PROCESS FOR THE DESIGN DEVELOPMENT PHASE FOR PHASE 2 RENOVATIONS TO THE MOUNT BAKER THEATRE. DEAN BRETT SECONDED.

Motion carried 6-0.

Robin and staff will work with the Campaign for the Arts for the next phase of funding.

Mount Baker Theatre – Discuss request from Mount Baker Theatre for improvements to the curtain in the Studio Theatre.

JERRY CHAMBERS MOVED TO APPROVE WORK TO BE DONE ON THE STUDIO THEATRE CURTAIN SEAMS IN AN AMOUNT NOT TO EXCEED \$2,000.

3. City of Bellingham and Whatcom County Activities and Issues: Updates on Flora District Streetscape Project, including BWPFD representatives to Advisory Committee.

Patricia explained that Tara Sundin is the project manager on this City project. The RFQ has already been sent out. Robin and David will be on the Streetscape Schematic Design Committee and Streetscape Core Team. The next step will be to review the architects' submittals, and participate in the interview process. Dunham would be interested in participating after the first week of May. Steve Brinn has already agreed to be involved. Statements of Qualifications are due next Thursday, April 13, 2006. There may be a project definition meeting in April.

4. Cultural District Stakeholders Activities and Issues. No report.

5. Public Awareness & Communication.

Robin reported that the Bellingham Herald has been doing a good job recently at covering PFD projects.

ADJOURNMENT

Robin Halliday adjourned the meeting at 4:50 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant.

AGENDA

**BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING
WEDNESDAY, MARCH 29, 2006
2:00 P.M. – 5:00 P.M.
Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham**

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

Citizens may speak informally to the Board on subjects not scheduled for public hearing. Each speaker is allowed a maximum of three minutes. A copy of any written comments for the Board should be provided to the Administrative Assistant, preferably before the meeting.

APPROVAL OF MINUTES

ACTION: Approve minutes of the February 22, 2006 regular board meeting and the minutes of the March 9, 2006 special board meeting.

AGENDA REVIEW

BUSINESS

1. BWPFDA Administration, Financial Reports and Fundraising Status: Presentation by City Finance Director Therese Holm on updated Sales Tax revenue projections and 2005 Year End Report.
2. BWPFDA Capital Project Updates:
 - A. Art & Children's Museum
 - i) Presentation on revised cost estimates by Stephen Yamada-Heidner of Olson Sundberg Kundig Allen Architects.

Action – Authorize staff to proceed with Construction Documents phase of Architectural Services Contract in the amount of \$466,120.
 - ii) Presentation by staff on update on Leadership in Energy and Environmental Design (LEED) certification and grant eligibility.

Possible Action – Direct staff to investigate additional technical consulting needs and contract for services for up to \$5,000.
 - B. Mount Baker Theatre
 - i) Continue discussion on proceeding with Design Development services for Phase 2.

Action – Authorize staff to pursue Request for Qualifications for architectural and engineering services for Phase 2.

ii) Discuss request from Mount Baker Theatre for improvements to the curtain in the Studio Theatre.

Possible Action - Approve curtain liner work, in an amount not to exceed \$2,000.

3. City of Bellingham and Whatcom County Activities and Issues: Updates on Flora District Streetscape Project, including BWPFD representative to Advisory Committee.
4. Cultural District Stakeholders Activities and Issues.
5. Public Awareness & Communication.

ADJOURNMENT

FOR CITIZENS WITH SPECIAL NEEDS, the Mayor's Boardroom is fully accessible. Elevator access to the second floor is available at City Hall's west entrance. Hearing assistance is available in the Mayor's Boardroom and a receiver may be checked out through the clerk prior to the meeting. For additional accommodations, persons are asked to contact Alison Henshaw at 738-7451 at least 3 working days in advance of the meeting. Thank you.

**MINUTES OF THE PUBLIC MEETING OF THE
BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT
THURSDAY, MARCH 9, 2006**

CALL TO ORDER

Robin Halliday, President, called the meeting to order at 2:03 p.m.

ROLL CALL

Board members present were Yvonne Bianchi, Dean Brett, Jerry Chambers, Dunham Gooding, Robin Halliday, and David Warren.

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status: Fundraising report from Campaign for the Arts. Steve Brinn, Co-Chair for the Campaign for the Arts (CFA), introduced Gaye Godfrey, Bob Goodwin, Tom Mesaros, Brad Burdick, and Tom Livesay. He distributed a letter from the CFA to the Bellingham-Whatcom Public Facilities District dated February 28, 2006 and a Campaign for the Arts brochure. He announced that the CFA had responded to the May 2005 challenge issued by the Bellingham-Whatcom Public Facilities District (BWPFD). The challenge was to ask the community to demonstrate its commitment to the BWPFD's project through a private fundraising campaign. By the end of February, the CFA surpassed the benchmark of \$3 million by \$66,000. This commitment shows the community spirit and generosity of several people. The donors would like to receive an acknowledgement by the BWPFD that the community strongly supports its projects. The Campaign is charged with raising a total of \$8.6 million. This particular public-private partnership is working well, but the CFA's future success is dependent on clear action by BWPFD: The Construction Drawings Phase for the Art & Children's Museum (A&CM); the Design Development Phase for Phase 2 renovations to the Mount Baker Theatre (MBT); and a Scope for the Streetscape improvements.

Steve continued that half of the donations are for endowments for the MBT and A&CM. The other half is undesignated. There has been 100% participation by the boards of the Whatcom Museum Society, Mount Baker Theatre and Bellingham-Whatcom Public Facilities District. He added that the larger vision of The Arts District appeals to donors. Actions by the BWPFD and CFA have stimulated private investment activity.

Discussion:

Robin thanked Steve for his report and applauded the CFA's leadership and the bravery of the leadership donors. She added that the need for action by the BWPFD is clear. Dunham added that due to necessary process, the BWPFD has had to make one decision at a time, but its commitment to the whole project has been and continues to be unwavering.

2. BWPFD Capital Project Updates: Presentation by Olson Sundberg Kundig Allen Architects (OSKA) on progress on the Design Development Phase of the Art & Children's Museum. Jim Olson introduced the design for the Art & Children's Museum as an icon that creates a space. A curved wall, known as the Light Catcher, surrounds the space and brings light in during the day and out at night – like a lantern. Other features of the design are green architecture, natural ventilation whenever possible, a giant ginkgo tree in the courtyard, and doors that open between the lobby and courtyard. The landscape has an educational aspect, and is known as the Garden of the Ancients, with native northwest plants. The building and art will be accessible to the public.

Fabric, vinyl, plexiglass, and glass block have all been considered as materials for the Light Catcher. The latest material considered is two layers of laminated glass with a frosted layer to avoid glare, and a structural silicone sealant. There will be light at the bottom of the wall between the two layers. The color of the light can change by using different colored gels. John Kennedy explained the model “lab” of the Light Catcher, which consists of 1' x 1' panes. The actual size of the panes will be 3' x 3'. Images can also be projected on Light Catcher.

Discussion: Jerry asked how the Light Catcher would be cleaned. Jim responded it would be cleaned like a regular office building. Jerry asked if the wall's translucency would be affected if the glass gets dirty. John responded that the air would be filtered and any dust would go on the horizontal frames. Jim Olson added that OSKA will conduct some research to address Jerry's concerns. Stephen explained that the next model will have 3' x 3' panes. Dunham reminded the board of the jury's report during the design competition when jurors recommended OSKA's design. They appreciated the elegance and imagination of the wall. The evolution that has occurred has brought a structure that is even more powerful. Robin added that any concerns the jury had about the Light Catcher materials have been addressed by OSKA.

Stephen said OSKA just sent the design drawings to the cost estimators. The conclusion of the Design Development Phase includes work by civil engineers, mechanical engineers, the lighting designer, and acoustical engineers. Museum staff's audiovisual and telecommunications needs are fairly straightforward. Using the whole wall for projections is physically possible but cost prohibitive.

OSKA is working with the Core Team on the LEED silver equivalency checklist. Patricia mentioned that there would be LEED points for reusing the contents of the current building.

Stephen distributed the Space Allocation Table revised March 7, 2006. Jeff McClure explained that the square footage increase from 35,342 to 35,918 was due to moving the basement wall in line with the exterior bearing wall.

Patricia concluded that the revised cost estimates on Design Development Phase would go to the Core Team first and then to the BWPFD on March 29.

Robin said the CFA has met the BWPFD challenge of raising \$3 million before the BWPFD would proceed to the Construction Drawings Phase of the A&CM. The board cannot make that decision today, but could declare its intention of taking action on March 29, 2006, assuming the cost estimates are in line with expectations.

DEAN BRETT MOVED TO REAFFIRM THE BWPFD'S PREVIOUSLY STATED OBJECTIVE THAT UPON COMPLETION OF THE RAISING OF \$3 MILLION BY THE CAMPAIGN FOR THE ARTS, THE BWPFD IS READY TO MOVE FORWARD WITH A&CM CONSTRUCTION DRAWINGS, SUBJECT TO A REPORT ON COST ESTIMATES, AND TO MOVE FORWARD WITH DESIGN DEVELOPMENT OF MOUNT BAKER THEATRE PHASE 2. DAVID WARREN SECONDED.

No vote was taken on the motion.

Discussion:

Patricia told the board that LMN Architects estimated at \$155,000 the cost for the Design Development Phase of Phase 2 renovations to the MBT. The original cost estimate for Phase 2 construction was \$3 million, now it would be more like \$3.5 million.

After some discussion among board members as to the need for a motion to state the board's intent, Bob Carmichael, counsel for the BWPFD, advised that the board needs to stay within the scope of the meeting agenda, and recommended instead that the board take action at its March 29 meeting.

3. Stakeholders Activities and Issues: Request by Community Art Studio for use of facility at 216 Grand Avenue from April 3 through May 13, 2006 in conjunction with the Procession of the Species Parade. Carol Oberton, Community Art Studio Coordinator, explained the parade is a celebration of creative community efforts and a celebration of our place on the planet. The parade on May 6 will have no motorized vehicles, no live animals, and no written or spoken words. The Community Art Studio, run by volunteers, will be open for six weeks prior to the parade, as a location for making costumes. Most materials are donated. A teacher at Squalicum High School received a grant for 150 students to participate in the Community Art Studio and to mentor younger children.

DUNHAM GOODING MOVED TO APPROVE THE REQUEST BY THE COMMUNITY ART STUDIO, CONSIDERING THE BENEFIT TO THE COMMUNITY, CONSISTENCY WITH THE BWPFD'S MISSION AND PREVIOUS BOND COUNSEL OPINION, AND THE LACK OF IMPACT ON STAFF. JERRY CHAMBERS SECONDED.

Motion carried 6-0.

ADJOURNMENT

Robin Halliday adjourned the meeting at 3:30 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant.



AGENDA

**BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT
SPECIAL MEETING
THURSDAY, MARCH 9, 2006
2:00 P.M. – 4:00 P.M.
Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham**

CALL TO ORDER

ROLL CALL

BUSINESS

1. BWPFDD Administration, Financial Reports and Fundraising Status: Fundraising report from Campaign for the Arts.
2. BWPFDD Capital Project Updates: Presentation by Olson Sundberg Kundig Allen Architects on progress on the Design Development Phase of the Art & Children's Museum.
3. Stakeholders Activities and Issues: Action: Request by Community Art Studio for use of facility at 216 Grand Avenue from April 3 through May 13, 2006 in conjunction with the Procession of the Species Parade.

ADJOURNMENT

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**MINUTES OF THE PUBLIC MEETING OF THE
BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT
WEDNESDAY, FEBRUARY 22, 2006**

CALL TO ORDER

Robin Halliday, President, called the meeting to order at 2:05 p.m.

ROLL CALL

Board members present were Yvonne Bianchi, Dean Brett, Dunham Gooding, Robin Halliday, and David Warren. Jerry Chambers joined the meeting at 2:30 p.m.

OPEN PUBLIC COMMENT PERIOD

None.

APPROVAL OF MINUTES

Discussion:

Regarding the draft minutes of the January 25, 2006 board meeting, Patricia Decker requested a change to language in the first motion on page 2. She requested that "design build criteria" be replaced with "bid ready documents". Dunham requested that CTED be written out in full as the Washington State Department of Community, Trade & Economic Development.

DEAN BRETT ACCEPTED THE FRIENDLY AMENDMENT TO THE MOTION. DAVID WARREN SECONDED.

Motion carried 5-0.

DAVID WARREN MOVED TO APPROVE THE MINUTES OF THE JANUARY 25, 2006 REGULAR BOARD MEETING, AS AMENDED. YVONNE BIANCHI SECONDED.

Motion carried 5-0.

AGENDA REVIEW

None.

BUSINESS

1. BWFPD Capital Project Updates: Announcement, Special Board Meeting 3/9/06.

Robin announced the special board meeting scheduled for March 9, 2005. The agenda will include a fundraising report from Campaign for the Arts and a presentation by Olson Sundberg Kundig Allen Architects (OSKA) on progress on the Design Development Phase of the Art & Children's Museum. Robin also announced that the March 22, 2006 board meeting has been rescheduled to March 29, 2006. Patricia added this was to maximize board participation.

Patricia gave a brief update on the work of the Art & Children's Museum Core Team. The Core Team has been discussing the site's relationship to the building to the north, the relationship of the building to the topography of the site and to the loading dock areas in the alley, and engineering solutions related thereto. Dunham added that the interface with the foundation of the building next door was partly solved by moving the entire building south a few feet.

Patricia mentioned the building's exterior and changes in the openings on Grand Avenue. There will be a 30' stretch of building before the first opening. That 30' would be a good location for a sign for the Art & Children's Museum. The sidewalk will be ripped up, and the City's Public Works streetscape budget will cover that. Dunham mentioned another reconfiguration of the basement as a potential cost saving. Patricia said there would be more discussion of the Light Catcher Wall at the Core Team meeting tomorrow. Dunham is impressed with OSKA's work on the Light Catcher. They have provided several samples of materials.

Patricia added that a presentation by Charles Anderson Landscape Architecture (CALA) explained how the water will flow in the courtyard towards the lobby. Jeff McClure had suggested olivine as rock for the courtyard. Dunham said that Charles Anderson suggested the BWPFD be prepared to buy a tree early on as it would be hard to find and would need to be big. The tree would cost around \$8,000. Robin suggested using Whatcom Skagit quarry rock as a green rock for the courtyard. She asked if CALA had met with the streetscape group. Patricia responded that they had not. The streetscape group itself had not yet met. Robin wants CALA involved early on.

Robin thanked all those involved in arranging the trip to Seattle to see the Wright Exhibition Space and Frye Museum. The importance of storage, the reception area, music, and technology was clear to Robin. David liked the fact that entrance to the Frye Museum was free.

2. BWPF Administration, Financial Reports and Fundraising Status. Patricia mentioned that there will be a financial report from Therese Holm on March 29 and a fundraising report on March 9. There will be a report to City Council and County Council on February 27 and 28, respectively. Robin asked about the status of the audit. Patricia responded that there is one item pending, to do with how the BWPFD hired architects by way of a Museum Design Competition.

3. City of Bellingham and Whatcom County Activities and Issues: Planning Department presentation on City Center Design Review District. Patricia introduced Marilyn Vogel and explained that design review would initially be focused on the downtown area.

Marilyn explained that the City Center Master Plan, adopted in 2002, is a comprehensive plan for the downtown area. Design standards were developed for the downtown area at the same time. The standards or guidelines were adopted as policy but were not implemented in a way that they could be used for review of private development proposals, other than the multi-family tax exemption program. The Planning Department's project is to set up a method of implementing design standards for all projects in the downtown area. The proposal involves the option of

creating a city-wide Design Review Board. The board's starting duties would be to review more substantial development in the City Center area, including new buildings and exterior alterations valued at over \$50,000 that affect the design of the building. Any alterations to historic buildings on the local, state or federal register, would be reviewed separately by the Historic Preservation Commission (HPC), so that if the buildings are on the local register, the HPC would do the certification of alteration and review the alteration for City Center guidelines. Smaller projects of lower value would be reviewed by staff. The design guidelines include a section on signage, but these would be addressed by the development of a sign code rather than as part of the design review process.

The Design Review Board would have to go through two steps in addition to the pre-application neighborhood meeting: 1) A pre-application meeting with the applicant and designer at the conceptual stage, and 2) Respond to the applicant's project design. The Board would then make a recommendation to the Planning Director, who would then make the final decision. Alternative solutions would be allowed if they achieve the design standards.

In addition to the design standards previously developed, there has been new development in the downtown area, especially through the multi-family tax exemption program. Design criteria have been added to the tax exemption program. These include the appropriate location for residential units on street fronts and pedestrian oriented streets. The Planning Commission had a hearing on February 16. Written comments are being accepted until Friday, February 24. The Planning Commission will hold a work session on March 2, 2006 and then make a recommendation to City Council, but the new process won't begin until late summer or early fall.

Discussion:

Robin asked if the Art & Children's Museum would be one of the first projects to be reviewed and if it would it be a lengthy process. Marilyn said it would depend on when the board is created. Also, it would depend on giving reasonable notice to those projects already in development design. Those details have not yet been worked out.

The City Center Design Review District boundary is the Cultural District and Civic Center, and goes up as far as State and Forest Streets. There are no limits on height/setback/bulk, but these items will be addressed separately by the Planning Department this year.

4. Cultural District Stakeholders Activities and Issues: i) Report from Western Washington University (WWU). Patricia introduced Carol Edwards, Dean of the College of Fine & Performing Arts. Dean Edwards explained that she has been at WWU for 18 months. She believes that WWU's perspective is that it is community oriented and community-driven. However, the community's perspective of WWU may not be the same. WWU involved faculty in the waterfront planning process. WWU's Waterfront Committee put together some proposals. Dean Edwards can discuss only those proposals that affect her college. Stratus Consultants worked with WWU and will turn in their report in the next couple of weeks. Also under consideration were BWPFD's plans for downtown, WWU's plans for existing facilities, and space and facility needs.

The growth of the College of Fine & Performing Arts is limited by its facilities. Currently, it has a scene shop in a building that is unsafe and has been condemned. The dance program is held in a building on Holly Street. Dean Edwards is interested in the possibility of WWU's involvement in an arts corridor connecting the waterfront and downtown and WWU's role in performing arts such as music, theatre, visual arts, and dance. She would like WWU to be a new model of how universities interact and interface with the community.

Discussion:

Dunham explained that he served on WWU's Master Plan Advisory Committee and some of its conclusions were: 1) Academic programs could be contained within campus. 2) Highest uses for waterfront properties do not include academics. 3) The importance of critical mass and dynamism in creating a vibrant district in the core of our community. Dunham would like additional arts-related WWU facilities placed within the Cultural District. The public would be interested in performing arts facilities. A 500 – 700 seat theatre is one specific need. Carol responded that such a theatre has been discussed with the consultants.

Robin had listened to the consultants and realized that they are open to WWU having multiple projects and multiple locations for the revitalization of downtown. Carol agreed that WWU doesn't need to "stay on the hill."

Dean said it would be a mistake to put a cultural facility on the waterfront when the City and County are trying to build a Cultural District in the heart of Bellingham. He would like to know if the BWPFD could help fill WWU's off-campus needs. Carol has spoken to Brad Burdick about what he sees as a theatre need, including a 400-500 seat theatre.

Jerry Chambers asked why the 500 seat auditorium at Bellingham High School couldn't be used by WWU, or why it couldn't be used more efficiently. Robin responded that the BWPFD asked this early on, and the response had to do with staff time to build up the stage, take it down, and store it. Patricia added that if a group wanted to put on a production for more than one night, it wouldn't be possible at Bellingham High School because one group couldn't control the auditorium for multiple nights. The same problem goes for the Studio Theatre at the Mount Baker Theatre. Patricia will follow up on this item again.

ii) Community Arts Forum Strategic Plan. The final Community Arts Forum Strategic Plan was distributed to board members. The plan was funded by the City, facilitated by the Washington State Arts Commission and managed by the arts community. The BWPFD and the Cultural District are mentioned under the facilities section.

Nicole Oliver said the forum came about because the Bellingham Arts Commission received some funding and wanted to do a municipal arts plan, but there was really no community-wide vision. The Arts Commission, formerly known as the Arts Roundtable, came to the Mayor and decided the forum would be the first project of the Arts Commission. The forum met in July at the Best Western and participants identified items for small group discussion. Nicole collected and collated data and other material from the forum and a series of other meetings to put together the Strategic Plan. Brad

Burdick, John Cooper, Patricia Decker and Tom Livesay assisted Nicole. The Tourism Commission, working with the Convention and Visitor's Bureau, plans to use lodging tax revenues to market Bellingham as an arts destination. Allied Arts is the keeper of the plan duties. Nicole hopes the forum could be held yearly. Patricia wanted board members to see the BWPFD as part of the broader arts context in Bellingham.

iii) Whatcom County: Robin, David and Patricia met with Pete Kremen and Dewey Desler to give them an update and ask about County plans in the Civic Center area. Executive Kremen explained that the County would do nothing in the next 7 – 10 years that would negatively affect what the BWPFD is doing in the Cultural District. In the short term, the County will not move the justice system and courts. The County plans to move the jail, but not for at least 8 years. A large jail structure downtown is unlikely. The County is interested in purchasing property downtown, and has a three year lease on the American Title Company building at the corner of Grand Avenue and Commercial Street. The County plans to tear down the small building it owns next to the courthouse. With the exception of its Planning Department on Northwest Drive, the County wants to bring downtown as many as possible of its offices and departments.

iv) Streetscape: The County will need to be included in discussions as they own the parking lot across from the Art & Children's Museum site.

Discussion:

Dean reported that Trillium Corporation bought the Hindman building on Friday. He added that the BWPFD is interested in generating additional fundraising from the private sector and private investors. Bob and Sheila Goodwin bought the apartment building at the corner of Commercial and Flora Streets. The County is interested in having some parking, but for this to happen, development in the whole block is needed, including retail and residential units. Dean thinks private investment is happening because of BWPFD activity. Yvonne recommended that the BWPFD prepare a press release regarding the achievement of the fundraising goal and the property purchase by Trillium.

5. Public Awareness & Communication: Speaker's Bureau Update.

Robin reminded that the purpose of the Speaker's Bureau was to speak to stakeholders and educate the public on BWPFD activities. She asked that board members e-mail Patricia with contact names for each of the groups listed on the spreadsheet. Also, board members should volunteer to speak to the various groups.

The Art & Children's Museum Actual and Projected Costs (2/06) was distributed to board members.

ADJOURNMENT

Robin Halliday adjourned the meeting at 3:53 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant.

AGENDA

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING
WEDNESDAY, FEBRUARY 22, 2006
2:00 P.M. – 5:00 P.M.
Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

Citizens may speak informally to the Board on subjects not scheduled for public hearing. Each speaker is allowed a maximum of three minutes. A copy of any written comments for the Board should be provided to the Administrative Assistant, preferably before the meeting.

APPROVAL OF MINUTES

ACTION: Approve minutes of the January 25, 2006 regular board meeting.

AGENDA REVIEW

BUSINESS

1. BWPFD Capital Project Updates: Announcement, Special Board Meeting 3/9/06.
2. BWPFD Administration, Financial Reports and Fundraising Status.
3. City of Bellingham and Whatcom County Activities and Issues: Planning Department presentation on City Center Design Review District.
4. Cultural District Stakeholders Activities and Issues: i) Report from Western Washington University. ii) Community Arts Forum Strategic Plan.
5. Public Awareness & Communication: Speaker's Bureau update.

ADJOURNMENT

FOR CITIZENS WITH SPECIAL NEEDS, the Mayor's Boardroom is fully accessible. Elevator access to the second floor is available at City Hall's west entrance. Hearing assistance is available in the Mayor's Boardroom and a receiver may be checked out through the clerk prior to the meeting. For additional accommodations, persons are asked to contact Alison Henshaw at 738-7451 at least 3 working days in advance of the meeting. Thank you.



**MINUTES OF THE PUBLIC MEETING OF THE
BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT
WEDNESDAY, JANUARY 25, 2006**

CALL TO ORDER

David Warren, Vice-President, called the meeting to order at 2:05 p.m.

ROLL CALL

Board members present were Yvonne Bianchi, Dean Brett, Dunham Gooding, Charles Self, and David Warren.

OPEN PUBLIC COMMENT PERIOD

Kathleen Iwersen, Development Director of the Whatcom Museum of History & Art, announced an open house at the Museum tomorrow evening from 5-7 p.m., when the Museum would be sharing the building plans for the Art & Children's Museum.

APPROVAL OF MINUTES

Discussion:

Regarding the draft minutes of the December 21, 2005 board meeting, Dunham requested a change to page 3 in the penultimate paragraph, first sentence. It reads "Dunham also reminded the BWPFD about the basement and how it is addressing the Museum's program needs". Dunham asked that "and extending the useful life of the building" be added to the end of the sentence.

DAVID WARREN MOVED TO APPROVE THE MINUTES OF THE DECEMBER 21, 2005 REGULAR BOARD MEETING, AS REVISED. YVONNE BIANCHI SECONDED.

Motion carried 5-0.

AGENDA REVIEW

None.

BUSINESS

1. BWPFD Capital Project Updates – Possible Action: State Grant for Mount Baker Theatre lighting. Patricia has been working with City Staff and a potential electrical engineering design firm to make progress on a state grant. The grant is with the City, so no official action is needed by the board, however it would be helpful to obtain additional direction from the board. The state grant will go before City Council for approval and appropriation of the funds. The lighting fixture replacement work under the state contract is expected to take place this year. Work on replacing the electrical system and providing increased load capacity cannot be done at this time, but will be part of the extensive work included in Phase 2. The lighting work is a bridging piece that can be done between now and Phase 2. The state contract can pay for design

services and bidding process, but not for project management fees by City Public Works staff, which fees are estimated at \$2,000 and will be paid from BWPFD revenues.

Discussion:

Charlie asked if the lighting work would reduce the cost of Phase 2. Patricia responded that it would and that the work would not have to be redone during Phase 2. Yvonne asked if this work is separate from the acoustics. Patricia answered that it is, noting that the acoustic improvements are being funded with federal dollars going directly to the Mount Baker Theatre. Charlie then asked what the benefit is of doing the lighting work this year rather than during Phase 2. Patricia responded that there's a limited timeline for the state funding. Also, the lighting work can be done while the Mount Baker Theatre is open. Dan Larner added that from a safety perspective, it makes sense to do the lighting work this year.

Patricia mentioned another source of state funding that may be used towards the Art & Children's Museum. Funds under the "Building for the Arts" program have already been granted to a non-profit group for the Skagit Public Facilities District project, McIntyre Hall. The state funds can be used to reimburse non-profit organizations for projects that have already incurred costs. Twenty percent of costs can be reimbursed. The Whatcom Museum of History & Art will apply for a grant under this program. It may be possible for the Mount Baker Theatre to apply for a grant under this program in a subsequent biennium.

DEAN BRETT MOVED TO AFFIRM DIRECTION TO STAFF TO: (A) WORK WITH THE CITY AND CTED ON A GRANT CONTRACT TO PAY FOR MOUNT BAKER THEATRE IMPROVEMENTS INCLUDING ELECTRICAL ENGINEERING AND LIGHTING DESIGN SERVICES, DEVELOPMENT OF BID READY DOCUMENTS, BIDDING PROCESS ASSISTANCE, CONSTRUCTION AND CONSTRUCTION ADMINISTRATION AND MANAGEMENT; AND (B) TO WORK WITH THE CITY TO SECURE THE SERVICES NECESSARY TO COMPLETE THESE IMPROVEMENTS. YVONNE BIANCHI SECONDED.

MOTION CARRIED 5-0.

DEAN BRETT MOVED TO AUTHORIZE PAYMENT OF COSTS FOR THAT PORTION OF LOCAL CONSTRUCTION MANAGEMENT SERVICES FOR THE MOUNT BAKER THEATRE PROJECT DESCRIBED IN THE PRIOR MOTION WHICH ARE NOT COVERED BY THE GRANT FROM THE WASHINGTON STATE DEPARTMENT OF COMMUNITY, TRADE AND ECONOMIC DEVELOPMENT AND ARE LIKELY TO BE PERFORMED BY THE CITY PUBLIC WORKS DEPARTMENT, IN AN AMOUNT NOT TO EXCEED \$2,000. YVONNE BIANCHI SECONDED.

MOTION CARRIED 5-0.

2. BWPFDF Administration, Financial Reports and Fundraising Status. Patricia reminded the board that the private fundraising group has until the end of February to meet its goal of \$3 million. Charlie added that the BWPFDF will receive the fundraising report at its March 22, 2006 meeting and would either need to take action at that time,

or schedule a special meeting. No decision is needed until the March board meeting. Patricia said OSKA would move forward with the Construction Drawings Phase in early April if the Notice to Proceed is in place.

Dunham had asked Therese Holm for a report on projected revenues. The numbers would be available in March or April. Patricia said that based on information currently available, there will be close to an additional \$9.5 million instead of \$8 million over the 25 years and the bonding capacity would be closer to \$18.5 million than \$17 million. Dean asked that Therese report to the board in March, focusing on projections and available funds. Patricia expected that bonds wouldn't be needed until 2007.

Patricia distributed to the board a Bellingham Herald article of 1/19/06. Dunham expressed his concern about the \$8.7 million cost for the new building included in the article, because the overall project cost is more like \$14 million. He'd like a breakdown of the costs that could be shared with the media. Yvonne agreed that would be useful. Patricia will give the board an updated breakdown of the costs.

3. City of Bellingham and Whatcom County Activities and Issues. Patricia, Robin and David will be meeting with the County Executive on February 7, 2006.

4. Cultural District Stakeholders Activities and Issues. Regarding the board's participation towards the Campaign for the Arts, Dean said someone from the Campaign for the Arts will contact each board member individually.

Charlie said that early on he had tried to get Western Washington University (WWU) involved with the Cultural District, with little success. WWU is discussing the possibility of building a small theater on the waterfront. Yvonne said a convention center and food service were also being discussed. Charlie would like to get together with WWU and put additional energy into having them join forces with the BWPFD in the Cultural District. Dean, Charlie and Dunham are interested in talking to WWU.

5. Public Awareness & Communication. Yvonne, Patricia and Robin have developed a one-page document that will go to the legislature and other PFDs. Patricia distributed to the board the Major Capital Components of the Regional Center.

Yvonne distributed Possible BWPFD Speaker's Bureau Presentations, a list of groups that may like a presentation from the BWPFD. The Communications Committee is looking for assistance from the board on the Speaker's Bureau, e.g., if a board member knows a contact person from each group, make contact with that person, and determine who from the board will make up the Speaker's Bureau. The committee hopes that each board member will participate, plus Museum staff. Dunham said the purpose of the Speaker's Bureau would be to educate, inform, and develop enthusiasm.

ADJOURNMENT

David Warren adjourned the meeting at 3:06 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant.

AGENDA

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING
WEDNESDAY, JANUARY 25, 2006
2:00 P.M. – 5:00 P.M.
Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

Citizens may speak informally to the Board on subjects not scheduled for public hearing. Each speaker is allowed a maximum of three minutes. A copy of any written comments for the Board should be provided to the Administrative Assistant, preferably before the meeting.

APPROVAL OF MINUTES

ACTION: Approve minutes of the December 21, 2005 regular board meeting.

AGENDA REVIEW

BUSINESS

1. BWPFD Capital Project Updates: Possible Action: State Grant for Mount Baker Theatre lighting.
2. BWPFD Administration, Financial Reports and Fundraising Status.
3. City of Bellingham and Whatcom County Activities and Issues.
4. Cultural District Stakeholders Activities and Issues.
5. Public Awareness & Communication: a) Signs at 216 Grand Avenue up and lit; b) State PFD one page document; and c) Speaker's Bureau.

ADJOURNMENT

FOR CITIZENS WITH SPECIAL NEEDS, the Mayor's Boardroom is fully accessible. Elevator access to the second floor is available at City Hall's west entrance. Hearing assistance is available in the Mayor's Boardroom and a receiver may be checked out through the clerk prior to the meeting. For additional accommodations, persons are asked to contact Alison Henshaw at 738-7451 at least 3 working days in advance of the meeting. Thank you.

AGENDA

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING
WEDNESDAY, DECEMBER 19, 2007
2:00 P.M. – 5:00 P.M.
Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

Citizens may speak informally to the Board on subjects not scheduled for public hearing. Each speaker is allowed a maximum of three minutes. A copy of any written comments for the Board should be provided to the Administrative Assistant, preferably before the meeting.

APPROVAL OF MINUTES

ACTION: Approve minutes of the November 28, 2007 regular board meeting and the December 10, 2007 special board meeting.

AGENDA REVIEW

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status:
 - i) **ACTION: Approve meeting dates and times for 2008.**
 - ii) **ACTION: Consider for approval Bellingham-Whatcom Public Facilities District Resolution 2007-5 for reimbursing capital expenditures.**
 - iii) **ACTION: Consider for approval an Agreement regarding capital contributions.**
 - iv) **POSSIBLE ACTION: Review bid summary for Mount Baker Theatre Phase II Renovations and forward a recommendation to City Council regarding awarding the bid.**
 - v) **POSSIBLE ACTION: Consider for approval Museum Society Agreement regarding private donor contributions.**
2. BWPFD Capital Project Updates.
3. City of Bellingham and Whatcom County Activities and Issues.
4. Cultural District Stakeholders Activities and Issues.
5. Public Awareness & Communication.

ADJOURNMENT

FOR CITIZENS WITH SPECIAL NEEDS, the Mayor's Boardroom is fully accessible. Elevator access to the second floor is available at City Hall's west entrance. Hearing assistance is available in the Mayor's Boardroom and a receiver may be checked out through the clerk prior to the meeting. For additional accommodations, persons are asked to contact Alison Henshaw at 738-7451 at least 3 working days in advance of the meeting. Thank you.



**MINUTES OF THE SPECIAL PUBLIC MEETING OF THE
BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT
MONDAY DECEMBER 10, 2007**

CALL TO ORDER

David Warren, President, called the meeting to order at 4:02 p.m.

ROLL CALL

Board members present were Yvonne Bianchi, Dean Brett, Dunham Gooding, Robin Halliday, Charles Self, Brent Walker, and David Warren.

OPEN PUBLIC COMMENT PERIOD

None.

BUSINESS

ACTION: Consider for approval Bellingham-Whatcom Public Facilities District Resolution 2007-4.

Alan Dashen from DashenMusselman, Inc., bond advisors, distributed Competitive Sale Information \$9,995,000 Limited Sales tax Obligation Bonds, 2007 dated December 10, 2007 and PFD Resolution 2007-4. The bond sale was first advertised for November 28 and Moody's rated the bonds at A1, the same rating as for the City. The bond insurance companies did not make bids for the first scheduled bond sale. Bond insurance would insure the bond buyer and produce a rating (AAA in this case) that yields a lower interest rate. Alan Dashen called the bond insurance companies and provided additional information about the City-PFD Contingent Loan Agreement. Subsequently Ambac was selected as the low bond insurance bidder. Four competitive bids were received for the bonds, with Morgan Keegan from Tennessee the successful bidder. Funds will be available on December 20, 2007.

DUNHAM GOODING MOVED TO APPROVE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT RESOLUTION 2007-4 PROVIDING FOR THE ISSUANCE OF \$9,995,000 PAR VALUE OF LIMITED SALES TAX OBLIGATION BONDS UNDER TERMS SPECIFIED IN SAID RESOLUTION TO PROVIDE FUNDING FOR A PORTION OF THE COST OF CONSTRUCTION OF AN ART & CHILDREN'S MUSEUM AND RENOVATING THE MOUNT BAKER THEATRE AS PART OF THE REGIONAL CENTER. BRENT WALKER SECONDED.

Motion carried 6-0.

ADJOURNMENT

David Warren adjourned the meeting at 4:34 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant.



AGENDA

**BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT SPECIAL MEETING
MONDAY, DECEMBER 10, 2007**

4:00 P.M. – 5:00 P.M.

Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

Citizens may speak informally to the Board on subjects not scheduled for public hearing. Each speaker is allowed a maximum of three minutes. A copy of any written comments for the Board should be provided to the Administrative Assistant, preferably before the meeting.

BUSINESS

ACTION: Consider for approval Bellingham-Whatcom Public Facilities District Resolution 2007-4 providing for the issuance of \$9,995,000 par value of Limited Sales Tax Obligation Bonds under terms specified in said Resolution to provide funding for a portion of the cost of constructing an Art & Children's Museum and renovating the Mount Baker Theatre as part of the Regional Center.

ADJOURNMENT

FOR CITIZENS WITH SPECIAL NEEDS, the Mayor's Boardroom is fully accessible. Elevator access to the second floor is available at City Hall's west entrance. Hearing assistance is available in the Mayor's Boardroom and a receiver may be checked out through the clerk prior to the meeting. For additional accommodations, persons are asked to contact Alison Henshaw at 738-7451 at least 3 working days in advance of the meeting. Thank you.



**MINUTES OF THE PUBLIC MEETING OF THE
BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT
WEDNESDAY, NOVEMBER 28, 2007**

CALL TO ORDER

David Warren, President, called the meeting to order at 2:05 p.m.

ROLL CALL

Board members present were Yvonne Bianchi, Dunham Gooding, Robin Halliday, Charles Self, David Warren and Brent Walker.

OPEN PUBLIC COMMENT PERIOD

None.

AGENDA REVIEW

None.

APPROVAL OF MINUTES

CHARLES SELF MOVED TO APPROVE THE MINUTES OF THE OCTOBER 24, 2007 REGULAR BOARD MEETING. ROBIN HALLIDAY SECONDED.

Motion carried 6-0.

ROBIN HALLIDAY MOVED TO APPROVE THE MINUTES OF THE NOVEMBER 8, 2007 SPECIAL BOARD MEETING. YVONNE BIANCHI SECONDED.

Motion carried 6-0.

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status. Patricia Decker reported on the Audit Exit conference, which both David and Robin also attended on Monday, November 26, 2007. The 2005-2006 PFD Audit is clean. The Auditor submitted a Management Letter recommending the PFD monitor parking revenue from Diamond Parking, so the PFD is taking action to remedy this. The board received a copy of the Exit Conference notes and the Management Letter from the State Auditor's office dated November 26, 2007.

i) Consider for approval Bellingham-Whatcom Public Facilities District Resolution 2007-4 providing for the issuance of not to exceed \$9,999,000 par value of Limited Sales Tax Obligation Bonds. Patricia said the board will not need to take action today because there were no insurance bids received for the bonds. It could be the insurance companies don't understand that the full faith and credit of City are behind the PFD

bonds by virtue of the Contingent Loan Agreement. The bond advisors are dealing with this and will postpone the sale by one week. Therese added that the sub-prime lending market business has impacted the municipal bond market. Bond insurers are being very careful about what they bid on. The long term borrowing rate is coming down. Insurance must be in place before the bond sale can take place and the PFD needs to approve the bond sale on the day of the sale. Therese distributed the Preliminary Official Statement for the PFD bonds issue. Patricia will inform the board members when the new sale date is set.

NO ACTION TAKEN.

ii) Review, discuss and consider for approval draft Agreement regarding capital contributions by and between the Bellingham-Whatcom Public Facilities District, the City of Bellingham, Campaign for the Arts and Whatcom Community Foundation. The parties are the Bellingham-Whatcom Public Facilities District (PFD), the City of Bellingham (COB), the Campaign for the Arts (CFA) and the Whatcom Community Foundation (WCF). Patricia reported that all the parties met yesterday and although the parties are in agreement about what is needed, there was not sufficient time to finalize the written agreement in time for today's board meeting.

Bob Carmichael explained the main points of the agreement. It covers capital contributions towards the Art & Children's Museum and Mount Baker Theatre renovations. The agreement lays out the framework for capital contributions from the WCF to the PFD and COB. The WCF wants documentation before releasing funds. An answer from WCF is needed on what form the documentation should take and what documentation would be needed once the projects are completed.

Patricia reported that the streetscapes are now included in the agreement because WCF and CFA are collecting donations for the streetscape project.

NO ACTION TAKEN.

2. BWPFD Capital Project Updates: Mount Baker Theatre Phase II Renovations. The bid process is progressing and a pre-bid walk-through was held on November 13. Any questions answered at the walk-through will be put in an addendum so all interested parties are informed. A quantity estimate for hazardous materials removal in addition to the unit cost provision and provision for heat in the building during construction will be part of the addendum. Final comments are needed from Planning and Building Services. The bid opening will be held on December 13.

Mark Handzlik reported on the Art & Children's Museum. Most of the foundation is in. The first floor steel is the next big step. There will be a lull now through Christmas. The compact rails won't go into the future collection storage areas until March and the building will be weather-proofed by then. In other areas the topping slab will be poured before the stud walls go in. Future ductwork needs to be added from the mechanical room through the future collections storage area. As a result, a change order will be

needed for about \$46,000. Patricia added that the Core Team wanted the basement to be ready to be finished. Patricia pointed out that this item is included within the construction contingency. One value engineering item discussed at the Core Team was a wood ceiling alternate. It is pre-fabricated and looks the same. About \$200,000 could be saved in installation costs if the alternate is used.

3. City of Bellingham and Whatcom County Activities and Issues. Mayor Dan Pike was sworn in yesterday, as was City Council member Stan Snapp.

Dunham has been thinking about the library project and would like to recommend to the Library Board that they consider holding a design competition to obtain a diversity of designs. He would tell the Library Board what the PFD went through in terms of pros and cons and community participation. Bob Carmichael reminded Dunham that the Library Board should be cautioned about the audit finding the PFD received as a result of the design competition. Robin said she would be happy to work with Dunham on the project.

DUNHAM GOODING MOVED THAT THE PFD BOARD WRITE A LETTER TO THE LIBRARY BOARD ABOUT THE PROCESS OF CHOOSING AN ARCHITECT TO DESIGN A PUBLIC BUILDING AND THE PROCESS THAT THE PFD WENT THROUGH DURING ITS ARCHITECTURAL COMPETITION INCLUDING BENEFITS, DRAWBACKS AND PITFALLS, INCLUDING AN OFFER TO DISCUSS THE MATTER IN GREATER DETAIL WITH THE CITY AND LIBRARY BOARD IF REQUESTED TO DO SO. ROBIN HALLIDAY SECONDED.

Motion carried 6-0.

Tara Sundin added she is on the Library Program Committee currently representing the Planning Department and may represent the PFD next year.

4. Cultural District Stakeholders Activities and Issues. Tara Sundin said Champion Street improvements are under construction. Public Works added waterlines to the project. Sidewalks should be done by mid-December. The Core Team decided on a glass lighting standard with for the Arts District.

The Bay and Holly portion will go to bid February. The 18' to 20' gateway element will be lit internally and will have special seating and walls of stainless steel and glass. It consists of two "sentinels", one of which is being purchased now, the other later. The CFA is expecting a donation of \$150,000 that will be available for the Bay/Holly improvements.

5. Public Awareness and Communication: There was an article recently in the Bellingham Herald on the Arts District. PRD and TS met with Public Works regarding coordinated communication on Arts District projects. A meeting will be held in early 2008 with stakeholder groups.

ADJOURNMENT

David Warren adjourned the meeting at 3:00 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant.

AGENDA

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING
WEDNESDAY, NOVEMBER 28, 2007
2:00 P.M. – 5:00 P.M.
Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

Citizens may speak informally to the Board on subjects not scheduled for public hearing. Each speaker is allowed a maximum of three minutes. A copy of any written comments for the Board should be provided to the Administrative Assistant, preferably before the meeting.

APPROVAL OF MINUTES

ACTION: Approve minutes of the October 24, 2007 regular board meeting and the November 8, 2007 special board meeting.

AGENDA REVIEW

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status:
 - i) **ACTION: Consider for approval Bellingham-Whatcom Public Facilities District Resolution 2007-4 providing for the issuance of not to exceed \$9,995,000 par value of Limited Sales Tax Obligation Bonds.**
 - ii) **POSSIBLE ACTION: Review, discuss and consider for approval draft Agreement regarding capital contributions by and between the Bellingham-Whatcom Public Facilities District, the City of Bellingham, Campaign for the Arts and Whatcom Community Foundation.**
2. BWPFD Capital Project Updates.
3. City of Bellingham and Whatcom County Activities and Issues.
4. Cultural District Stakeholders Activities and Issues.
5. Public Awareness & Communication.

ADJOURNMENT

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**MINUTES OF THE SPECIAL PUBLIC MEETING OF THE
BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT
THURSDAY NOVEMBER 8, 2007**

CALL TO ORDER

David Warren, President, called the meeting to order at 11:06 a.m.

ROLL CALL

Board members present were Yvonne Bianchi, Dean Brett, Dunham Gooding, Robin Halliday, and David Warren.

OPEN PUBLIC COMMENT PERIOD

None.

BUSINESS

ACTION: Consider for approval a Reimbursement Agreement by and among the Bellingham-Whatcom Public Facilities District, the Whatcom Museum Society, and the City of Bellingham, related to a Building for the Arts Grant from the Washington Department of Community, Trade and Economic Development for the design and construction of the Bellingham Art and Children's Museum.

Bob Carmichael, PFD Counsel, explained that the reimbursement agreement is a mechanism for reimbursement of the Building for the Arts grant funds from the Whatcom Museum Society to the PFD. The prior reimbursement agreement was a guarantee from the Whatcom Museum Society. Once the funds have been transferred, the guarantee from the old reimbursement agreement will be satisfied. The grant is for \$1 million less administration costs. The City and PFD have spent more than that on the project. Therese Holm clarified that the grant is a 20% match grant meaning that \$5 million in eligible costs have to be expended in order to attain the \$1 million. Bob explained the process for reimbursement. Les added that the Museum Society has already signed the agreement.

DEAN BRETT MOVED TO ACCEPT AND DIRECT THE PRESIDENT TO SIGN THE REIMBURSEMENT AGREEMENT BY AND AMONG THE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT, THE WHATCOM MUSEUM SOCIETY, AND THE CITY OF BELLINGHAM, RELATED TO A BUILDING FOR THE ARTS GRANT FROM THE WASHINGTON DEPARTMENT OF COMMUNITY, TRADE AND ECONOMIC DEVELOPMENT FOR THE DESIGN AND CONSTRUCTION OF THE BELLINGHAM ART AND CHILDREN'S MUSEUM. ROBIN HALLIDAY SECONDED.

Motion carried 5-0.

Patricia reported on a conference call held earlier today in preparation for the Moody's rating call, which will take place on November 14. The rating is expected to be favorable and the same as the City's rating. Therese said November 28 is the date of the scheduled bond sale and December 12 is the bond closing date.

Robin congratulated Therese Holm on the Ferndale City Council vote to join the interlocal agreement. Patricia will arrange for Mayor Douglas and David Warren to sign a letter of thanks to each of the six cities.

David said Ravyn Whitewolf and Mark Handzlik had taken him on a tour of the Art & Children's Museum construction site. Robin thought it would be a good idea to invite the mayors and city council members of the six incorporated cities to go on a similar tour.

ADJOURNMENT

David Warren adjourned the meeting at 11:21 a.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant.

AGENDA

**BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT SPECIAL MEETING
THURSDAY, NOVEMBER 8, 2007**

11:00 A.M. – 11:30 A.M.

Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

Citizens may speak informally to the Board on subjects not scheduled for public hearing. Each speaker is allowed a maximum of three minutes. A copy of any written comments for the Board should be provided to the Administrative Assistant, preferably before the meeting.

BUSINESS

ACTION: Consider for approval a Reimbursement Agreement by and among the Bellingham-Whatcom Public Facilities District, the Whatcom Museum Society, and the City of Bellingham, related to a Building for the Arts Grant from the Washington Department of Community, Trade and Economic Development for the design and construction of the Bellingham Art and Children's Museum.

ADJOURNMENT

FOR CITIZENS WITH SPECIAL NEEDS, the Mayor's Boardroom is fully accessible. Elevator access to the second floor is available at City Hall's west entrance. Hearing assistance is available in the Mayor's Boardroom and a receiver may be checked out through the clerk prior to the meeting. For additional accommodations, persons are asked to contact Alison Henshaw at 738-7451 at least 3 working days in advance of the meeting. Thank you.



**MINUTES OF THE PUBLIC MEETING OF THE
BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT
WEDNESDAY, OCTOBER 24, 2007**

CALL TO ORDER

David Warren, President, called the meeting to order at 2:02 p.m.

ROLL CALL

Board members present were Dean Brett, Dunham Gooding, Robin Halliday, David Warren and Brent Walker. Charles Self joined the meeting by telephone.

OPEN PUBLIC COMMENT PERIOD

None.

AGENDA REVIEW

None.

APPROVAL OF MINUTES

DEAN BRETT MOVED TO APPROVE THE MINUTES OF THE SEPTEMBER 26, 2007 REGULAR BOARD MEETING. BRENT WALKER SECONDED.

Motion carried 6-0.

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status. i) The board considered for approval Resolution 2007-2 Commending Robin Halliday for her service as President of the board.

DEAN BRETT MOVED TO APPROVE RESOLUTION 2007-2 COMMENDING ROBIN HALLIDAY FOR HER SERVICE AS PRESIDENT OF THE BOARD. BRENT WALKER SECONDED.

Motion carried 5-0-1. Robin Halliday abstained.

Les Reardanz introduced Patricia Leach, the new Museum Director. She has 25 years of Museum experience.

ii) The board considered for approval Resolution 2007-3 Approving revisions to the form of a Contingent Loan and Bridge Loan Agreement with the City of Bellingham approved by District Resolution 2007-1 and City Ordinance 2007-07-053.

Discussion:

Therese Holm explained that the agreement was revised because the PFD is now anticipating a bond issue of \$10 million instead of \$12.5 million. City Council approved this on Monday. The plan is to issue bonds on November 28. There happen to be two loans each for \$2.8 million: one is the bridge loan for \$4 million minus the grants; the other is the interfund loan which is the difference between \$10 and \$12.5 million plus bond costs.

ROBIN HALLIDAY MOVED TO APPROVE RESOLUTION 2007-3 APPROVING REVISIONS TO THE FORM OF A CONTINGENT LOAN AND BRIDGE LOAN AGREEMENT WITH THE CITY OF BELLINGHAM APPROVED BY DISTRICT RESOLUTION 2007-1 AND CITY ORDINANCE 2007-07-053. BRENT WALKER SECONDED.

Motion carried 6-0.

iii) The board considered for action approval of a cost-of-living increase for fees of PFD counsel, Zender Thurston.

Discussion:

Patricia explained that the board did not approve a cost-of-living increase for Zender Thurston's fees last year, although there is a provision for this in the contract between the PFD and Zender Thurston. PFD staff is recommending a cost-of-living increase of 3.5% beginning in 2008.

ROBIN HALLIDAY MOVED TO APPROVE A COST-OF-LIVING INCREASE OF 3.5% FOR FEES OF PFD COUNSEL, ZENDER THURSTON, BEGINNING IN 2008. DEAN BRETT SECONDED.

Motion carried 6-0.

IV) Financial report through September 2007. Therese Holm distributed the Public Facilities District Operating Statement dated September 2007. Therese reported that sales tax year to date was 2% over last year, interest income is up by 16%, and more is expected upon receipt of the bonds. Expenses are as expected in the budget. Capital expenses of \$880,475 are mostly for design costs. October expenses will be much higher because of the first payments to the general contractor for the Art & Children's Museum construction.

Therese summarized the progress on the revised PFD interlocal agreement between the City and Whatcom County to include the six small incorporated cities. The PFD has been receiving their portions of the sales tax revenues. All the cities have signed the agreement except for Ferndale. Ferndale City Council will consider the agreement again on November 5. Ferndale is interested in an "opt-out" provision in the event Ferndale wanted to create its own PFD. Ferndale's portion represents \$240,000 or 5% of the total rebate. Therese, Patricia and Dick Little have explained that due to the

sunset clause in the legislation as well as the \$10 million dollar minimum, it would be unlikely that Ferndale would be able to create its own PFD. Patricia is drafting a letter of thanks to the small cities. Patricia will wait until after November 5 when we know about Ferndale's decision before sending out the letter.

2. BWPFD Capital Project Updates: Art & Children's Museum. Patricia had e-mailed the board members about savings on insurance and about additional soft costs of \$85,000. A Core Team meeting with the architect and contractor is scheduled for November 14 to look at other possible savings, with an expected report to the board at its November meeting. Mark Handzlik noted removing a sound attenuator and spring curb from ventilation equipment on a portion of the project could provide \$5,000 in savings.

Discussion:

Dean Brett asked if the contaminated soil testing cost of \$17,000 would be a contingency item – it would. The special testing and inspection is a requirement of the building permit and will cost approximately \$50,000.

Dean asked if the 5% contingency will be used up by the end of the project. Mark Handzlik expects most of the costs to be covered by the contingency funds will come up early in the construction project. He added that \$558,000 is set aside for contingencies. A submittal for steel is expected in the next two months. Therese recommends making contingency plans in case the PFD exceeds its contingency amount.

Patricia said Public Works has resubmitted a low impact development green roof grant application to the Department of Ecology for the Art & Children's Museum. Pre-design engineering was needed in preparation for the grant, and cost \$3,000. If successful in the grant process, \$500,000 could be used for improvements to access and create the roof garden.

Mount Baker Theatre Phase II: Project architect Mette Greenshields of LMN Architects joined the meeting by telephone at 2:50 p.m. to talk about the Construction Drawings Cost Estimate from cost estimators Davis Langdon.

Discussion:

Charlie expressed concern about the increase in costs between the cost estimate at the phases of Design Development (DD) in May 2007 and Construction Documents (CD) in October 2007. With help from Mette, Dean tried to summarize the reasons for the difference, noting costs related to the building structure and exterior. The items identified as "shell" are \$165,000 higher in the CD estimate. The design contingency at DD was \$416,000 (10%) and at CD is \$142,000 (3%). Mette confirmed that DD had 10% design contingency and CD has 3% design contingency, based on the plans submitted for the building permit. Dean noted that accounting for a difference of \$274,000 for the change in design contingency (\$416,000 - \$142,000) would leave just \$153,000 to account for rising costs due to time elapsed between the two estimates.

Mette noted that acoustics issues in the new roof/penthouse interface account for a \$50,000 increase. The existing penthouse needs to be demolished and replaced, and the existing ductwork needs to be removed and replaced. Other increased costs involve the eight to nine hundred diffusers required to improve air quality/quantity coming into the auditorium. Existing diffusers must be made larger and new diffusers added. The additional concrete core drilling will increase costs by \$94,000. Patricia noted the design contingency was intended to cover needed changes identified as the design is refined between DD and CD design phases.

Mette noted she is waiting for comments back from Building Services on the plans submitted for the building permit that could also change costs.

Board members discussed their concern about increased costs, the fact that the PFD has limited resources, and that it is not known what the bid amounts will be. Patricia explained that the HVAC and electrical work is all inter-related and one piece couldn't be taken out or identified as a bid alternate. Brent suggested that the PFD needs to have a contingency plan in case bids come in higher than expected

Dean sees only four possibilities: 1) look for value engineering; 2) remove a substantial part of project, e.g. acoustics; 3) take out work items included as preparation for Phase III; or 4) not doing the project.

Patricia reminded the board about the timing issue. The main auditorium will be closed from March through November 2008 to allow for the construction. To meet this construction timeline, the project needs to go to bid in early November. Bids would be received in mid-December and the bid should be awarded in January. Once the bid is awarded, the contract process would go forward with construction beginning in March 2008.

Tara said she could find out if federal grant funds could be used to cover project costs other than acoustical costs if bids come in higher than estimates. Patricia suggested she, Brad and Mette look at costs associated with taking out Phase III preparation work from Phase II, although she cautioned that redesign costs would be added if anything is taken out of MBT II.

DEAN BRETT MOVED TO DIRECT STAFF TO INITIATE THE BID PROCESS FOR PHASE II MOUNT BAKER THEATRE RENOVATIONS. BRENT WALKER SECONDED.

Motion carried 6-0.

(Mette Greenshields left the meeting).

3. City of Bellingham and Whatcom County Activities and Issues. None.

4. Cultural District Stakeholders Activities and Issues. Gaye Godfrey reported some good news for the fundraising. The CFA's initial understanding was that donor recognition applied only to individuals. Recently, Therese brought bond counsel up for a meeting and they advised that business names as well as individuals could be recognized as donors. Therese noted 40% of the two projects (Art & Children's Museum and Mount Baker Theatre Phase II Renovations) is being built without using tax-exempt bond dollars. For identified portions of the two new projects, naming rights for businesses could be applied. However, bond counsel advised that naming rights would not be available for improvements already constructed with tax-exempt bonds.

Gaye distributed the CFA's first quarterly report as of September 30, 2007. A total of \$279,683.34 has been received in cash and written pledges of \$1,325,333.33 have been received.

Patricia reported that the City and Whatcom Community Foundation now need to be parties to the capital contributions agreement between the PFD and CFA. Hopefully, the board will be in a position to take action on the agreement at its November 28 meeting.

5. Public Awareness and Communication: A camera has been mounted across the street from the Art & Children's Museum construction site. A communication meeting regarding the Art & Children's Museum was held on October 11. The next step will be to pull the rest of the players in.

ADJOURNMENT

David Warren adjourned the meeting at 4:18 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant.

AGENDA

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING
WEDNESDAY, OCTOBER 24, 2007
2:00 P.M. – 5:00 P.M.
Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

Citizens may speak informally to the Board on subjects not scheduled for public hearing. Each speaker is allowed a maximum of three minutes. A copy of any written comments for the Board should be provided to the Administrative Assistant, preferably before the meeting.

APPROVAL OF MINUTES

ACTION: Approve minutes of the September 26, 2007 regular board meeting.

AGENDA REVIEW

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status.
 - i) **Action: Consider for approval Resolution 2007-2 Commending Robin Halliday for her service as President of the Board.**
 - ii) **Action: Consider for approval Resolution 2007-3 Approving revisions to the form of a Contingent Loan and Bridge Loan Agreement with the City of Bellingham approved by District Resolution 2007-1 and City Ordinance 2007-07-053.**
 - iii) **Possible Action: Consider for approval cost-of-living increase for fees of PFD counsel, Zender Thurston.**
2. BWPFD Capital Project Updates:
Action: Direct staff to initiate bid process for Phase II Mount Baker Theatre renovations.
3. City of Bellingham and Whatcom County Activities and Issues.
4. Cultural District Stakeholders Activities and Issues.
5. Public Awareness & Communication.

ADJOURNMENT

FOR CITIZENS WITH SPECIAL NEEDS, the Mayor's Boardroom is fully accessible. Elevator access to the second floor is available at City Hall's west entrance. Hearing assistance is available in the Mayor's Boardroom and a receiver may be checked out through the clerk prior to the meeting. For additional accommodations, persons are asked to contact Alison Henshaw at 738-7451 at least 3 working days in advance of the meeting. Thank you.



**MINUTES OF THE PUBLIC MEETING OF THE
BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT
WEDNESDAY, SEPTEMBER 26, 2007**

CALL TO ORDER

Yvonne Bianchi, Vice President, called the meeting to order at 2:04 p.m.

ROLL CALL

Board members present were Yvonne Bianchi, Dean Brett, Dunham Gooding, Charles Self and Brent Walker. (Dunham arrived at 2:17 p.m.)

OPEN PUBLIC COMMENT PERIOD

None.

AGENDA REVIEW

None.

APPROVAL OF MINUTES

**DEAN BRETT MOVED TO APPROVE THE MINUTES OF THE AUGUST 29, 2007
REGULAR BOARD MEETING.**

Motion carried 4-0. (DUNHAM GOODING NOT PRESENT FOR THE VOTE.)

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status. Therese Holm reported that recently it had come to the City's attention while preparing the financing package for the bond issue that the Department of Revenue has been paying to the PFD state sales tax rebate from the entire county, including the 6 incorporated cities of Whatcom County. Initially, Whatcom County and the City of Bellingham each created its own public facilities district. When the joint public facilities district was created, the City cancelled its original agreement, but the County did not. After consulting with the Department of Revenue and bond counsel, it was agreed that the City should clarify its interlocal agreement to indicate that the cities of Blaine, Everson, Ferndale, Lynden, Nooksack and Sumas are intentionally included, as well as their portion of the state sales tax rebate. Because of this additional step, the bond issue will be postponed until November, by which time the amended interlocal agreement should be ratified by the City and the County.

Therese added that the interlocal agreement clarifies the intent to include the small cities from the effective date of 2002.

Dean Brett stated that the state sales tax rebate would not go to the cities anyway. Patricia noted that the revenue from the small cities amounts to about 17% of the total.

Therese confirmed that the revenue remains with the state or goes to PFD. The interlocal agreement also provides for the small cities to nominate a board member to the PFD.

Tim Douglas, Therese Holm and Dick Little have been making presentations to the small cities. Yvonne does not wish to be reappointed to the board, so her vacancy could be filled by the small cities' nominee.

Therese has been communicating with bond counsel for clarification of the rules about donor recognition. Tax exempt bond funding is restricted to individual names, but the rest, or about 40% of the \$20 million, is not restricted and could be used for business donor recognition opportunities. Components of projects such as Light Catcher could be used for business donor recognition. This will help fund-raising efforts.

While it is not clear whether or not the strong Canadian dollar is affecting retail sales in Whatcom County, Therese thinks Bellingham's waterfront activity should encourage growth in retail sales tax.

2. BWPFD Capital Project Updates: Art & Children's Museum – Patricia recommended that the board members review the weekly reports e-mailed to them by Mark Handzlik on the Art & Children's Museum construction progress. Dunham added later that the next Core Team meeting will be held on November 14. The architects and City Public Works staff are in contact weekly. The Core Team has emphasized to the general contractor the importance of this building. Cost savings alternatives will be identified at the November meeting. Charlie and Dean would like to be kept informed of any change orders as they are being requested. Mount Baker Theatre Phase II – Patricia mentioned there were about 15 items that came before the Historic Preservation Commission yesterday evening – most of which were approved.

3. City of Bellingham and Whatcom County Activities and Issues. Patricia, Therese Holm and Dunham Gooding made second quarter presentations to the City and County Council this week. Council members are excited about the progress on the Art & Children's Museum and are continuing their support of PFD activities.

4. Cultural District Stakeholders Activities and Issues. Patricia reported that we learned recently that the Whatcom Community Foundation will need to be a party to the agreement between the PFD and the CFA. There should not be any issues with this change.

Gaye Godfrey announced a meeting will be held on Thursday, October 4, 2007, beginning at 7 a.m. at the Mount Baker Theatre Encore Room as a kickoff and fund-raiser training for the more public phase of the campaign. Steve Brinn will speak at the meeting. The program begins at 7:30 a.m. Gaye would like to have the meeting videotaped so that the video would be accessible to those board members not able to attend the meeting. Yvonne estimates the cost would be \$400 - \$500. Dean Brett uses

a company that videotapes depositions. He'll make enquiries to see if they would be willing to record the meeting without charge.

5. Public Awareness and Communication: Patricia asked if anyone had seen the Art & Children's Museum groundbreaking excerpt of "Inside Bellingham". Patricia will ask Dal Neitzel of BTV10 for a copy. Yvonne recommended posting the 3 minute clip on the PFD website.

Tomorrow Patricia and David Warren will be meeting with Dal Neitzel and others to discuss time-lapse recording of the Art & Children's Museum construction progress. A camera will be needed near the site to record the construction.

Dunham asked about the transition in PFD personnel. Patricia will be retiring at the end of December this year and as part of the 2008 budget process, she has been working with the Executive and Planning Departments in order to move the duties of the PFD Manager to the Special Projects Manager position held by Tara Sundin. The Planning Director would get another 0.5 FTE from the City as part of the Mayor's recommended 2008 budget, allowing Planning to hire an additional staff person. That person would pick up some of Tara's responsibilities and address other planning needs, freeing up Tara's time to take on PFD management responsibilities. Tim Stewart would be available as needed to participate in policy-level decisions. Dean Brett says the PFD has enjoyed excellent service both from Patricia Decker and her predecessor and the board would like the same excellent staffing to continue. Patricia responded that she has observed Tara's work in a number of private-public partnership projects and been impressed with her ability to deal with complex issues and diverse stakeholders. Patricia met and talked with David Warren in his role as President about the transition and the City's 2008 budget preparation timeline. Dunham would like to learn more about Tara's experience and qualifications.

Les announced that the new Museum Director, Patricia Leach, will start work this Friday, September 28. She will attend the October PFD board meeting and the November Art & Children's Museum Core Team meeting.

ADJOURNMENT

Yvonne Bianchi adjourned the meeting at 3:03 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant.

AGENDA

**BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING
WEDNESDAY, SEPTEMBER 26, 2007**

2:00 P.M. – 5:00 P.M.

Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

Citizens may speak informally to the Board on subjects not scheduled for public hearing. Each speaker is allowed a maximum of three minutes. A copy of any written comments for the Board should be provided to the Administrative Assistant, preferably before the meeting.

APPROVAL OF MINUTES

ACTION: Approve minutes of the August 29, 2007 regular board meeting.

AGENDA REVIEW

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status.
2. BWPFD Capital Project Updates.
3. City of Bellingham and Whatcom County Activities and Issues.
4. Cultural District Stakeholders Activities and Issues.
5. Public Awareness & Communication.

ADJOURNMENT

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**MINUTES OF THE PUBLIC MEETING OF THE
BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT
WEDNESDAY, AUGUST 29, 2007**

CALL TO ORDER

David Warren, President, called the meeting to order at 2:10 p.m.

ROLL CALL

Board members present were Dean Brett, Dunham Gooding, Brent Walker and David Warren. (Brent arrived at 2:12 p.m.)

OPEN PUBLIC COMMENT PERIOD

None.

AGENDA REVIEW

Patricia alerted the board to two additional items: builder's risk insurance on the Art & Children's Museum project and a letter regarding the former Pacific Café space.

APPROVAL OF MINUTES

**DEAN BRETT MOVED TO APPROVE THE MINUTES OF THE JULY 25, 2007
REGULAR BOARD MEETING.**

Discussion:

David Warren proposed an amendment to the minutes in Robin's motion regarding annual election of officers from "appoint" to "nominate".

**DAVID WARREN MOVED TO APPROVE THE MINUTES OF THE JULY 25, 2007
REGULAR BOARD MEETING, AS AMENDED.**

Motion carried 3-0-1. DUNHAM GOODING ABSTAINED.

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status: Patricia discussed the builder's risk insurance for the Art & Children's Museum project. The builder's risk insurance was included in the bid that Ebenal submitted, but the PFD and City were not included in the "named insured." The City's insurance advisor, working with the City Attorney's office researched builder's risk insurance, discovering that comparable insurance could be obtained at lower cost including the City and PFD as named insured. If the board authorizes the City to obtain the builder's risk insurance with payment by the PFD, Ebenal General, Inc. will cancel its builder's risk insurance and reimburse the PFD for that cost.

Mark Handzlik, Art & Children's Museum construction project manager for the City, said Ebenal's original builder's risk insurance policy premium was \$75,000. Patricia said the City's new builder's risk insurance will cost \$27,000. The City Attorney's office works with The Unity Group on its insurance needs. Barry Hanson of The Unity Group answered questions from the board members. Mark Handzlik said there would be a change order to cover insurance reimbursement and the saving would be taken off the schedule of values. The savings would be applied to additional costs of \$50,000 related to materials testing and special inspection, which should have been included in the soft costs for the project.

DUNHAM GOODING MOVED TO ACCEPT THE PROPOSAL TO PURCHASE BUILDER'S RISK INSURANCE FROM ONE BEACON THROUGH THE UNITY GROUP AT THE PRICE OF \$27,000 WITH THE UNDERSTANDING THAT THE DIFFERENCE BETWEEN THE COST OF THIS POLICY AND THE ONE THE CONTRACTOR FORMERLY PURCHASED FROM TRAVELERS FOR \$75,000 WILL BE PROVIDED TO THE PFD AS A CREDIT AND THAT THIS TRANSACTION WILL BE RECORDED AS PART OF A CHANGE ORDER TO BE COMPLETED AS SOON AS POSSIBLE. BRENT WALKER SECONDED.

Motion carried 4-0.

Dean Brett is concerned about the possibility of change orders increasing project costs. Mark said there is a contingency built in. Any large change order will need to be discussed at the Core Team meeting. Patricia added there was a Core Team meeting with Ebenal yesterday. At the next meeting the team will look at possible cost savings. Patricia said she will keep the board apprised of the budget. Change orders will go through Mark Handzlik and the architect.

Therese asked that Mark Handzlik give an update at each board meeting of change orders and the contingency amount. Mark said he could do that. He added that he keeps daily journals of progress on his projects, and will e-mail that each week to the Core Team and board members.

The Draft Agreement Regarding Capital Contributions for Art & Children's Museum and Mount Baker Theatre by and between Bellingham-Whatcom Public Facilities District and the Campaign for the Arts was distributed to the board. Patricia, Ken Culver, Gaye Godfrey, Therese Holm, and Bob Carmichael met to discuss the draft Agreement. Patricia says it reflects the agreements of the parties, including those made in the Joint Memorandum of Understanding and Contingent Loan Agreement.

BRENT WALKER MOVED TO ACCEPT THE AGREEMENT REGARDING CAPITAL CONTRIBUTIONS FOR ART & CHILDREN'S MUSEUM AND MOUNT BAKER THEATRE BY AND BETWEEN BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT AND THE CAMPAIGN FOR THE ARTS AS WRITTEN. DEAN BRETT SECONDED.

Motion carried 4-0.

Dean Brett expects the first quarterly report from the CFA to be given to the PFD board at the October 24 meeting.

Therese Holm presented the June 2007 PFD Operating Statement and Notes to accompany financial report. The PFD's revenue is up 3% over this time last year. Interest income is up 50% over this time last year. The bond issue of \$10.25 million should happen in October or November. Capital costs of \$408,000 year to date are for design costs for both capital projects.

Therese mentioned the BWPFD Estimated Capital Sources and Uses of Funds dated August 29, 2007. It shows \$10,000,000 in bank qualified bonds, \$2,500,000 in interfund loans, and \$1,184,500 in grants. There is currently a positive balance of \$1.2 million. Therese reported that she will be retiring at the end of the year. She introduced Accounting Manager Kipp Drummond who will be attending the PFD meetings and filling in for Ed Carlson until the new Finance Director comes on board.

2. City of Bellingham and Whatcom County Activities and Issues. Patricia noted that Champion Street is now two-way between Cornwall Avenue and Commercial Street. This should improve traffic circulation around the theatre.

David Warren has been the PFD liaison for City and County Councils and he asked that someone take his place. Dunham Gooding volunteered.

3. Cultural District Stakeholders Activities and Issues. Patricia explained the request from the new leaseholders of the former Pacific Café space to support their application to the Historic Preservation Commission to change materials on the façade, move the entrance from Commercial to Champion, and expand the sidewalk along Champion for outdoor seating. These concepts encourage street activity and enliven the block. The Mayor is supportive of the proposed changes. A local architect and interior designer are working with the leaseholders on the changes.

DEAN BRETT MOVED TO AUTHORIZE PATRICIA DECKER AND DAVID WARREN TO WRITE A LETTER IN SUPPORT OF THE ALTERATIONS TO THE FORMER PACIFIC CAFE. DUNHAM GOODING SECONDED.

Motion carried 4-0.

Alex Wiley gave a presentation and distributed to the board a copy of the Americans for the Arts – Arts & Economic Prosperity III. Bellingham joined another 156 other cities and counties around the country in a study that documents the economic impact of non-profit art and cultural groups. The study uses 2005 tax data and audience survey data from 2006. There are 38 art and cultural non-profit organizations in Bellingham and 13 of them participated. From those organizations, there are 511 full time equivalent jobs supporting households in our community. Bellingham is in the top 20 of 156

communities around the nation that participated in the study. Overall the total expenditures by these non-profit organizations is \$14.1 million.

4. Public Awareness and Communication: The August 2 groundbreaking event went well. Patricia and Yvonne recently gave a presentation to the Northwest Business Club. Steve Brinn from the Campaign for the Arts also participated. Patricia plans to make more presentations – Sunrise Rotary September 13 and ROMEO September 18.

David reported on the CFA board meeting last week, noting the CFA's enthusiasm and commitment are clear. David plans to attend more of these meetings.

No board members expressed an interest in attending the PFD/WSSEFOA conference in Spokane September 24 and 25.

5. BWPFD Capital Project Updates: Art & Children's Museum – Patricia, Dunham, and David attended the first Core Team meeting with Ebenal General, Inc. Other members of the Core Team attending were Les Reardanz, Jeff McClure and Mark Handzlik. David Ebenal, Chris Barnes, the contract manager and Tom Luther, the on-site project manager attended from Ebenal General, Inc.

Mark Handzlik reported that the old building is demolished. There was a four day delay due to asbestos found in building and then abated. This will mean a change order for \$5,000 for abatement plus a mark-up of \$800. Beginning Tuesday, Ebenal will dig a 14' deep hole for the basement. They will be excavating below the basement at a depth of 24'. They will provide shoring along the sidewalks. Fourteen thousand cubic yards of material are expected to be removed.

David added that the Core Team may meet once a month with the contractor. Les noted that while construction could be done by October or November 2008, additional work on exhibitions, building commissioning and the like means the opening will likely be early Spring of 2009.

ADJOURNMENT

David Warren adjourned the meeting at 3:43 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant.

AGENDA

**BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING
WEDNESDAY, AUGUST 29, 2007
2:00 P.M. – 5:00 P.M.
Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham**

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

Citizens may speak informally to the Board on subjects not scheduled for public hearing. Each speaker is allowed a maximum of three minutes. A copy of any written comments for the Board should be provided to the Administrative Assistant, preferably before the meeting.

APPROVAL OF MINUTES

ACTION: Approve minutes of the July 25, 2007 regular board meeting.

AGENDA REVIEW

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status:
Action: Consider approval of Agreement between the Bellingham-Whatcom Public Facilities District and the Campaign for the Arts on Capital Contributions.
2. BWPFD Capital Project Updates.
3. City of Bellingham and Whatcom County Activities and Issues.
4. Cultural District Stakeholders Activities and Issues: Americans for the Arts – Economic Prosperity Study Results presentation by Alex Wiley.
5. Public Awareness & Communication: i) Groundbreaking Event August 2, 2007.
ii) PFD/WSSEFOA Annual Conference, Spokane, September 24 & 25, 2007.

ADJOURNMENT

FOR CITIZENS WITH SPECIAL NEEDS, the Mayor's Boardroom is fully accessible. Elevator access to the second floor is available at City Hall's west entrance. Hearing assistance is available in the Mayor's Boardroom and a receiver may be checked out through the clerk prior to the meeting. For additional accommodations, persons are asked to contact Alison Henshaw at 738-7451 at least 3 working days in advance of the meeting. Thank you.



**MINUTES OF THE PUBLIC MEETING OF THE
BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT
WEDNESDAY, JULY 25, 2007**

CALL TO ORDER

Robin Halliday, President, called the meeting to order at 2:03 p.m.

ROLL CALL

Board members present were Yvonne Bianchi, Robin Halliday, Brent Walker and David Warren. Dean Brett joined the meeting by telephone.

OPEN PUBLIC COMMENT PERIOD

Mary Kay Robinson, executive director of the Whatcom Symphony Orchestra, announced that the orchestra recently relocated its offices to Grand Avenue and Flora Street, opposite the Art & Children's Museum site. The orchestra's patrons have an interest in an outdoor theatre.

APPROVAL OF MINUTES

DAVID WARREN MOVED TO APPROVE THE MINUTES OF THE JUNE 11, 2007 SPECIAL BOARD MEETING. YVONNE BIANCHI SECONDED.

Motion carried 5-0.

YVONNE BIANCHI MOVED TO APPROVE THE MINUTES OF THE JUNE 20, 2007 REGULAR BOARD MEETING. ROBIN HALLIDAY SECONDED.

Motion carried 4-0-1. DEAN BRETT ABSTAINED.

AGENDA REVIEW

None.

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status: i) Annual Election of Officers. Before Robin proposed a new slate of officers for 2007-2008, she asked if Dean would be willing to serve as Treasurer for one more year. Dean said he would.

ROBIN HALLIDAY MOVED TO NOMINATE DAVID WARREN AS PRESIDENT, YVONNE BIANCHI AS VICE-PRESIDENT, BRENT WALKER AS SECRETARY, AND DEAN BRETT AS TREASURER. BRENT WALKER SECONDED.

Motion carried 5-0.

ii) Proposed Agreement between the Bellingham-Whatcom Public Facilities District and the Campaign for the Arts related to various financial arrangements between the parties. Bob Carmichael reminded the board that the document is just an outline and a meeting needs to be held with the Campaign for the Arts before the Agreement is drafted. He explained some minor changes that were made as a result of the discussion at the last board meeting, adding that all are subject to discussion with the Campaign for the Arts.

Patricia announced that the special board meeting scheduled for August 9 has been cancelled. After a conference call with the bond advisors and bond counsel yesterday, it is clear that there are still things to be done before the bond sale. Therese added that a call with Moody's regarding the bond rating will be held on August 8 or 9. The bond sale should happen on August 22. Therese said the PFD should receive the same bond rating as before. The financial advisors say the PFD will save money by buying bank-qualified bonds of \$10 million. The City would fund the remaining \$2.5 million with an interfund loan. The interfund loan from the City would bear interest at 5% or 5 ¼% with no closing costs. The PFD should plan to repay the interfund loan as soon as possible.

2. BWPFD Capital Project Updates: Patricia told the board about the matter of builder's risk insurance for the Art & Children's Museum. The AIA document requires the builder to provide builder's risk insurance, so the PFD needs to be assured that Ebenal has it in place. With Ebenal covering the builder's risk insurance, the PFD could save \$23,000. Patricia is discussing this with Peter Ruffatto of the City Attorney's office, and Mark Handzlik. The contract and building permit are in place. Ebenal should be given a Notice to Proceed around the time of the August 2 groundbreaking.

The Mount Baker Theatre Core Team is working with the architects on cost estimates. There is a need to integrate acoustical and lighting work not covered by grants into Phase 2. The Historic Preservation Commission will meet in late September to review Phase 2. The plan is to go to bid October/November and award the bid by end of the year. Site mobilization will take place before the project start date of March 2008.

Veca Electric is continuing with the Mount Baker Theatre lighting work, including LED lights around the dome.

Robin asked about streetscape lighting. Tara said they are in transit and should be here the first week of August. There are four different kinds to view.

Patricia said the Mount Baker Theatre Organ Society is interested in adding two more ranks to the organ. Originally it was a three rank organ. Someone is donating two more ranks and the pipes will go behind decorative panels. The Society already came before the Mount Baker Theatre board, which supported the Society's request. Patricia recommends the PFD board approve the Society's request.

DAVID WARREN MOVED TO DIRECT STAFF TO DRAFT A LETTER SUPPORTING THE SOCIETY'S REQUEST. YVONNE BIANCHI SECONDED.

Motion carried 5-0.

3. City of Bellingham and Whatcom County Activities and Issues. To prepare for construction of the Art & Children's Museum, the PFD is terminating its contract with Diamond Parking for the parking lot at 216 Grand Avenue at the end of July. The contract for the lot at 104 North Commercial will terminate at the end of December.

Tara reported that the Streetscape Committee met with the Champion Street merchants to prepare to go to bid in mid-August. The Champion streetscape project will be first, followed by Bay and Holly and then the Art & Children's Museum. Robin asked about the July 6 Bay Street Co-Motion event. Tara said it was well attended by several hundred people. There was a movie, band, food, and street performers. The City has been asked to repeat the event next year.

4. Cultural District Stakeholders Activities and Issues. The board members have been invited to meet the four finalist candidates for the Museum director position on July 30 from 6:30 – 8 p.m. at the American Museum of Radio & Electricity.

5. Public Awareness and Communication. Yvonne has donated her time on the groundbreaking project. Advertisements were published in the Bellingham Business Journal, the Weekly and the Bellingham Herald. Yvonne and Patricia are working on a press release. The plan for the groundbreaking includes closing Flora and Grand for half a block. Brief speeches will be given by Robin Halliday, Mayor Douglas, Ken Culver and Jeff McClure. Dean suggested that Pete Kremen should also say something at the event. Patricia said the event should be done by 7 p.m. Robin added that we will have M*A*S*H* signs at the groundbreaking, indicating the direction of distance of other Cultural District stakeholders. BTV10 will videotape the event, which will be broadcast in September.

ADJOURNMENT

Robin Halliday adjourned the meeting at 2:55 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant.

AGENDA

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING

WEDNESDAY, JULY 25, 2007

2:00 P.M. – 5:00 P.M.

Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

Citizens may speak informally to the Board on subjects not scheduled for public hearing. Each speaker is allowed a maximum of three minutes. A copy of any written comments for the Board should be provided to the Administrative Assistant, preferably before the meeting.

APPROVAL OF MINUTES

ACTION: Approve minutes of the June 11, 2007 special board meeting and the June 20, 2007 regular board meeting.

AGENDA REVIEW

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status:
 - i) **ACTION: Annual Election of Officers.**
 - ii) Further discussion of proposed agreement between the Bellingham-Whatcom Public Facilities District and the Campaign for the Arts related to various financial arrangements between the parties.
2. BWPFD Capital Project Updates.
POSSIBLE ACTION: Builder's Risk Insurance for Art & Children's Museum.
3. City of Bellingham and Whatcom County Activities and Issues.
4. Cultural District Stakeholders Activities and Issues.
5. Public Awareness & Communication: Groundbreaking Event August 2, 2007.

ADJOURNMENT

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**MINUTES OF THE PUBLIC MEETING OF THE
BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT
WEDNESDAY, JUNE 20, 2007**

CALL TO ORDER

Robin Halliday, President, called the meeting to order at 2:04 p.m.

ROLL CALL

Board members present were Yvonne Bianchi, Dunham Gooding, Robin Halliday, and Charles Self.

OPEN PUBLIC COMMENT PERIOD

None.

APPROVAL OF MINUTES

**CHARLES SELF MOVED TO APPROVE THE MINUTES OF THE MAY 23, 2007
REGULAR BOARD MEETING. YVONNE BIANCHI SECONDED.**

Motion carried 4-0.

AGENDA REVIEW

Patricia asked that item 1 ii) regarding the bond resolution be removed from the agenda. This is because the bond resolution is not yet ready. Financial advisor Alan Dashen was waiting for the bid award on the Art & Children's Museum and is completing the next steps. The bond sale may take place on July 25 or at a special meeting after that. If there is a special meeting, a quorum will be needed.

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status: i) Consider approval of the Contingent Loan and Bridge Loan Agreement regarding financing for Art and Children's Museum and Mount Baker Theatre, by and between the City of Bellingham and the Bellingham-Whatcom Public Facilities District. Robin thanked board members for recommending the bid award at the June 11 special board meeting. Therese said the City Council unanimously approved the bid award and the Contingent Loan Agreement on June 18.

Patricia asked the board members for some help with an article Mary Lane Gallagher will be writing in the Bellingham Herald, specifically about why the PFD chose to build an Art & Children's Museum. The board members gave Patricia some input.

**CHARLES SELF MOVED TO APPROVE RESOLUTION NO. 2007-1 APPROVING
THE FORM AND AUTHORIZING THE EXECUTION OF A CONTINGENT LOAN AND
BRIDGE LOAN AGREEMENT WITH THE CITY OF BELLINGHAM TO PROVIDE**

ASSISTANCE TO THE DISTRICT IN REPAYMENT OF BONDS ISSUED TO PROVIDE FINANCING FOR AN ART AND CHILDREN'S MUSEUM AND THE MOUNT BAKER THEATRE. DUNHAM GOODING SECONDED.

Discussion:

Therese added that as a result of the City Council action, the bonds will be increased from \$11.5 million to \$12 million and the bridge loan will be increased to \$2.8 million.

Motion carried 4-0.

iii) Discuss proposed agreement between the Bellingham-Whatcom Public Facilities District and the Campaign for the Arts related to various financial arrangements between the parties. Bob Carmichael reviewed the Draft Outline Agreement between Bellingham-Whatcom Public Facilities District and CFA on Capital Contributions. Board members suggested a few minor changes.

Discussion:

Robin asked about the timing on the CFA agreement. Patricia said we are waiting until Ken Culver is available. Bob Carmichael reminded the board that he had sent the outline to Gaye Godfrey after he had developed it with Gaye, Patricia and Therese.

Therese emphasized to the board the importance of fundraising – the board needs to be instrumental in enthusiasm and drive, building the excitement of the CFA. The PFD state sales tax rebate will be used if private funds are not raised. Robin agreed that the BWPFD needs to take an active role with the fundraising committee and donors, and that this is a key project for finance committee members Dean and Brent.

Dunham said the Mount Baker Theatre and Museum have fundraising needs annually, so the opening of the new facility should make it easy to underwrite exhibitions.

2. BWPFD Capital Project Updates: Art & Children's Museum. Ebenal General, Inc. will be the general contractor. The contract should be signed within a month, with a notice to proceed in August.

Therese thinks an official liaison is needed between the BWPFD and CFA and a regular report given to the CFA as the CFA board didn't seem to know about the grants. This is despite BWPFD board members attending CFA board meetings. Robin hopes David Warren makes this a priority.

Mount Baker Theatre Phase Two Renovations. Construction documents phase is 50% complete. There are ongoing discussions between the architects, PFD staff and Fire Department about dry lines which will be extended through facility to put out fires rather than a sprinkler system.

Streetscapes. Tara said the streetscape bid came in at \$4,000 less than the budget, which means funding will be available for the other projects. The streetscape

construction in front of Champion will be bid this year. If good bids don't come in, the Champion Street project could be combined with Bay/Holly. Bay/Holly is at the design development phase. The public art process is taking longer than expected. Tara met with Gaye, Patricia, and Ravyn to discuss the idea of incorporating an element into the streetscape to recognize donors in public realm of Arts District. This would be for donors giving over \$100,000. A vertical element was discussed.

Charles is concerned about the possibility of change orders to the Art & Children's Museum and resulting increased costs, saying it is the PFD's responsibility to avoid change orders. Patricia said it would also be a good idea to revisit design reductions.

3. City of Bellingham and Whatcom County Activities and Issues. Patricia mentioned upcoming mayoral elections. Also, Malcolm Fleming, the City's Chief Administrative Officer, is leaving to go to a job in Colorado.

Patricia and Les reported on the Art & Children's Museum business plan. A first draft is expected from the consultant in mid-July. The consultant will give three public presentations about the museum business plan. The finalist candidates for the Museum Director position will be interviewed at the end of July. The successful applicant is expected to start work in September.

Tara reported on Old Town, which includes the bluff where the existing museum is located. Height restrictions are being reviewed in light of potential development.

The lighting fixtures are on order. Dunham said the BWPFD needs to be tuned into the light pollution issue. Tara said street lighting will just be on intersections and will be pedestrian scale lighting. Robin said the board would like to see the mock-ups.

4. Cultural District Stakeholders Activities and Issues. The Pickford is revving up for its fundraising activities. Les said the American Museum of Radio and Electricity is partnering with the Museum. The Bay Street Co-Motion event on July 6 will close the street to allow for a band and a movie. It is the same evening as the Gallery Walk.

5. Public Awareness and Communication. The PFD communication committee needs to meet to discuss the groundbreaking event, which will be held at 216 Grand Avenue. Dunham asked about the name of the new facility. Les said the Museum Society has a branding sub-committee to discuss the name. City Council would need to approve the name.

ADJOURNMENT

Robin Halliday adjourned the meeting at 3:55 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant.

AGENDA

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING
WEDNESDAY, JUNE 20, 2007
2:00 P.M. – 5:00 P.M.
Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

Citizens may speak informally to the Board on subjects not scheduled for public hearing. Each speaker is allowed a maximum of three minutes. A copy of any written comments for the Board should be provided to the Administrative Assistant, preferably before the meeting.

APPROVAL OF MINUTES

ACTION: Approve minutes of the May 23, 2007 regular board meeting.

AGENDA REVIEW

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status:
 - i) **ACTION: Consider approval of the Contingent Loan and Bridge Loan Agreement regarding financing for Art and Children's Museum and Mount Baker Theatre, by and between the City of Bellingham and the Bellingham-Whatcom Public Facilities District.**
 - ii) **ACTION: Approve Bond Resolution for the issuance of Limited Sales Tax Obligation bonds.**
 - ii) Discuss proposed agreement between the Bellingham-Whatcom Public Facilities District and the Campaign for the Arts related to various financial arrangements between the parties.
2. BWPFD Capital Project Updates.
3. City of Bellingham and Whatcom County Activities and Issues.
4. Cultural District Stakeholders Activities and Issues.
5. Public Awareness & Communication.

ADJOURNMENT

FOR CITIZENS WITH SPECIAL NEEDS, the Mayor's Boardroom is fully accessible. Elevator access to the second floor is available at City Hall's west entrance. Hearing assistance is available in the Mayor's Boardroom and a receiver may be checked out through the clerk prior to the meeting. For additional accommodations, persons are asked to contact Alison Henshaw at 738-7451 at least 3 working days in advance of the meeting. Thank you.



**MINUTES OF THE SPECIAL PUBLIC MEETING OF THE
BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT
MONDAY JUNE 11, 2007**

CALL TO ORDER

David Warren, Vice President, called the meeting to order at 2:05 p.m.

ROLL CALL

Board members present were Yvonne Bianchi, Dunham Gooding, Charles Self, and David Warren. Dean Brett joined the meeting by telephone for the first 15 minutes.

OPEN PUBLIC COMMENT PERIOD

None.

BUSINESS

1. Review summary of bids submitted to the City of Bellingham for the construction of the Art & Children's Museum, Solicitation 32B-2007. Ravyn Whitewolf announced there were two bids opened last Thursday at 11 a.m. with Ebenal General, Inc. appearing to be the low bidder. She distributed the Bid Tabulation for the project. Ebenal General's base bid for the Museum including sales tax was \$12,113,700 with the streetscape at \$233,387; for a total of \$12,347,087. The other bid was from Tiger Construction, whose base bid for the Museum including sales tax was \$12,200,420, with the streetscape work at \$257,185.

Ravyn, Patricia, Jeff McClure and Mark Handzlik met to review options. Patricia explained that the bid numbers include sales tax. The difference between the two bids was \$80,000. The construction cost estimate the PFD has been using is \$10,210,828, therefore the low bid is approximately \$1 million or 10% over our estimate.

The Art & Children's Museum Core Team recommended that both bids be rejected and an aggressive timeline be used to revisit costs and revenue sources and then rebid the project.

Jeff McClure, chair of the Core Team, said the team is investigating additional potential cost reductions. Project architect Stephen Yamada-Heidner is here to discuss these possibilities. Patricia added that part of the problem was that the City prequalified two subcontractors for the Light Catcher but only one of the subcontractors gave a bid.

Charlie is concerned about the cost estimator's estimate being so different from the bids. Stephen Yamada-Heidner said he called the cost estimators right after the bids were in. The glass for the Light Catcher came in at \$1.5 million. He also noted that having only two firms bidding and only one subcontractor for the glass wall may have affected the numbers.

Patricia said Core Team members, including Public Works staff, don't believe that \$1 million could be made in cost reductions without losing the integrity of the project. The PFD needs to find cost reductions and try to identify additional resources. Jeff McClure suggests contacting the plan holders to assist in identifying ways to reduce costs. The large items are electrical, mechanical and the glass wall.

David Ebenal, the low bidder, said that his company had worked with the glass subcontractor before submitting his bid. He added that his bid is competitive and cautioned delaying the bid award. Cutting costs could mean a lesser project but with the same bid price.

Yvonne asked about additional revenue. Patricia said Alan Dashen is here to talk about the Contingent Loan Agreement and related financing.

Stephen Yamada-Heidner talked briefly about potential cost reductions:

- Electrical – a provider could give better estimates than the cost estimators for controls, interface, and low voltage control.
- Mechanical – Children's Museum has the same Class "A" environmental controls as the Art Museum. The HVAC unit could be changed to one that costs less.
- Glass wall – the size could be reduced by another module, e.g. the current 36' high by 180' long could be 33' by 176' instead. Perhaps the lighting of the glass wall could be postponed.
- Interior Finishes – custom design case work could be more standardized. A carpet specification with high recycled content for LEED could have reduced recycled content if we determine we can still meet the Silver LEED rating.

Stephen said if we try to cut costs, we need to do it right away – due to cost escalation. Yvonne said there would be costs associated with the making the changes. Jeff said the Core Team thought we needed to find \$0.5 million in cost reductions and identify \$500,000 in enhanced revenues.

2. Review and consider action on Bridge Loan and Contingent Loan Agreement regarding financing for Art and Children's Museum and Mount Baker Theatre, by and between the City of Bellingham and the Bellingham-Whatcom Public Facilities District. Therese confirmed that in order to bridge the gap, the two options are to cut costs or find resources. Potential revenue sources are: additional private fundraising, a higher bond issue or the PFD could ask the City for capital funds.

Alan Dashen is prepared to review the draft Contingent Loan Agreement. He said the PFD has one source of revenue to repay the bonds. The City is concerned with how fast the state sales tax revenues could grow. Between 1997 and 2006 retail sales tax grew at 6.5% per year, however, between 1997 and 2002, it grew at only 2.7%. However, in the last three or four years it has grown dramatically. To borrow \$11.5 million, the sales tax would need to grow at 3.75% annually. Interest rates have gone up 0.5% in the last month. To borrow \$12 million, a 4% growth rate would be needed.

To obtain \$12.5 million, a 4.25% growth rate would be needed. Charlie had asked to look at the growth over the last 20 years, however Alan had data going back to 1997 only.

Discussion:

Dunham sees the Art & Children's Museum as an economic generator for the City. David would like to pursue cost reductions and rebid the project before considering revenue enhancement. He would like to ask the City Council to reject both bids and then look for cost reductions. Patricia said the PFD needs to make a recommendation to City Council because they are meeting on the bid award on June 18. Charlie recommended asking the City Council to support a bond issue of an additional half a million dollars and for the PFD to find cost savings of half a million dollars. Therese suggested that the City Council look at the Contingent Loan Agreement, leaving the bond amount blank. Patricia expects City Council will want advice on financial resources as well as a recommendation from the PFD.

Dunham asked Alan Dashen for an analysis of dollar amounts when i) half the years going out 20 years at a growth rate of 3.75% and the other half at 4.25%; and ii) half the years at 3.75%, one-quarter at 4% and the other quarter at 4.25%.

Regarding cost savings, Ravyn said the contract must be awarded in the bid amount and it cannot be negotiated before the contract is awarded.

Discussion:

The board discussed recommending to the City Council that they reject both bids, support a higher bond issue and direct staff to reduce the project by \$0.5 million.

YVONNE BIANCHI MOVED TO RECOMMEND TO CITY COUNCIL THAT THEY REJECT BOTH BIDS. CHARLES SELF SECONDED.

MOTION CARRIED 4-0.

Discussion:

Charles would like the PFD to commit to cutting at least \$500,000 from the cost of Art & Children's Museum project.

DUNHAM GOODING MOVED TO DIRECT STAFF TO INFORM CITY COUNCIL THAT THE PFD IS ATTEMPTING TO FIND COST REDUCTIONS OF \$0.5 MILLION IN THE ART & CHILDREN'S MUSEUM PROJECT; THAT EVEN IF THE PROJECT COST REDUCTIONS ARE FOUND, THE SAVINGS MAY NOT BE REALIZED AFTER THE REBIDDING IS COMPLETED; AND REQUEST THAT THE CITY COUNCIL DISCUSS THE POSSIBILITY OF BONDING AT A HIGHER LEVEL IN ORDER TO MAKE UP ANY ADDITIONAL DEFICIT. YVONNE BIANCHI SECONDED.

MOTION CARRIED 4-0.

Discussion:

Dunham asked if after receiving the PFD's recommendation, City Council could award the bid anyway. Patricia said that they could, but that staff could indicate the risks if City Council takes that option. Ravyn reminded the board that the City needs to reject bids before going to plan holders to look at cutting costs. Dunham would like to recommend to City Council that they accept the low bid and approve the Contingent Loan Agreement with a larger bond amount. Therese could explain the financial risk to City Council and have Alan Dashen accompany her at the meeting.

DUNHAM GOODING MOVED THAT IN LIGHT OF THE FACT THAT THE TWO BIDS RECEIVED FOR CONSTRUCTION OF THE NEW ART AND CHILDREN'S MUSEUM WERE WITHIN \$80,000 OF EACH OTHER, THE PFD HAS CONCLUDED THAT THE BIDS ARE REALISTIC ASSESSMENTS OF COSTS OF CONSTRUCTION. THE PFD HAS ALSO CONCLUDED THAT THE RECEIPT OF ONLY TWO BIDS FOR THIS PROJECT IS INDICATIVE OF THE CURRENT CLIMATE OF CONSTRUCTION. THE PFD KNOWS THAT OTHER PUBLICLY FUNDED PROJECTS ARE HAVING TROUBLE GETTING MULTIPLE BIDDERS AND THINKS IT IS UNLIKELY THAT IT WILL GET ADDITIONAL BIDDERS IF FURTHER CUTS ARE MADE TO THE PROJECT AND RE-ADVERTISE FOR BIDS WITH A REDUCED SCOPE.

THE PFD ALSO RECOGNIZES THAT IF CONSTRUCTION IS DELAYED WHILE THE PFD WORKS TO REDUCE THE SCOPE AND THEN GO THROUGH A SECOND BIDDING PROCESS, COST-ESCALATION AND RISING INTEREST RATES WILL FURTHER ADD TO THE COST OF THE PROJECT. THE PFD THEREFORE ASKS THE CITY COUNCIL TO BACK PFD BONDS AT A HIGHER LEVEL SO THAT THE PFD CAN CONSTRUCT THE BUILDING AS DESIGNED.

IF GROWTH IN SALES TAX REVENUES IS NOT ENOUGH FOR SALES TAX REBATE REVENUES TO COVER THE LARGER PFD BOND AMOUNT AND THE CITY HAS TO COVER A PORTION OF THE BOND PAYMENTS, THE COMMUNITY AND THE CITY WILL STILL REALIZE SIGNIFICANT NET BENEFITS FROM THE PROJECT. EDUCATIONAL AND CULTURAL OPPORTUNITIES, ECONOMIC GROWTH IN OUR CITY'S CORE, AND STIMULATION OF SALES TAX REVENUES WILL IN THE LONG RUN FAR OUTWEIGH THOSE ADDITIONAL COSTS.

THE PFD THEREFORE RECOMMENDS THAT THE COUNCIL APPROVE THE CONTINGENT LOAN AGREEMENT WITH A BOND AMOUNT ADEQUATE TO COVER THE CONSTRUCTION CONTRACT FOR THE ART AND CHILDREN'S MUSEUM. YVONNE BIANCHI SECONDED.

MOTION CARRIED 3-1. CHARLES SELF OPPOSED.

DUNHAM GOODING MOVED THAT THE PFD RESCIND THE FIRST MOTION THAT RECOMMENDED THAT CITY COUNCIL REJECT BOTH BIDS.

MOTION CARRIED 3-1. CHARLES SELF OPPOSED.

Patricia recommended putting off agenda item 3 (the agreement with the Campaign for the Arts) until June 20.

Alan Dashen reviewed the Contingent Loan Agreement. He said that a higher bond amount will mean the PFD won't have any excess cash.

Yvonne asked about the streetscape part of the Art & Children's Museum bid. Patricia responded that the City will fund that portion of the project.

ADJOURNMENT

David Warren adjourned the meeting at 4:08 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant.

AGENDA

**BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT SPECIAL MEETING
MONDAY, JUNE 11, 2007
2:00 P.M. – 5:00 P.M.**

Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

Citizens may speak informally to the Board on subjects not scheduled for public hearing. Each speaker is allowed a maximum of three minutes. A copy of any written comments for the Board should be provided to the Administrative Assistant, preferably before the meeting.

BUSINESS

1. Review summary of bids submitted to the City of Bellingham for the construction of the Art & Children's Museum, Solicitation 32B-2007.
2. Review and consider action on Bridge Loan and Contingent Loan Agreement regarding financing for Art and Children's Museum and Mount Baker Theatre, by and between the City of Bellingham and the Bellingham-Whatcom Public Facilities District.
3. Discuss proposed agreement between the Bellingham-Whatcom Public Facilities District and the Campaign for the Arts related to various financial arrangements between the parties.

ADJOURNMENT

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**MINUTES OF THE PUBLIC MEETING OF THE
BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT
WEDNESDAY, MAY 23, 2007**

CALL TO ORDER

David Warren, Vice President, called the meeting to order at 2:06 p.m.

ROLL CALL

Board members present were Yvonne Bianchi, Dean Brett, Dunham Gooding, Charles Self, and David Warren.

OPEN PUBLIC COMMENT PERIOD

None.

APPROVAL OF MINUTES

Discussion:

Yvonne said that as a Bellingham Technical College Trustee, she applauds the board for approving the apprenticeship program. Dunham said he has not read the minutes.

**CHARLES SELF MOVED TO APPROVE THE MINUTES OF THE APRIL 25, 2007
REGULAR BOARD MEETING. DEAN BRETT SECONDED.**

Motion carried 4-0-1. Dunham Gooding abstained.

AGENDA REVIEW

The first two agenda items were reversed to allow for Dean Brett's input.

BUSINESS

1. BWPFD Capital Project Updates. Patricia explained the first two action items are related to design costs for the Mount Baker Theatre. i) Consider payment of additional design fees to LMN Architects in the amount of \$10,250 for acoustical work to be included in Phase II renovations to the Mount Baker Theatre. Most of the acoustical improvements will be paid out of a federal grant that was made to the City, managed by the Planning and Community Development Department. Initially, it was separate work. However, the installation of new acoustical curtains and an acoustical cloud could be impacted by the dust and debris associated with Phase II improvements. City Public Works staff said the acoustical contract would have to go through a competitive bid process because the grant was made to the City, not the Theatre. It is more efficient to include the work under the scope of Phase II. LMN's additional design fees are because they were not involved in the original evaluation and development of specifications. LMN Architects have been working with Jaffe Holden, the acoustical consultants who performed the acoustical analysis. There is a small amount in the \$120,000 federal grant that could cover some of LMN Architects' design fees.

Discussion:

Charlie is concerned about the acoustical work not being included in Phase II from the outset and the possibility of the PFD having to pay an additional cost. Patricia explained that the acoustical grant was received before the scope for Phase II was developed.

ii) Clarify intent of motion passed on October 25, 2006 approving release of funds for Construction Documents phase of MBT II by changing earlier estimate of \$240,000 to contracted amount of \$248,850. The Construction Documents phase amount of \$240,000 was an estimate in October. The actual amount in the contract was not finalized until November. The board's action would clarify the correct amount.

iii) Consider payment of additional design fees to Olson Sundberg Kundig Allen Architects (OSKA) in the amount of \$15,856.50 for security system design documentation, streetscape project coordination, and subconsultant fees related to value engineering. OSKA was asked to coordinate the streetscape project. The same contractor will perform construction of both the Art & Children's Museum and the streetscape improvements in the vicinity of the new building. Originally, the scope of the contract did not include security systems and there was an assumption that the security system work could be done separately. In fact it has to go through a competitive bid process. OSKA's fees are for incorporating the security system into the scope. The Art & Children's Museum Core Team recommends this extra design work.

Patricia concluded by saying the cost estimates on Mount Baker Theatre Phase II as of Design Development are below our estimate, including escalation through March 2008.

Discussion:

Dunham said the Core Team went through OSKA's fees and think they are fair. Tara Sundin remarked that if the MBT acoustical work was done first, during Phase II the improvements would need to be taken down, stored and then put back.

DUNHAM GOODING MOVED THAT THE BOARD APPROVE PAYMENT OF ADDITIONAL DESIGN FEES TO LMN ARCHITECTS IN THE AMOUNT OF \$10,250 FOR ACOUSTICAL WORK TO BE INCLUDED IN PHASE II RENOVATIONS TO THE MOUNT BAKER THEATRE. YVONNE BIANCHI SECONDED.

Motion carried 5-0.

DUNHAM GOODING MOVED THAT THE BOARD CLARIFY THE INTENT OF THE MOTION PASSED ON OCTOBER 25, 2006 BY CHANGING AN EARLIER ESTIMATE OF \$240,000 TO THE CONTRACTED AMOUNT OF \$248,850. CHARLES SELF SECONDED.

Motion carried 5-0.

DUNHAM GOODING MOVED THAT THE BOARD APPROVE PAYMENT OF ADDITIONAL DESIGN FEES TO OLSON SUNDBERG KUNDIG ALLEN ARCHITECTS IN THE AMOUNT OF \$15,856.50 FOR SECURITY SYSTEM DESIGN DOCUMENTATION, STREETScape PROJECT COORDINATION, AND SUBCONSULTANT FEES RELATED TO VALUE ENGINEERING. YVONNE BIANCHI SECONDED.

Motion carried 5-0.

2. BWPFD Administration, Financial Reports and Fundraising. Outline and initial discussion of Contingent Loan Agreement for 2007 bond issue. The City's bond counsel, Hugh Spitzer of Foster Pepper, financial advisor Alan Dashen, Therese Holm, Les Reardanz, Bob Carmichael and Patricia Decker have been working on drafting a Contingent Loan Agreement (CLA). The CLA puts the City in a position of co-signer. If the PFD cannot repay bonds, the City will pledge its full faith and credit to do so.

Therese distributed Alan Dashen & Associate's Bellingham-Whatcom Public Facilities District Limit Sales Tax Obligation Bonds, 2007 Schedule of Events as of May 10, 2007. Bids are due on the Art & Children's Museum on June 7, 2007. On June 18, City Council will read the ordinance for the CLA and approve the ordinance for first and second reading. The Art & Children's Museum construction bid is expected to be awarded that same day. June 20 is the date of the next BWPFD board meeting to review and approve the CLA and review and approve a written agreement between the PFD and the CFA. On July 15, City Council is due to approve the third and final reading of the ordinance. On July 25, the bond sale and approval thereof by the PFD is expected.

Alan reviewed the Financing Update & Overview of Contingent Loan Agreement dated May 23, 2007. The plan is that PFD sales tax revenues will be used to pay off the \$11.5 million in bonds. In 2004 the City issued Limited Tax General Obligation (LTGO) bonds for PFD, but this time the PFD will issue Limited Sale Tax Obligation (LSTGO) bonds, thereby protecting the City's debt capacity. The CLA will formalize the financial agreement between the City and the PFD.

Under the CLA, the City agrees to lend money to the PFD for bond payments; the PFD agrees to use the money to pay debt service on the bonds; and the PFD agrees to repay the City with interest based on the Interfund Loan policy. The PFD's revenues can come from sales and use tax, admission and parking tax, interest earnings, and CFA contributions.

The priority of payments is:

1. Debt service on the PFD bonds.
2. Debt service on the City 2004 bonds.
3. PFD administrative expenses.
4. Shortfalls in debt service repaying PFD bonds.
5. Shortfalls in debt service repaying City 2004 bonds.

6. Contingency Reserve Fund.
7. Bridge Loan for covering CFA pledges.
8. Operation and maintenance expenses.

Therese explained the Bridge Loan. Going forward with the PFD's capital projects now requires that the PFD receives the funds raised by the CFA for capital. The City will provide a Bridge Loan or gap financing for the amount needed by the PFD to complete the capital projects while it waits for the campaign funds to be raised over a 3 to 5 year period. The loan would be for up to \$2.5 million.

Alan distributed the Project Cash Flow showing a sales tax growth rate of 3.75%. This scenario means \$2,000,000 will be available after the sales tax revenue runs out.

Charlie is interested in looking at the last twenty years for sales tax comparison. Alan Dashen will research this.

The board discussed the need for a special meeting to review the CLA, the Agreement between the PFD and the CFA, and the bid results for the Art & Children's Museum. Dean and David want to know the bid results on June 7. (Dean left the meeting at this point). Patricia distributed the Art and Children's Museum Bid and Construction Contract Process Updated May 9, 2007.

Patricia suggested June 11, 2007 for a special board meeting date. She added that the bond issue could be put off until later if there's a bid problem. Charlie asked that the CLA be distributed to board members. The board could review the agreements at home before the special board meeting on June 11. (Dean returned to the meeting at this point). Robin and David could represent the PFD in CFA agreement meetings.

3. City of Bellingham and Whatcom County Activities and Issues. None.

4. Cultural District Stakeholders Activities and Issues. David went to the recent CFA meeting when there was a discussion of finances. He understands the heightened anticipation over the bid opening. Patricia understands the CFA is enthusiastic about a ground-breaking event. The PFD will include the CFA and Museum in any plans.

5. Public Awareness and Communication. A meeting with the CFA about communications and the Arts District website is expected to take place in the next few weeks. Dunham again brought up the public misunderstanding about the new building. Some people still think it is simply a Children's Museum. He would like this problem addressed at the next communication meeting.

ADJOURNMENT

David Warren adjourned the meeting at 4:36 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant.

AGENDA

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING

WEDNESDAY, MAY 23, 2007

2:00 P.M. – 5:00 P.M.

Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

Citizens may speak informally to the Board on subjects not scheduled for public hearing. Each speaker is allowed a maximum of three minutes. A copy of any written comments for the Board should be provided to the Administrative Assistant, preferably before the meeting.

APPROVAL OF MINUTES

ACTION: Approve minutes of the April 25, 2007 regular board meeting.

AGENDA REVIEW

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status: Outline and initial discussion of Contingent Loan Agreement for 2007 bond issue.
2. BWPFD Capital Project Updates.
 - i) **ACTION: Consider payment of additional design fees to LMN Architects in the amount of \$10,250 for acoustical work to be included in Phase II renovations to the Mount Baker Theatre (MBT II).**
 - ii) **ACTION: Clarify intent of motion passed on October 25, 2006 approving release of funds for Construction Documents phase of MBT II by changing earlier estimate of \$240,000 to contracted amount of \$248,850.**
 - iii) **ACTION: Consider payment of additional design fees to Olson Sundberg Kundig Allen Architects in the amount of \$15,856.50 for security system design documentation, streetscape project coordination, and subconsultant fees related to value engineering.**
3. City of Bellingham and Whatcom County Activities and Issues.
4. Cultural District Stakeholders Activities and Issues.
5. Public Awareness & Communication.

ADJOURNMENT

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**MINUTES OF THE PUBLIC MEETING OF THE
BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT
WEDNESDAY, APRIL 25, 2007**

CALL TO ORDER

Robin Halliday, President, called the meeting to order at 2:00 p.m.

ROLL CALL

Board members present were Dean Brett, Robin Halliday, Charles Self, Brent Walker and David Warren. Dunham Gooding joined the meeting at 2:15 p.m.

OPEN PUBLIC COMMENT PERIOD

None.

APPROVAL OF MINUTES

CHARLES SELF MOVED TO APPROVE THE MINUTES OF THE MARCH 28, 2007 REGULAR BOARD MEETING. DAVID WARREN SECONDED.

Motion carried 5-0.

AGENDA REVIEW

No changes.

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising. Therese Holm gave a financial report for the first quarter of 2007. The Public Facilities District Operating Statement dated March 2007 was distributed, together with Notes to accompany financial report. The sales tax rebate was 1% greater than the first quarter of last year. Building permits tend to be a pre-cursor for other tax revenues. The first quarter represents sales tax revenue from November, December and January. Total revenue is 4% greater than last year. Expenditures of \$93,000 for the first quarter are for Art & Children's Museum design costs.

Patricia reviewed with the board the BWPFD Policy Considerations for exceptions to parking fees at 104 N. Commercial Street for Whatcom Symphony Orchestra (WSO) musicians during rehearsals: 3-28-07 request. If the agreement with the WSO goes ahead, a report will be provided to the board before next season. Bond counsel has approved this use for the one year trial period.

DUNHAM GOODING MOVED TO APPROVE THE PARKING POLICY RELATING TO THE REQUEST BY THE WHATCOM SYMPHONY ORCHESTRA TO USE THE PARKING LOT AT 104 N. COMMERCIAL STREET AT NO COST FOR MUSICIAN REHEARSALS, ON A ONE YEAR TRIAL BASIS. DAVID WARREN SECONDED.

Motion carried 6-0.

2. BWPFD Capital Project Updates. On April 3, Robin and Sylvia Haggen met with Jim Olson and Stephen Yamada-Heidner of Olson Sundberg Kundig Allen Architects in Seattle, to look at the plans and the Light Catcher. Robin and Sylvia also met with Jeff McClure, who asked them if they would sit on a committee for Furniture, Fixtures and Equipment (FF&E) for the Art & Children's Museum.

Mark Handzlik, lead project engineer on the Art & Children's Museum, is working with the architects to put together the bid packet, which will be advertised on May 3 for five weeks. There will be one bid proposal for the project with two separate parts, Schedule A and Schedule B, one for construction of the Art & Children's Museum and the other for streetscape work in front of the Art & Children's Museum. This approach is being used because the streetscape project is not as far along as the Art & Children's Museum project. The successful bidder will be contracted for construction of both the Art & Children's Museum and the streetscape improvements. The construction will be funded by the PFD and the streetscape portion will be funded by the City. Bids will be reviewed and the lowest responsive, responsible bid will be identified. The schedule calls for the City Council to award the bid at their June 18 meeting.

Patricia proposed the June board meeting be changed from the 27th to the 20th. The board agreed to the schedule change.

Discussion:

Robin asked when groundbreaking would occur. Mark Handzlik responded that it takes about two weeks for the contractor to arrange for bonding and one week for routing the contract for City signatures. The next step would be a pre-construction meeting followed by a notice to proceed. Mark estimated it would take about forty-five days after Council approval. Patricia will get a more specific schedule of the project to the board. Demolition is part of the contract and as much as possible of the building and its contents will be recycled. The BWPFD and CFA would like to have a groundbreaking event.

Dunham asked about time parameters included in the contract for completion of the project. Construction is estimated to take 14 months. Mark said liquidated damages of \$500 per day are charged if the contractor goes beyond the completion date. Bob Carmichael added that enforcing liquidated damages is very difficult.

Robin referred to the Memorandum to the Bellingham-Whatcom Public Facilities District dated April 19, 2007 regarding board action on a Pilot Apprenticeship Program for the Art & Children's Museum and asked that the board make a decision on this item today.

Discussion of importance of apprenticeship program:

Robin asked the board to consider that there is a need to train young people in the skilled trades area. She added that participation by the contractor in this proposed

program is voluntary. The State has a requirement that 15% of labor hours on State projects over \$5 million are apprentice labor hours.

Patricia said that the incentive will be based on the actual labor hours worked without regard to percentage. The amount of \$30,000 will be set aside for up to 10,000 hours of apprentice labor at an incentive payment of \$3 per hour.

Discussion on apprenticeships in general:

Charlie is concerned about the cost and the potential for diluting the BWPFD's mission by making social statements. Dunham said a shortage of young people getting into the trades will not be helped by an apprenticeship program. He feels the onus is on the employer to recruit young workers and that providing an apprenticeship program could be seen as subsidizing industry. Patricia responded that in order to become a journeyman, one has to have work experience, which the apprenticeship program would provide. Brent feels that providing a financial incentive is going in the wrong direction, especially given the recent value engineering process on the A& CM project.

David thinks the apprenticeship program should be mandatory, given the crisis in construction industry. He feels the program is in line with the BWPFD's mission to provide education and opportunities. Dunham asked why there is a crisis in the construction industry. David says the construction industry assumed there would always be a pool of employees available but that technology has drawn young people away from traditional trades. Dunham doesn't see how an apprenticeship program can help the root of the problem. David said the PFD can't solve the problem, but by its action today, the board sends a message and makes a statement about believing in our community.

Mark clarified that prevailing wages need to be paid to apprentices on public works projects. Privately financed projects do not have the prevailing wage requirement. Dean's opinion is that the Art & Children's Museum project could be viewed as a subsidy of education for children and something the market just doesn't address. He said that if we can subsidize teaching children and our citizens about arts and culture for \$15 million, we can afford to teach blue collar workers how to do their jobs better for \$30,000.

Therese said it is a little disconcerting to the CFA and the City Council to state first that the A&CM project will cost about \$12.7 million and then go back to say it will cost an additional \$30,000. It would be better to absorb the \$30,000 in the \$12.7 million budget. Patricia noted that \$30,000 represents 2/10 of 1% of the project. Therese clarified that the apprenticeship program is scheduled to go to Council on April 30. Patricia added that although a blue ribbon committee was formed to look at apprenticeship programs back in 2004, this matter has not gone to City Council before.

DEAN MOVED TO ADOPT THE PROPOSAL TO ALLOW THE VOLUNTARY APPRENTICESHIP PROGRAM AS LAID OUT IN THE MEMORANDUM TO THE

**BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT DATED APRIL 19, 2007.
DAVID WARREN SECONDED.**

Discussion:

Dunham asked if the apprenticeship program matter would go before City Council if the PFD didn't approve it. Patricia said the matter would not go to City Council unless the PFD recommends it. She added that the bids will not reflect whether or not the contractor intends to participate in the apprenticeship program. Robin said that PFD dollars will be used for the program. Dean thinks the community would support an apprenticeship program. Robin compared the apprenticeship program decision with that made on the LEED design components of the Art & Children's Museum.

Motion carried 4-2, Charles Self and Brent Walker opposed.

Mount Baker Theatre Lighting Project: The Historic Preservation Commission provided helpful input and agreed with the consultant's recommendations and the project is moving forward.

Mount Baker Theatre Phase II Renovations: The Fire Marshal asked to incorporate a dry fire suppression system in the dome area. This will add a cost to the project. A cost estimate for Phase II will be available after Design Development, in a month or two. Patricia will get information to the board as soon as it is available.

3. City of Bellingham and Whatcom County Activities and Issues.

4. Cultural District Stakeholders Activities and Issues.

5. Public Awareness and Communication. Dunham is concerned about the public's misunderstanding about what the BWPFD is building. Some still think it is simply a Children's Museum. Robin mentioned there will be a communications meeting with the Campaign for the Arts next week. Patricia has updated the Arts District Survey to include the responses of the American Museum of Radio and Electricity. Patricia noted the Whatcom Museum Society received a grant of \$20,000 from the Tourism Commission to put together a website for the Bellingham Arts & Cultural District. It will provide links to all the arts and cultural organizations in the downtown corridor and will include an interactive map. The consultant is Web Rodeo, managed by Karen and Warren Hauer.

ADJOURNMENT

Robin Halliday adjourned the meeting at 3:50 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant.

AGENDA

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING
WEDNESDAY, APRIL 25, 2007
2:00 P.M. – 5:00 P.M.
Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

Citizens may speak informally to the Board on subjects not scheduled for public hearing. Each speaker is allowed a maximum of three minutes. A copy of any written comments for the Board should be provided to the Administrative Assistant, preferably before the meeting.

APPROVAL OF MINUTES

ACTION: Approve minutes of the March 28, 2007 regular board meeting.

AGENDA REVIEW

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status.
ACTION: Consider parking policy relating to request by Whatcom Symphony Orchestra to use the parking lot at 104 N. Commercial at no cost for musician rehearsals.
2. BWPFD Capital Project Updates.
ACTION: Consider apprenticeship pilot program for the Art & Children's Museum project.
3. City of Bellingham and Whatcom County Activities and Issues.
4. Cultural District Stakeholders Activities and Issues.
5. Public Awareness & Communication.

ADJOURNMENT

FOR CITIZENS WITH SPECIAL NEEDS, the Mayor's Boardroom is fully accessible. Elevator access to the second floor is available at City Hall's west entrance. Hearing assistance is available in the Mayor's Boardroom and a receiver may be checked out through the clerk prior to the meeting. For additional accommodations, persons are asked to contact Alison Henshaw at 738-7451 at least 3 working days in advance of the meeting. Thank you.



**MINUTES OF THE PUBLIC MEETING OF THE
BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT
WEDNESDAY, MARCH 28, 2007**

CALL TO ORDER

Robin Halliday, President, called the meeting to order at 2:08 p.m.

ROLL CALL

Board members present were Yvonne Bianchi, Dunham Gooding, Robin Halliday, Charles Self, Brent Walker and David Warren. Dean Brett joined the meeting via telephone at 2:15 p.m.

OPEN PUBLIC COMMENT PERIOD

None.

APPROVAL OF MINUTES

YVONNE BIANCHI MOVED TO APPROVE THE MINUTES OF THE FEBRUARY 28, 2007 REGULAR BOARD MEETING. BRENT WALKER SECONDED.

Motion carried 6-0.

AGENDA REVIEW

None.

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status. Patricia distributed the Arts District Survey – Summary of Responses. Stakeholders were asked five survey questions about the Arts District, including each group's mission.

Therese Holm reviewed the Public Facilities District Operating Statement dated December 2006. Revenues were \$1.3 million, expenditures were \$1.46 million, and the ending balance was \$4.8 million.

Therese then discussed the Statement of Net Assets dated December 31, 2006. There are current assets of \$4.8 million and capital assets of \$8.8 million. There is \$9.2 million owed for bonds, which will be paid off with state sales tax rebate through 2027. Net assets are \$4.4 million.

Patricia distributed the Bellingham/Whatcom Public Facilities District Funding Outline dated March 28, 2007 and the Joint Memorandum of Understanding between and among the City of Bellingham, the Whatcom Museum Society, the Mount Baker Theatre, the Bellingham-Whatcom Public Facilities District, and the Campaign for the Arts (MOU). Patricia explained that at joint meetings on March 13 and March 27, 2007,

the groups worked out a funding plan for both projects, which is reflected in the agreements contained in the MOU.

Therese discussed the Funding Outline, which includes the same elements of the Joint Memorandum of Understanding, but separates capital from the operating costs. The Art & Children's Museum is estimated to cost \$12.7 million and Mount Baker Theatre Phase II is expected to cost \$7.1 million in future costs. The PFD will provide the largest share of the funds to pay for the projects. It has about \$4.4 million in remaining bond proceeds and unrestricted cash. The PFD expects to issue a bond to provide \$11.5 million for project costs in 2007, which will be repaid by the state sales tax rebate. The City will provide a contingent guaranty for the bonds. The Campaign for the Arts (CFA) has pledged \$4 million for capital expenses, which includes \$1.2 million in state grants. Almost \$2 million of the \$2.8 million has been pledged. The PFD has essentially asked the City to provide a "bridge loan" over the period of fundraising and collection. In case the funds are not raised, the City would have to use general funds or Real Estate Excise Tax funds to repay the bridge loan. The Museum Society has agreed to provide funds for furniture, fixtures and equipment (FF&E) of \$1 million for the new museum building.

Discussion:

Dunham is pleased with the efforts of the parties. Charlie asked if the CFA was on board with the FF&E. Patricia responded that they are, and that the \$1 million will be raised separately outside of the campaign. Charlie asked about the assets of the Museum Society. Patricia said that is included in the MOU. Brent asked why the bonds were increased from \$10 million to \$11.5 million. Therese said that with City Council approval, the City would be asked to take on the risk that the sales tax revenues would grow at a somewhat higher rate of 3.75% than the more conservative assumption of 3%.

Therese continued with the Funding Outline. In terms of facility operating costs, the Mount Baker Theatre has an agreement with the City whereby the City uses its hotel/motel taxes to provide operating funds to the theatre at \$231,000 in 2005 plus annual CPI increases, and assumes the intent to renew the agreement every 5 years. The CFA has raised \$1.2 million for theatre operating endowment. The City expects to continue budget support for Museum operations at the current level of funding, which in 2007 is \$1.4 million. The Museum Society expects to continue to provide about \$500,000 per year for museum operations. The CFA has pledged to raise \$3 million for a Museum operating endowment, which would generate about \$150,000 annually for Museum operations. The PFD would dedicate sales tax rebate revenue in excess of amount needed for bond payments toward Museum operations based on a Museum business plan.

Patricia discussed those elements of the Memorandum of Understanding, which were not otherwise described in the Funding Outline. The CFA's goal is \$8.6 million with \$4.4 for capital and \$4.2 for endowment, with the understanding that increased revenues raised by the CFA will go toward building up the theatre's endowment to as much as \$3

million. The PFD's contribution towards the Museum operating costs will be revisited once the results of the business plan are known.

Discussion:

Charlie noted that there was no escalation built into the City's level of support to the Museum. Patricia responded that any escalation would be a point for future negotiation. David is nervous about committing excess PFD funds towards Museum operations. Patricia said this question will be reviewed by the parties once the business plan is completed, and that the MOU is simply a commitment of the parties to move forward. Charlie added that the MOU is non-binding.

Les Reardanz talked about the business plan, saying that the Museum is hiring Anne Butterfield, a museum professional consultant with 30 years experience of museums of various types. Her work will include spending 5 days with Museum staff, three public presentations and a business plan.

Therese commented that the proposed MOU meets the City's goals of maintaining existing facilities, financial sustainability of the new Museum facility, minimizing the City's financial exposure and maintenance of City services.

David is pleased to see the tremendous level of work and trust shown in the MOU. Robin enjoyed the willingness and support from each of the groups as well as the high level of trust and commitment.

Patricia concluded the MOU discussion with timelines. The Museum Society expects to seek grant funding for the FF&E after July 1, 2008. The City and the PFD expect to advertise for bids for the construction of the Art & Children's Museum in April or early May 2007, with construction planned for 2007 and extending through much of 2008. The City and the PFD expect to advertise for bids for the construction of Mount Baker Theatre Phase Two renovations in the winter of 2007, with construction scheduled between March and November of 2008.

i) Robin said a comprehensive business plan of the Museum is needed and the PFD is being asked to contribute to the cost of the development of that business plan. The cost of the business plan is estimated at \$30,000 - \$35,000. Robin proposed that the PFD invest \$5,000 towards the business plan.

DAVID WARREN MOVED TO APPROVE PAYMENT OF \$5,000 TOWARDS THE MUSEUM BUSINESS PLAN. YVONNE BIANCHI SECONDED.

Motion carried 7-0.

(Dean Brett left the meeting at this point).

ii) Robin asked the board to approve her signing the MOU.

DUNHAM GOODING MOVED TO AUTHORIZE PFD PRESIDENT ROBIN HALLIDAY TO SIGN A NON-BINDING JOINT MEMORANDUM OF UNDERSTANDING BETWEEN AND AMONG THE CITY OF BELLINGHAM, THE WHATCOM MUSEUM SOCIETY, THE MOUNT BAKER THEATRE, THE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT, AND THE CAMPAIGN FOR THE ARTS. CHARLES SELF SECONDED.

Motion carried 6-0.

iii) Patricia received a request from Pat Rowe, who is no longer with the Whatcom Symphony Orchestra (WSO). Mary Passmore is representing the WSO in this request. Musicians at the MBT who play for the WSO are not paid and they come to rehearsals. They would like to be able to park in the parking lot right next to the theatre for rehearsal nights only and only when the theatre doesn't have another performance either in the Studio Theatre or the main stage. Patricia mentioned the exception the board made for the Mount Baker Theatre's Gala. She also mentioned that the board did not want to make an exception for First Baptist Church because that didn't seem consistent with the mission of the PFD.

Patricia developed a policy based on feedback she got from Diamond Parking. If we can do this without significant impact on administrative or management time by Diamond Parking or by PFD staff, it seems to be a reasonable request. Action would be based on an agreement that would be followed by a request for a specific number of permits a week before they want them to take effect for this season. We would look at it at the end of the season, which is in mid-May, and then we would consider it again beginning in September the first Tuesday after Labor Day.

Discussion:

David asked if this could be seen as a gift of public funds. Bob Carmichael didn't think so. Robin is concerned about the possible effect on the tax exempt bonds. Dunham asked if it would be a big help to the WSO Mary said it would. The item will be reviewed by bond counsel.

DAVID WARREN MOVED TO APPROVE USE OF THE PARKING LOT AT 104 N. COMMERCIAL STREET BY THE WHATCOM SYMPHONY ORCHESTRA AT NO COST SUBJECT TO REVIEW BY BOND COUNSEL AND APPROVAL OF A POLICY. BRENT WALKER SECONDED.

Motion carried 6-0.

2. BWPFD Capital Project Updates. Robin and Sylvia Hagen are to meet with Stephen Yamada-Heidner and Jim Olson of Olson Sundberg Kundig Allen Architects on Tuesday, April 3, 2007. Robin will report back after visit to OSKA. Patricia reported that the Public Works department has gone out for prequalification for glass and steel wall contractors for the building of the Light Catcher.

3. City of Bellingham and Whatcom County Activities and Issues. Tara Sundin reported that the consultant team is refining the concepts of the Arts District, strengthening the connections between the arts facilities. There will be cobra-style lighting at intersections and white light pedestrian-scale fixtures mid-block. Mock-ups will be put on Grand Avenue between Champion and Flora. The Parks department helped pick a different species of tree for each street in the District, with bigger trees on Grand Avenue given its wider right-of-way. A local artist could design the tree grates, which could be made by a foundry in Seattle. Temporary art in the District would involve hiring a curator to distribute pieces throughout the District. Priorities for implementation of the streetscape are Bay and Holly and the plaza area at the Art & Children's Museum. The rain garden concept is still being considered. At Bay & Holly there will be a vertical element on each side of Bay, like a gateway to the Arts District. The slip lane from Holly to Bay will be eliminated. Businesses on Champion Street want to widen their sidewalk from 9 feet to 17 feet, while eliminating on-street parking on that half block. The sidewalk widening project may happen by the end of the year, followed by outdoor seating, landscaping, and introduction of the light standards. Downtown Sounds operates in an alley which the City will resurface.

4. Cultural District Stakeholders Activities and Issues. Robin recommended board members read the survey summary. Yvonne noted the broad base, different perspectives and "voices" of the responses.

5. Public Awareness and Communication. The PFD is working with CFA on communications. The Communication Committee will continue to work on a combined public event and the groundbreaking at 216 Grand. The stakeholders who participated in the survey would like to join in the event. Robin explained that the written piece will inform the public and may be published in newspaper. The video could be played on Channel 10. The Public Works department will film construction of Art & Children's Museum – but that won't be ready until end of project.

Dunham said the video should make the community excited about the Arts District and it should be effective for the CFA if the viewer gets a sense that the Arts District is great for families and young people, as well as the positive economic effects and a sense of identity. Yvonne sees the video as a sales tool.

Les reported on the Museum Director search. The advertisement is out on the website of the City and of the American Association of Museums. The Human Resources department has received enquiries already. The position will be advertised through April 30, 2007, with selection of finalists in May, interviews and a public process in June, and an offer in mid June.

ADJOURNMENT

Robin Halliday adjourned the meeting at 3:41 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant.

AGENDA

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING
WEDNESDAY, MARCH 28, 2007
2:00 P.M. – 5:00 P.M.
Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

Citizens may speak informally to the Board on subjects not scheduled for public hearing. Each speaker is allowed a maximum of three minutes. A copy of any written comments for the Board should be provided to the Administrative Assistant, preferably before the meeting.

APPROVAL OF MINUTES

ACTION: Approve minutes of the February 28, 2007 regular board meeting.

AGENDA REVIEW

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status.
 - i) **ACTION: Consider request by the City of Bellingham to authorize payment of \$5,000 towards a museum specialist's fee for creation of a long-range business plan for the Whatcom Museum of History & Art.**
 - ii) **ACTION: Consider authorizing PFD President Robin Halliday to sign a Memorandum of Understanding including PFD commitment to funding and timelines for museum and theatre projects.**
 - iii) **ACTION: Consider request by Whatcom Symphony Orchestra to use the parking lot at 104 N. Commercial at no cost for musician rehearsals, including policy considerations for related requests.**
2. BWPFD Capital Project Updates.
3. City of Bellingham and Whatcom County Activities and Issues.
4. Cultural District Stakeholders Activities and Issues.
5. Public Awareness & Communication.

ADJOURNMENT

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**MINUTES OF THE PUBLIC MEETING OF THE
BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT
WEDNESDAY, FEBRUARY 28, 2007**

CALL TO ORDER

Robin Halliday, President, called the meeting to order at 2:05 p.m.

ROLL CALL

Board members present were Yvonne Bianchi, Dean Brett, Dunham Gooding, Robin Halliday, and Brent Walker.

OPEN PUBLIC COMMENT PERIOD

None.

APPROVAL OF MINUTES

YVONNE BIANCHI MOVED TO APPROVE THE MINUTES OF THE JANUARY 24, 2007 REGULAR BOARD MEETING. BRENT WALKER SECONDED.

Motion carried 5-0.

AGENDA REVIEW

None.

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status. In their letter dated February 6, 2007, Start Here Community Arts requested to use the building at 216 Grand Avenue from March 24 through May 12, 2007 for preparing costumes for this year's Procession of the Species parade. The group rented the building last year. Patricia added that the PFD's policy is that no rent is charged if the group isn't making money; however the group must cover liability insurance and pay utilities.

DEAN BRETT MOVED TO APPROVE USE OF THE BWPFD-OWNED BUILDING AT 216 GRAND AVENUE BY START HERE COMMUNITY ARTS FOR PROCESSION OF THE SPECIES COSTUME PREPARATION, FROM MARCH 24 THROUGH MAY 12, 2007, AND AUTHORIZE THE PRESIDENT'S SIGNATURE ON A FACILITY USE AGREEMENT WITH START HERE COMMUNITY ARTS AND WHATCOM MUSEUM SOCIETY ALLOWING RENT-FREE USE OF SAID BUILDING, SUBJECT TO PAYMENT OF UTILITIES AND INSURANCE COVERAGE FOR THE PERIOD OF OCCUPANCY, AND SUBJECT TO APPROVAL OF THE DISTRICT'S LEGAL COUNSEL. DUNHAM GOODING SECONDED.

Motion carried 5-0.

2. BWPFD Capital Project Updates. Patricia distributed Bellingham-Whatcom Public Facilities District Estimated Capital Sources and Uses of Funds document dated February 28, 2007. She pointed out that for capital fundraising, there is \$2 million attributed to the Campaign for the Arts and \$1 million attributed either to the Building for the Arts grant or to the Museum's building assets. It includes updated construction costs, design fees and soft costs following value engineering.

Discussion:

Dean is concerned about the shortfall. He missed the January meeting but recalled that at the December meeting the shortfall was \$1.5 million, now it is \$2.1 million. Robin reported that the Art & Children's Museum Core Team looked at value engineering items and reduced the construction costs by \$562,300, while Olson Sundberg Kundig Allen Architects' fees increased by \$39,000 to make those changes, as well as the program adjustments requested by Museum staff. Boards of the MBT, Museum, PFD, and CFA met and spent time building a timeline for all the projects. Robin says there will be a joint, four-hour facilitated meeting in March for brainstorming and finding solutions to move projects forward and keep the campaign moving. Robin said she and Brent Walker have been meeting regularly with the CFA and she is confident all groups are on the same page.

Patricia explained that the \$1 million FF&E for the Art & Children's Museum has been moved from potential sources to costs. The CFA is committed to raising \$8.6 million. Dunham recalled Tom Livesay saying he anticipated the FF&E would be paid for by grants outside of the campaign money. Dunham said there are two positive things to keep in mind about funding. First, a number of the people on the fundraising committee expect to be able to raise more than \$2 million in capital funds. However it is not constructive to change the fundraising goal and make it a moving target. It's better to surpass the original goal. Second, with regard to endowments and paying for ongoing operations, once the new Art & Children's Museum is constructed and operational, it will be a magnet for donations. The professional fundraising teams on the Museum and Theatre projects have stated it is the norm for vastly improved facilities to inspire significant growth in an organization's membership and annual giving at a significantly higher level than ever seen before.

Patricia gave an update on the Art & Children's Museum, saying there are images available from Olson Sundberg Kundig Allen of the interior of the building. The Core Team will meet on March 1 to discuss the bid process and pre-qualification of glass. Robin is planning a trip with Sylvia Haggren in the near future to the offices of Olson Sundberg Kundig Allen Architects in Seattle, and once a date is set, she will invite board members to come along.

Patricia said the Mount Baker Theatre Phase Two Core Team will meet on March 14 to look for savings, phase improvements, and identify base bid items and bid alternates.

The Mount Baker Theatre Lighting Project is moving forward. The contractor is to start work as soon as the contract is signed, while coordinating with the Mount Baker Theatre

schedule. The City, MBT and PFD are working on a federal acoustics grant from the Department of Housing and Urban Development for \$120,000. City Planning will manage the grant for this work, which will be folded into Phase 2 and includes aprons, curtains, and dampening materials. It has already gone through historical review.

The internal staff team has been meeting with the design team on the Streetscape/Flora District to discuss the nature of the art, light fixtures and streetscape design. Design is moving forward for sidewalk widening on Champion Street. Patricia said another presentation to the BWPFD board on the streetscape project would be useful once the team has something to report.

Discussion:

Dean asked what the expected timeline is for going to bid on the Art & Children's Museum. Patricia says that will be part of the four-hour meeting on March 13, but she expects it will happen in May. The discussions will be about: 1) the capital funding gap; 2) CFA pledges/cash-on-hand; 3) a business plan for the Museum; and 4) the sustainable operation of the new building. Dean suggested adding to the considerations the construction cost of the Art & Children's Museum. Patricia said it would be hard for the City to go to bid without the wherewithal to award the bid. Robin said there is a window for decisions in April and May. The joint meeting will have a facilitator whose fees will be split among the five groups, including the PFD.

Dunham asked that at the joint meeting, the City be reminded that the PFD approached the funding situation with great care. The PFD asked the fundraisers to reach \$3 million by February 28, 2006 to give the PFD confidence to go forward – and the CFA met that benchmark. Dunham added that the PFD's business decisions were calculated with great care and reflected the conservative nature of much of the board. Dunham asked for respect, creativity and resourcefulness from the groups in addressing the funding gap. If all the work on the projects cannot be done at once, then it should be done in phases. He concluded that the PFD took careful consideration before it committed to the construction drawings phase of the Mount Baker Theatre Phase Two renovations, believing it was an important step, demonstrating continued commitment to the Theatre projects and giving the fundraisers an important tool for success. He noted that the PFD Board has not made any commitment on a date for moving forward with actual construction for Phase 2 of the Theatre.

Dunham hopes the joint committee keeps it clearly before them the fact that the construction in the Theatre and of the Art & Children's Museum will have impacts far beyond those organizations themselves. The expanded programming in those institutions plus the sense of place created in the Arts District will be a magnet for people and economic activity. The positive economic impacts for the community will be very significant because of the creation of a vital core, redevelopment within it, spending by residents, and spending by a significantly higher level of tourism. In searching for money to complete those projects, we have to keep in mind that we are spending for broad economic benefit, not simply for two buildings.

Robin's sense is that the City understands the timing. The PFD is providing the City with the fundraising feasibility study from The Alford Group. Therese responded that the City has a better understanding of the capital fundraising campaign. More revenue will need to be found or the projects will need to be phased. The City wants certainty about the fundraising campaign and a workable solution.

3. City of Bellingham and Whatcom County Activities and Issues. A fourth quarter narrative and financial report for 2006 will be submitted to City and County Council, Mayor Douglas and Executive Kremen.

4. Cultural District Stakeholders Activities and Issues. A joint meeting of the boards of the Museum, MBT and CFA was held on February 1, 2007.

5. Public Awareness and Communication. The Communication Committee met with Ken and Gaye to discuss the CFA's communication needs, to see where needs overlap, and to provide a clear message. The committee also pulled together the Arts District stakeholders for a couple of meetings. The next meeting will include property and business owners. The committee prepared a survey, asking what the Arts District means and how it relates to each stakeholder's mission. Patricia is analyzing the responses of the survey and will share information and quotes with the board. The website could be used to promote the survey results. The survey is a first step before putting together a video and written piece.

Some time ago, Dean talked to Tom Livesay about giving the public an idea of the Art & Children's Museum's potential. Six months ago Rand Jack carved a cedar pole into a totem pole that tells the story about Whatcom County. Dean talked to Tom Livesay about making an acquisition and gift of that pole to the Whatcom Museum of History & Art, eventually to be installed in the Art & Children's Museum. Dean has been working through the Museum's acquisitions committee and talked to Jeff McClure. The pole would be an iconic piece that could be put in a public place such as the rotunda of the courthouse to make people aware of the Art & Children's Museum and to promote fundraising. Robin complimented Dean on his fundraising idea and suggested he talk to Ken and Gaye about this.

Dunham reported that he, Patricia and Robin were invited to meet with the consultant who has been hired to conduct the search for a new museum director.

Dunham noted with sadness the passing of former board member Jerry Chambers. Board members joined him in appreciation for Jerry's many contributions to the work of the Public Facilities District.

ADJOURNMENT

Robin Halliday adjourned the meeting at 3:08 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant.

AGENDA

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING
WEDNESDAY, FEBRUARY 28, 2007
2:00 P.M. – 5:00 P.M.
Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

Citizens may speak informally to the Board on subjects not scheduled for public hearing. Each speaker is allowed a maximum of three minutes. A copy of any written comments for the Board should be provided to the Administrative Assistant, preferably before the meeting.

APPROVAL OF MINUTES

ACTION: Approve minutes of the January 24, 2007 regular board meeting.

AGENDA REVIEW

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status.
ACTION: Consider request by the Community Art Studio to use the building at 216 Grand Avenue from March 24 through May 12, 2007 for preparing costumes for this year's Procession of the Species parade.
2. BWPFD Capital Project Updates.
3. City of Bellingham and Whatcom County Activities and Issues.
4. Cultural District Stakeholders Activities and Issues.
5. Public Awareness & Communication.

ADJOURNMENT

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**MINUTES OF THE PUBLIC MEETING OF THE
BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT
WEDNESDAY, JANUARY 24, 2007**

CALL TO ORDER

Robin Halliday, President, called the meeting to order at 2:08 p.m.

ROLL CALL

Board members present were Yvonne Bianchi, Dunham Gooding, Robin Halliday, Charles Self, Brent Walker and David Warren.

OPEN PUBLIC COMMENT PERIOD

None.

APPROVAL OF MINUTES

DAVID WARREN MOVED TO APPROVE THE MINUTES OF THE DECEMBER 20, 2006 REGULAR BOARD MEETING. YVONNE BIANCHI SECONDED.

Motion carried 6-0.

AGENDA REVIEW

None.

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status. i) Patricia mentioned the request by the Mount Baker Theatre (MBT) to use both BWPFD-owned parking lots for valet parking for their Gala event on March 9, 2007 after 5 p.m. Diamond Parking has no objection to the request, but is asking to be listed as an additional insured under MBT's liability insurance policy. The BWPFD is already an additional insured under that policy. Bob Carmichael suggested that an indemnification agreement be used to cover the BWPFD's interests, and asked Brad Burdick to check the provisions of the Lease between the BWPFD and the Mount Baker Theatre.

DAVID WARREN MOVED THAT THE BOARD APPROVE THE REQUEST BY THE MOUNT BAKER THEATRE TO USE THE PARKING LOTS AT 216 GRAND AVENUE AND 104 NORTH COMMERCIAL STREET FOR VALET PARKING DURING THE THEATRE'S GALA EVENT ON MARCH 9, 2007 AFTER 5 P.M., SUBJECT TO BWPFD'S INSURANCE AND INDEMNIFICATION CONDITIONS BEING MET BY THE MOUNT BAKER THEATRE. BRENT WALKER SECONDED.

Motion carried 6-0.

ii) The Campaign for the Arts (CFA) has rescheduled the joint meeting of the CFA,

Mount Baker Theatre, and Whatcom Museum Society boards for 4:30 p.m. on February 1, 2007 in the Encore Room at the Mount Baker Theatre.

Discussion:

Dunham is pleased that the Mayor and Les are taking a fresh look at management and operations of the Museum, but believes the BWPFD has already done due diligence. Dunham is concerned about the possibility that the City may duplicate what has already been done, causing a delay in the project. He added that the BWPFD is satisfied with the results of the Skramstad study commissioned by the Museum Society in June 2004. Finally, the CFA achieved by February 2006 the \$3 million benchmark set by the BWPFD. Dunham considers any further delay in the projects will be detrimental to the fundraising effort.

Robin agreed that the BWPFD board wants to move ahead, knowing that it needs to close the funding gap.

Patricia said the City doesn't want to build a new facility unless it can cover operations and maintenance, whether by existing City funds, existing City and Museum Society funds, or private fundraising. The purpose of the \$3 million endowment is to cover the increased operating costs. The City and Museum Society have met several times to look at how a new building will influence operations, including the number of employees and their responsibilities. The joint services agreement between the City and the Museum Society needs to be updated, and this is going on concurrently with the PFD process. Before beginning the bid process for the construction of a new building, the Mayor and City Council need to know where the funds are to operate and maintain the building. The Mayor and Les intend to move forward on the operations analysis so as not to hold up the Art & Children's Museum project.

Robin suggested the board return to this discussion after the capital projects update.

2. BWPFD Capital Project Updates. Regarding the Art & Children's Museum, staff distributed the "Accepted Value Engineering Items" dated January 24, 2007 from Olson Sundberg Kundig Allen Architects (OSKA). Jeff McClure reported that the amount usually identified in the Value Engineering process is 5%. In this case, cutting certain design elements from the project saved about 6%. The Core Team is confident that these items are not essential and wouldn't substantially impact the ability of the Art & Children's Museum to be iconic.

The item that saves the most is the reduction in the mass of the glass Lightcatcher, including reduced height and wall extensions and increased internal openings. Although the architects had suggested as another alternative replacing the glass with acrylic, acrylic doesn't last as long, has added maintenance requirements and could "yellow" over time.

Dunham reported that pigment in the floors was left in some places, and taken out in others. The courtyard water features were taken out. Les added that the south wing of

basement could be finished out later. The Core Team wants to keep items 2 (gallery theatrical light and dimming) and 6 (light monitors at gallery) as add alternates.

OSKA and the structural engineer are looking at expanding the usable area of the Children's Museum, exploring the potential for multiple level exhibit areas, including a temporary or permanent mezzanine.

Patricia has alerted the Mount Baker Theatre Phase 2 Core Team and LMN Architects that they will also need to go through the scope of planned improvements and identify similar ways to reduce costs and distinguish base bid and bid alternate items during the Design Development process.

Patricia reported on the MBT Lighting Project. An add alternate has been included in the scope. The State grant will cover the project.

Robin read the letter of intent from the Campaign for the Arts dated January 23, 2007. The CFA's goal is to raise a total of \$8.6 million over the course of the next three years. The breakdown of this amount is as follows: Mount Baker Theatre Endowment Fund \$3 million; Whatcom Museum of History & Art and Children's Museum Endowments \$3 million; Capital Projects \$2 million and Campaign Expenses \$600,000 (if needed).

David Warren is concerned about the timing of the Art & Children's Museum construction. Mark Handzlik has already received inquiries from contractors interested in the project. If the project is delayed, it will cost more in building materials.

Continued discussion about Museum Operations. The City Council and Mayor need to pledge resources to back the BWPFD bond issue. Les said the City needs to look at the operations of the museum because after building the new facility, the BWPFD will hand over the management of the building to another entity. The City needs to find out if the endowment will cover increased operational costs.

Robin asked how much time it will take to decide if \$3 million will cover the operations. Les responded that there will be costs for staffing, exhibits and traveling shows. Traveling shows can cost up to \$100,000 plus labor, insurance and shipping costs. Although the CFA letter explains its goal of raising the \$3 million endowment over three years, the money will be needed next year because that is when the Art & Children's Museum is due to open. He added that the City is looking at the Skramstad report. Les hopes to have the operational issues figured out by the end of February.

Dunham mentioned the hotel/motel tax that is used for the Mount Baker Theatre and the Whatcom Museum. Annually, the Museum receives \$62,000 for marketing and the Theatre receives \$240,000.

Patricia noted that the Museum Society cannot vacate and make its buildings available to a new owner until the Art & Children's Museum is open.

3. City of Bellingham and Whatcom County Activities and Issues. Robin wants to schedule a meeting with Mayor Tim to let him know what the BWPFD has been doing – and listen to his concerns. David is willing to join that meeting.

Patricia came back to the value engineering items on the Art & Children's Museum. She said that if the board supports the reductions, it will need to take action to approve the additional \$34,340 in design fees.

ROBIN HALLIDAY MOVED TO APPROVE PAYMENT TO OLSON SUNDBERG KUNDIG ALLEN ARCHITECTS IN AN AMOUNT NOT TO EXCEED \$34,340 FOR DESIGN SERVICES RELATED TO THE VALUE ENGINEERING ITEMS WHICH ARE EXPECTED TO SAVE APPROXIMATELY \$562,300 IN CONSTRUCTION COSTS. CHARLES SELF SECONDED.

Motion carried 6-0.

4. Cultural District Stakeholders Activities and Issues. Robin Halliday and Sylvia Haggen are planning to visit OSKA's offices to see a mock-up of the Lightcatcher. Robin encouraged board members to maintain their community relationships to keep everyone engaged.

5. Public Awareness and Communication. Robin reported on the stakeholder meeting of January 17, 2007, when the group discussed an Arts District community event and communication pieces which will benefit all the stakeholders. The group discussed a possible video, written piece and an event that may be held at 216 Grand Avenue to coincide with groundbreaking. The next stakeholder meeting will include invitations to the Downtown Renaissance Network, Sustainable Connections and Bellingham Public Library.

The BWPFD Communication Committee will meet on Thursday to design a survey for stakeholders. Patricia said one of the questions will ask how the proposed Arts District would help further their missions.

Tara Sundin reported a community event is being planned, probably for the July Gallery Walk, when Bay Street will be closed to traffic so the public can learn about all there is to do there.

Regarding the Library, on January 22 at their meeting, the City Council unanimously agreed on the current site. The existing Library will be torn down before new construction begins.

ADJOURNMENT

Robin Halliday adjourned the meeting at 3:27 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant.



AGENDA

**BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING
WEDNESDAY, JANUARY 24, 2007
2:00 P.M. – 5:00 P.M.
Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham**

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

Citizens may speak informally to the Board on subjects not scheduled for public hearing. Each speaker is allowed a maximum of three minutes. A copy of any written comments for the Board should be provided to the Administrative Assistant, preferably before the meeting.

APPROVAL OF MINUTES

ACTION: Approve minutes of the December 20, 2006 regular board meeting.

AGENDA REVIEW

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status.
2. BWPFD Capital Project Updates.
3. City of Bellingham and Whatcom County Activities and Issues.
4. Cultural District Stakeholders Activities and Issues.
5. Public Awareness & Communication.

ADJOURNMENT

FOR CITIZENS WITH SPECIAL NEEDS, the Mayor's Boardroom is fully accessible. Elevator access to the second floor is available at City Hall's west entrance. Hearing assistance is available in the Mayor's Boardroom and a receiver may be checked out through the clerk prior to the meeting. For additional accommodations, persons are asked to contact Alison Henshaw at 738-7451 at least 3 working days in advance of the meeting. Thank you.



**MINUTES OF THE PUBLIC MEETING OF THE
BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT
WEDNESDAY, DECEMBER 19, 2007**

CALL TO ORDER

David Warren, President, called the meeting to order at 2:10 p.m.

ROLL CALL

Board members present were Yvonne Bianchi, Dunham Gooding, Robin Halliday, Charles Self, Brent Walker and David Warren.

OPEN PUBLIC COMMENT PERIOD

None.

AGENDA REVIEW

None.

APPROVAL OF MINUTES

BRENT WALKER MOVED TO APPROVE THE MINUTES OF THE NOVEMBER 28, 2007 REGULAR BOARD MEETING. CHARLES SELF SECONDED.

Discussion:

Robin asked that the minutes be amended on page three to show that she said she would be willing to help Dunham on the Library letter project.

Motion carried 6-0, as amended.

YVONNE BIANCHI MOVED TO APPROVE THE MINUTES OF THE DECEMBER 10, 2007 SPECIAL BOARD MEETING. BRENT WALKER SECONDED.

Motion carried 6-0.

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status. i) Approve meeting dates and times for 2008:

YVONNE BIANCHI MOVED THAT THE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT BOARD MEETINGS BE HELD ON THE FOURTH WEDNESDAY OF EACH MONTH AT 2 P.M. IN 2008, WITH THE EXCEPTION OF HOLIDAYS, WHEN THEY WOULD BE HELD ON THE THIRD WEDNESDAY OF THE MONTH. ROBIN HALLIDAY SECONDED.

Motion carried 6-0.

ii) Consider for approval Bellingham-Whatcom Public Facilities District Resolution 2007-5 for reimbursing capital expenditures: Therese Holm explained that this reimbursement resolution fulfills an IRS requirement to use the 2007 bond proceeds to reimburse project expenditures.

BRENT WALKER MOVED TO APPROVE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT RESOLUTION 2007-5 FOR REIMBURSING CAPITAL EXPENDITURES. CHARLES SELF SECONDED.

Motion carried 6-0.

Therese introduced to the board accounting staff Melanie Aliverti and Dan Heverling, who will be responsible for accounting for the bonds, grants, and capital campaign receipts.

iii) Consider for approval an Agreement regarding capital contributions. Bob Carmichael said the PFD, City, Campaign for the Arts (CFA) and Whatcom Community Foundation (WCF) have been working on this agreement for some time. One point of disagreement with the WCF has not yet been ironed out. It has to do with collection of pledges and extension of the agreement and whether or not the City and PFD have the option to extend if there are outstanding pledges. The WCF wanted to have the ability to agree to that extension, meaning if they didn't agree, the agreement would expire within 5 years. Les added that in five years, the Campaign for the Arts may be dissolved, and that the WCF takes the okay from the CFA to release the funds. This agreement will be brought before the board at its next meeting on January 23, 2008.

NO ACTION TAKEN.

iv) Review bid summary for Mount Baker Theatre Phase II Renovations and forward a recommendation to City Council regarding awarding the bid. Patricia provided a document called Mount Baker Theatre Renovations, Phase II, Information and analysis from December 13 bid opening results. Patricia said she, David Warren, Freeman Anthony, Brad Burdick, Mette Greenshields attended the bid opening on December 13.

Freeman Anthony, City project engineer for Mount Baker Theatre, reported there were 4 bids, with Ebenal General bidding the lowest amount at a base bid of \$3,892,644 with bid alternates of \$212,000 for a total of \$4,104,644. Bids came in below the cost estimate of \$5,046,000. The project will be complex and labor-intensive, with 80% of the work to be done by the HVAC or mechanical engineer. The estimates from the general contractors were similar. Patricia reminded the board there is a 10% construction contingency built into the budget. All four alternates are for acoustical work: new fixed acoustic curtains on east and west walls of the auditorium; new stretched fabric wall system as acoustical treatment; acoustically reflective cloud truss and rigging; and new doors, frames, and seals to replace the curtains and openings between the auditorium and the lobby.

DUNHAM GOODING MOVED TO RECOMMEND TO CITY COUNCIL TO ACCEPT THE LOW BID OF EBENAL GENERAL, INC. AND INCLUDE ALL FOUR ALTERNATES. ROBIN HALLIDAY SECONDED.

Motion carried 6-0.

v) Consider for approval Museum Society Agreement regarding private donor contributions: Bob Carmichael said this agreement accounts for how pledged funds will be transferred from the Museum Society to the PFD and City. The agreement is ready for approval subject to Museum Society Board approving it at their meeting.

YVONNE BIANCHI MOVED TO APPROVE THE MUSEUM SOCIETY AGREEMENT REGARDING PRIVATE DONOR CONTRIBUTIONS, SUBJECT TO APPROVAL BY THE MUSEUM SOCIETY BOARD. BRENT WALKER SECONDED.

Motion carried 6-0.

2. BWPFD Capital Project Updates: Art & Children's Museum: Mark Handzlik reported that construction work is slowing down. The extension of future ductwork into future collections storage will be installed for \$46,000, which includes a discount by Diamond B, the mechanical contractor, and Ebenal General. Museum staff would like a sink in the accessions area in the basement, so Mark will find out how much it will cost to add plumbing to the basement. The contractor has recommended an extra ½" concrete over radiant heat so it won't crack. The extra concrete will cost \$180. Preliminary results are due tomorrow on the Green Roof Grant. The contractor is putting together a mock-up, which is a little section of the building that shows the exterior window and flashing, and a section of floor and colored concrete. It will be put at the corner of Grand Avenue and Flora Street. The mock-up for the Light Catcher will be ready after that. Steel is due to be delivered January 15, 2008.

3. City of Bellingham and Whatcom County Activities and Issues: None.

4. Cultural District Stakeholders Activities and Issues: None.

5. Public Awareness and Communication: David Warren reported that he, Patricia and Alison went to the BTV10 studio and saw footage from the webcam filming the Art & Children's Museum job site. The shots will make a good video. Charlie says the PFD should now assist the Campaign for the Arts.

ADJOURNMENT

David Warren adjourned the meeting at 3:17 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant.



**MINUTES OF THE PUBLIC MEETING OF THE
BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT
WEDNESDAY, NOVEMBER 19, 2008**

CALL TO ORDER

David Warren, President, called the meeting to order at 2:05 p.m.

ROLL CALL

Board members present were Dean Brett, Dunham Gooding, Robin Halliday, Troy Luginbill, Brent Walker and David Warren.

OPEN PUBLIC COMMENT PERIOD

None.

AGENDA REVIEW

APPROVAL OF MINUTES

Dunham Gooding proposed a change to the minutes of the October 22, 2008 regular board meeting. On the second page, instead of "Dunham thinks the City's Core may suffer at the hands of the waterfront", it should say "Dunham fears a missed opportunity if the library is not placed within the core area of the cultural district, to achieve a high level of pedestrian activity in the day and evening that will bring this core area to new economic life."

ROBIN HALLIDAY MOVED TO APPROVE THE MINUTES OF THE OCTOBER 22, 2008 REGULAR BOARD MEETING, AS AMENDED. BRENT WALKER SECONDED.

Motion carried 6-0.

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status: Tara mentioned that Alison Henshaw is now also providing administrative assistance to the Bellingham Public Development Authority, but that she is tracking her time and charging it to the PDA. Also, the Public Facilities District is her priority.

i. Consider for approval an increase in LMN Architects' design fees of \$1,650 to cover additional structural work on Mount Baker Theatre Phase II Renovations. LMN Architects, project architects for the Mount Baker Theatre Phase II Renovations, are requesting a fee increase for structural work associated with mechanical/electrical work and unforeseen conditions. Freeman Anthony, the City's project engineer, agreed that the work was additional scope.

ROBIN HALLIDAY MOVED TO APPROVE AN INCREASE IN LMN ARCHITECTS' DESIGN FEES OF \$1,650 TO COVER ADDITIONAL STRUCTURAL WORK ON MOUNT BAKER THEATRE PHASE II RENOVATIONS. BRENT WALKER SECONDED.

Motion carried 6-0.

ii. Authorize staff to request a financing loan of \$2.8 million from the City of Bellingham to the Bellingham-Whatcom Public Facilities District for capital construction expenses, to be repaid from the proceeds of state sales tax revenue and from proceeds from the Campaign for the Arts. Said loan is authorized under Section 5 of the City of Bellingham Contract 2007-0552, Contingent Loan and Bridge Loan Agreement dated October 22, 2007. Finance Director John Carter explained the loan would be for \$2.8 million and City Council needs to approve the ordinance. The timing is right to get the loan in place. The PFD will need the loan unless private fundraising changes. Budget Manager Brian Henshaw said the rate is set each year. There is nothing preventing the PFD paying off the loan early. The ordinance will go to City Council on December 8. The draw is to take place at the end of the year.

BRENT WALKER MOVED TO AUTHORIZE STAFF TO REQUEST A FINANCING LOAN OF \$2.8 MILLION FROM THE CITY OF BELLINGHAM TO THE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT FOR CAPITAL CONSTRUCTION EXPENSES, TO BE REPAID FROM THE PROCEEDS OF STATE SALES TAX REVENUE AND FROM PROCEEDS FROM THE CAMPAIGN FOR THE ARTS. DUNHAM GOODING MOVED TO AMEND THE MOTION TO SAY THE PFD RECOMMENDS THE CITY COUNCIL APPROVE SAID LOAN. DEAN BRETT SECONDED.

Motion carried 6-0.

iii. Parking Lot at 104 North Commercial Street, adjacent to the Mount Baker Theatre. Tara said both Diamond Parking and Mount Baker Theatre are interested in managing this parking lot. There is an existing Lease Agreement between the PFD and Mount Baker Theatre for the theatre building. The suggestion is that the monthly rate charged by the PFD to the Mount Baker Theatre would be equal to the typical monthly revenue previously received by Diamond Parking. The Mount Baker Theatre would lease the lot in the daytime and use it in the evening for shows.

TROY LUGINBILL MOVED TO AUTHORIZE STAFF TO BEGIN NEGOTIATIONS WITH THE MOUNT BAKER THEATRE AND COME BACK TO THE PFD WITH A REPORT AT THEIR DECEMBER 17, 2008 BOARD MEETING. DUNHAM GOODING SECONDED.

Motion carried 6-0.

iv. Financial Report from Whatcom Community Foundation. Mauri Ingram reported that the Whatcom Community Foundation is giving monthly reports to the PFD on the CFA fundraising. There is no new money for October. Pledge payments are coming in regularly. Dean asked about the negative amount shown for the Mount Baker Theatre endowment. It was due to the loss in market value. Endowment funds are invested in stock market.

David reported that he and Robin attended the CFA board meeting on Monday. The CFA will restructure during the next couple of months. After the reopening of the theatre, the Campaign will focus on the Art & Children's Museum.

2. BWPFD Capital Project Updates:

Mount Baker Theatre Phase II Renovations: Freeman Anthony has granted Dawson Construction substantial completion as of November 7, 2008. He had given Dawson an extra 5 days due to the asbestos abatement requirement. Dawson is ahead of schedule and doing clean up. Some small electrical lighting needs to be done. Plumbing, electrical, and fire permits are signed off. The Historic Preservation Commission needs to sign off. A Certificate of Occupancy is forthcoming from Preston. All punch lists are in apart from electrical. The final on-site meeting was held yesterday.

Freeman distributed a Change Order Proposal Log and a Change Order Log. So far there have been 15 change orders. Restoration painting is included in change order 14. 83.51% has been spent and approved. \$35,000 for commissioning is a soft cost. 91.90% of the construction contingency is forecasted to be used. Dean said the public should know that the Mount Baker Theatre renovations came within budget and on time. Brad told the board there would be an Open House on December 10, and the contractors and subcontractors would be invited. Brad would like David to say a few words at the open house.

Art & Children's Museum: Mark Handzlik distributed the Art and Children's Museum Contingency Account. There was a recent meeting with Bonner Electric to review some of the change order proposals. C.O.P. 18 for connecting electricity to window controls has gone down from \$47,000 to \$14,000. C.O.P. 20 for low voltage lighting has been approved. The work for relocating sensors under C.O. P. 57 will not be done. C.O.P. 53 for staining the concrete panels has been rejected. C.O.P. 60 is a placeholder for Ebenal claiming overhead related to a delay. Substantial completion is scheduled for the end of February, with actual completion the end of March. Tara added that the Art & Children's Museum Core Team continues to meet regularly.

3. City of Bellingham and Whatcom County Activities and Issues: Tara said business owners are excited about the Bay & Holly streetscape improvements. Tiger Construction is doing well. There is a little structural concrete left to pour under the sidewalk. Granite pavers will be laid soon. Part of the artwork is to be installed on November 25, 2008.

Tara talked about the marquee at the Mount Baker Theatre. The City maintains the building. The marquee is being changed out with a new LED lighting system. The marquee design will go before the Historic Preservation Commission (HPC) at a hearing on November 25, 2008. The new one will be operated like the old one. Brad Burdick said in 1981 a marquee was approved by the HPC's predecessor with LED in 3 panels, but there was funding only to have one panel lit. The system failed so the City will replace it. The Mount Baker Theatre would like an upgraded marquee. The lights will be smaller and closer together, giving it color and better images. Mount Baker Theatre will pay half the cost. Tara added the Project for Public Spaces wanted the theatre to have more interaction with pedestrians, so the new marquee is in line with that idea.

Brad talked about sound checks, heating and air conditioning systems, and sound systems.

4. Cultural District Stakeholders Activities and Issues: None.

5. Public Awareness and Communication: The PFD is designing a two-sided insert thanking its partners. The insert will be included in the December 6, 2008 Mount Baker Theatre playbill. Whatcom Community Foundation is putting together an insert to celebrate success of the campaign – it will be in the program for the Mount Baker Theatre's first 4 shows of the season.

Robin did a segment for BTV10 on streetscapes, which will be aired in December.

ADJOURNMENT

David Warren adjourned the meeting at 3:10 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant.

AGENDA

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING
WEDNESDAY, NOVEMBER 19, 2008
2:00 P.M. – 5:00 P.M.
Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

Citizens may speak informally to the Board on subjects not scheduled for public hearing. Each speaker is allowed a maximum of three minutes. A copy of any written comments for the Board should be provided to the Administrative Assistant, preferably before the meeting.

APPROVAL OF MINUTES

ACTION: Approve minutes of the October 22, 2008 regular board meeting.

AGENDA REVIEW

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status.
 - i. **ACTION: Consider for approval an increase in LMN Architects' design fees of \$1,650 to cover additional structural work on Mount Baker Theatre Phase II renovations.**
 - ii. **ACTION: Authorize staff to request a financing loan of \$2.8 million from the City of Bellingham to the Bellingham-Whatcom Public Facilities District for capital construction expenses, to be repaid from the proceeds of state sales tax revenue and from proceeds from the Campaign for the Arts. Said loan is authorized under Section 5 of City of Bellingham Contract 2007-0552, Contingent Loan and Bridge Loan Agreement dated October 22, 2007.**
2. BWPFD Capital Project Updates.
3. City of Bellingham and Whatcom County Activities and Issues.
4. Cultural District Stakeholders Activities and Issues.
5. Public Awareness & Communication.

ADJOURNMENT

FOR CITIZENS WITH SPECIAL NEEDS, the Mayor's Boardroom is fully accessible. Elevator access to the second floor is available at City Hall's west entrance. Hearing assistance is available in the Mayor's Boardroom and a receiver may be checked out through the clerk prior to the meeting. For additional accommodations, persons are asked to contact Alison Henshaw at 778-8370 at least 3 working days in advance of the meeting. Thank you.



**MINUTES OF THE PUBLIC MEETING OF THE
BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT
WEDNESDAY, OCTOBER 22, 2008**

CALL TO ORDER

David Warren, President, called the meeting to order at 2:08 p.m.

ROLL CALL

Board members present were Dunham Gooding, Robin Halliday, Charles Self, Brent Walker and David Warren.

OPEN PUBLIC COMMENT PERIOD

None.

AGENDA REVIEW

David Warren, President, asked Mayor Dan Pike to give his report first.

Mayor Pike is looking forward to the opening of the Art & Children's Museum and to today's hard-hat tour of Mount Baker Theatre. The board wanted the Mayor to talk about the Library. Mayor Pike said the library bond was put off last year. The new library would need more staff, so Mayor Pike would like the Library to have a business plan in place to address this and other issues. Additionally, he thinks tearing down an existing building to put a new building in its place doesn't seem to be sustainable. He would like to use the current library building for something other than a library. Mayor Pike sees a potential waterfront location for the library. It could also open up opportunities for partnership with Western Washington University or the National Oceanic and Atmospheric Administration, and early childhood education. The Gates Foundation may provide funding support for a training center on the waterfront.

Robin asked how to package both the Arts District and the waterfront to the community to benefit. Mayor Pike sees both benefitting the City's economic and cultural health. Mayor Pike sees the Library at the end of Bay drawing people to the Arts District/downtown, attracting foot traffic.

Charles said the Arts District needs the Library in its current location and believes the waterfront will take care of itself economically. The Library is an important element of the Arts District. Mayor Pike thinks the Library would work in either location and that developers may be more interested in developing Old Town and downtown before the waterfront. Charles said pedestrian traffic in the Arts District will be lost if the library moves.

Mayor Pike wants government to stay in City Hall but would consider the current Library building for government offices. Dunham is concerned that government offices "close

their shutters at 5 p.m.”, pointing out that the library is used evenings and weekends. Dunham fears a missed opportunity if the library is not placed within the core area of the cultural district, to achieve a high level of pedestrian activity in the day and evening that will bring this core area to new economic life. Mayor Pike says if the existing library building were to be used for government offices, it could also house a movie theatre and perhaps Western Washington University could hold after hours classes there.

APPROVAL OF MINUTES

Charles Self proposed a change to the minutes of the September 24, 2008 regular board meeting. On the first page under “discussion”, instead of “Individuals have made donations but not businesses”, it should say “Individuals have made donations but not many businesses.”

BRENT WALKER MOVED TO APPROVE THE MINUTES OF THE SEPTEMBER 24, 2008 REGULAR BOARD MEETING, AS AMENDED. CHARLES SELF SECONDED.

Motion carried 5-0.

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status: John Carter, the City’s Finance Director, mentioned the volatile situation with the City’s budget. The City’s budget was prepared two weeks ago with reduced revenues over last year. However, with the national economic climate, the City cut another \$1 million in revenue. There has been a significant slowing of business and occupation tax and sales tax receipts. John distributed a Memorandum dated October 22, 2008 from John Carter to the PFD Board regarding the Financial status report as of September, 2008. He explained that revenue streams for 2008 YTD are close to budgeted. The growth rate of 3% is slightly below the forecasted 4%. Through September, county sales tax held up better than city sales tax. The growth rate in sales tax for 2009 budget is being forecasted at 0%.

Expenditures are in line with the budget. Capital project payments are slower so there is more interest. Administrative expenses and capital are in line with the budget. Given the fundraising status, it was anticipated that the PFD would need to borrow money from the City in November or December 2008. The PFD needs to make a request to City Council to put a loan of \$2.8 million in place.

For 2009, the sales tax revenue has been decreased to \$60,000 less than originally expected. The growth rate has been set at 3% for the next several years. In 2013 the growth rate has been put back to 4%. There is an assumption of contributions from the Campaign for the Arts of \$500,000. The goal for the end of 2009 is to keep the reserve fund intact. The City’s formal 2009 budget comes out Monday.

Mauri Ingram of the Whatcom Community Foundation (WCF) issued the Cumulative Campaign for the Arts Funds Activity Report September 1, 2004 through September 30, 2008. She drew attention to a box that says “New Money” which represents gifts or

pledges since the former month. Pledges of \$5,000 to each endowment have been removed from the spreadsheet due to the donor's young age. A contingent pledge of \$314,000 due to a negotiation between the City and a developer has been removed from the spreadsheet because the development is moving forward.

Tara reported that the PFD recently received checks in the amount of \$54,612.35 from Museum Society and \$52,265 from WCF/CFA.

2. BWPFD Capital Project Updates:

Art & Children's Museum: Mark Handzlik said there was a tour for department heads on Monday, October 20, 2008 and that there will be another tour tomorrow. The Light Catcher Wall painting went well. The Green Roof change order has been prepared to get the roof membrane on and the structural system in. Once that has happened, the City will take the green roof planting elements out to bid.

Glass on Light Catcher Wall should arrive on site on October 27 and then installation will begin October 28. The aluminum frame is going on this week.

Mount Baker Theatre Phase II Renovations: Tara Sundin reported that Freeman Anthony will give a hard hat tour at 3 p.m. today. Commissioning has begun with testing on the boilers and there is now heat in the building. Restoration work is about 75% complete. Cleaning begins in two weeks, and then a punch list will be put together. Contract completion is three weeks away. There is 12% left of the construction contingency but Freeman expects the final remainder to be at 10% or \$40,000.

3. City of Bellingham and Whatcom County Activities and Issues: David Warren reported there will be meetings about the waterfront for boards and commissions on October 28 and 29.

Tara spoke with City staff about the idea for the PFD board to make a presentation to the Public Development Authority (PDA) at the PDA retreat on October 28, but City staff thought that was not the correct forum. The PDA is working on an operations agreement with the City. Tara will speak to the PDA generally about the PFD's projects. Joan Hoisington, staff for PDA, will work on getting face-time with other boards and commissions.

4. Cultural District Stakeholders Activities and Issues: None.

5. Public Awareness and Communication: None.

ADJOURNMENT

David Warren adjourned the meeting at 2:55 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant.



AGENDA

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING
WEDNESDAY, OCTOBER 22, 2008
2:00 P.M. – 5:00 P.M.
Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

Citizens may speak informally to the Board on subjects not scheduled for public hearing. Each speaker is allowed a maximum of three minutes. A copy of any written comments for the Board should be provided to the Administrative Assistant, preferably before the meeting.

APPROVAL OF MINUTES

ACTION: Approve minutes of the September 24, 2008 regular board meeting.

AGENDA REVIEW

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status.
2. BWPFD Capital Project Updates.
3. City of Bellingham and Whatcom County Activities and Issues.
4. Cultural District Stakeholders Activities and Issues.
5. Public Awareness & Communication.

ADJOURNMENT

FOR CITIZENS WITH SPECIAL NEEDS, the Mayor's Boardroom is fully accessible. Elevator access to the second floor is available at City Hall's west entrance. Hearing assistance is available in the Mayor's Boardroom and a receiver may be checked out through the clerk prior to the meeting. For additional accommodations, persons are asked to contact Alison Henshaw at 778-8370 at least 3 working days in advance of the meeting. Thank you.



**MINUTES OF THE PUBLIC MEETING OF THE
BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT
WEDNESDAY, SEPTEMBER 24, 2008**

CALL TO ORDER

David Warren, President, called the meeting to order at 2:07 p.m.

ROLL CALL

Board members present were Dean Brett, Dunham Gooding, Robin Halliday, Troy Luginbill, Charles Self, Brent Walker and David Warren.

OPEN PUBLIC COMMENT PERIOD

None.

AGENDA REVIEW

None.

APPROVAL OF MINUTES

**CHARLES SELF MOVED TO APPROVE THE MINUTES OF THE AUGUST 27, 2008
REGULAR BOARD MEETING. DUNHAM GOODING SECONDED.**

Motion carried 6-0. (Brent Walker not present for vote).

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status: Brad Burdick reported on the Campaign for the Arts (CFA). The CFA quarterly report should be presented at the October board meeting. The last report showed \$1.13 million has been raised so far. Since then there has been a \$100,000 growth in pledges, including a \$50,000 grant from WECU. The CFA continues to work with major donors. There have been several meetings with prospects. Planning has begun for the public phase of the campaign, to take place tentatively in mid November. The next Museum and MBT newsletters will have a big article about the CFA. There may be a telemarketing campaign after the first of the year. If so, a good script would be needed to sell the story. Sidewalk improvements in front of Art and Children's Museum may be donor opportunities.

Discussion:

Charlie wants the PFD to support the CFA. Individuals have made donations but not many businesses. Ken Culver has not met with Brent and Robin since Gaye left. Charlie said the PFD should go to the CFA to see if the PFD can play a role. Dean is concerned that endowments won't be raised enough to operate the facilities. John Carter said there is a plan for the shortfall in the 2009 budget. Dean suggests Brent and Robin meet with Ken Culver and ask how the PFD can help. John Carter is willing to join Robin.

2. BWPFD Capital Project Updates:

Mount Baker Theatre Phase II Renovations: David Warren said he would like to arrange another tour of the Mount Baker Theatre following last month's tour. David said City and County Council members are interested in joining a tour.

Freeman Anthony reported on construction progress. Can lights are on top of the house around the dome. A four-ton chiller is going on the roof tomorrow. The administrative area is done and staff should go back in October. In house floors have been scraped, repainted and key areas have been patched. Balcony seats are back in. Today acoustical fiber panels are going in. All the duct work is in. Restoration workers are here to work on the mezzanine and lobby ceiling. Freeman handed out a Change Order Log and a Change Order Proposal Log. If the projections are correct, 83.76% of the contingency will be spent. Freeman has given Dawson Construction, Inc. an extra 5 days due to the asbestos abatement to be on site before the project is substantially complete.

Restoration work will be done on the mezzanine, which sustained water damage due to concrete work because conduit was not shown on the drawings. The Contractor and City will split these costs. The other restoration work will be done on the lobby ceiling, which sustained impact damage. The agreed scope for the restoration work is \$51,391.

Art & Children's Museum: Mark Handzlik reported that Van Beek is putting in stud walls and hanging drywall. Bonner Electric is roughing in electric. Diamond B is roughing in plumbing and HVAC ducts. Elevators are being formed up. Most of the black concrete is done. Today concrete was poured in the collections storage area in the basement. The Light Catcher Wall steel will be painted on 9/29/08. The Light Catcher Wall is outside the low voc LEED requirements. The contractor is allowing workers to stay away from site while the painting is done. After that the frame will be installed. Mark will obtain a picture of the mock-up Light Catcher Wall to show the colors. The contractor is working on waterproofing the building. Staining on concrete panels turned out well. The architect is pleased with the results.

Mark handed out a spreadsheet entitled Art and Children's Museum Contingency Account. COP 18 is down from \$47,125.01 to \$14,781.04. COP 8 – security – should come down from \$90,000. It includes doors, door hardware, and storefronts. There remains \$128,946.06 in the contingency. Commissioning has to come out of that. The Art & Children's Museum Core Team will need to look at reductions if needed. Scope reductions need to be things that can easily be removed and put back in later. Robin reminded everyone that the PFD project includes both Mount Baker Theatre renovations and the Art & Children's Museum, so perhaps some of the construction contingency amount saved on the Mount Baker Theatre renovations could be applied towards the Art & Children's Museum.

Mark reported on the green roof. Cost estimates came in high. The goal is to have no added expense to the PFD. The contractor will waterproof the building and include penetrations for the Light Catcher Wall, then green roof grids can be put in by City and

volunteers. There will also be pavers in the sitting area and precast concrete. Robin sees the green roof installation as a fundraising opportunity.

3. City of Bellingham and Whatcom County Activities and Issues: Tara would like to get the PFD-owned parking lot next to the Mount Baker Theatre back into service as soon as Dawson is finished. Diamond Parking and Mount Baker Theatre staff is interested in managing it. Tara will work with Bob Carmichael in moving forward with securing a firm to manage the parking lot. Brad said the Mount Baker Theatre would like to control the lot, creating revenue for the PFD and being more customer friendly to theatre patrons. Dunham would like the management to be financially neutral. Robin doesn't want any liability.

The Bay and Holly project is ahead of schedule. Freeman Anthony is the project engineer. The water line is in and the concrete will be poured next. Completion is scheduled for early December. Tiger Construction, LTD is the general contractor.

An event was held last Thursday celebrating 10 years of work since the Downtown Development workshops. About 70 people attended. The video that was shown at the event will be shown following the PFD board meeting today.

4. Cultural District Stakeholders Activities and Issues: Robin asked about the Library. John Carter responded that the City Council voted not to put a new library on the ballot because the cost estimate was \$60 million. Elements of the project have been pulled back and the plan is to pay for reconstruction of the Fairhaven Library for about \$2.1 million and make about \$900,000 worth of upgrades to the main library. The mayor is working with the Library Board on an alternative site, possibly on the waterfront. Robin wants the Mayor to hear from the PFD on the library and waterfront.

The PFD would like an update on the waterfront. The recently created Public Development Authority (PDA) will have some interplay with waterfront. Robin wants the PFD to give to the PDA an overview of the PFD's work. There may be time for this at the PDA board retreat on October 24. Robin and Charlie want the PFD to have a proactive role. Tara will follow up with Joan Hoisington on the PDA retreat and she'll see who can come to the October PFD board meeting to talk about the waterfront. John Carter mentioned waterfront meetings for boards and commissions to be held October 28 and 29.

5. Public Awareness and Communication: None.

ADJOURNMENT

David Warren adjourned the meeting at 3:20 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant.



AGENDA

**BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING
WEDNESDAY, SEPTEMBER 24, 2008
2:00 P.M. – 5:00 P.M.
Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham**

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

Citizens may speak informally to the Board on subjects not scheduled for public hearing. Each speaker is allowed a maximum of three minutes. A copy of any written comments for the Board should be provided to the Administrative Assistant, preferably before the meeting.

APPROVAL OF MINUTES

ACTION: Approve minutes of the August 27, 2008 regular board meeting.

AGENDA REVIEW

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status.
2. BWPFD Capital Project Updates.
3. City of Bellingham and Whatcom County Activities and Issues.
4. Cultural District Stakeholders Activities and Issues.
5. Public Awareness & Communication.

ADJOURNMENT

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**MINUTES OF THE PUBLIC MEETING OF THE
BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT
WEDNESDAY, AUGUST 27, 2008**

CALL TO ORDER

David Warren, President, called the meeting to order at 2:07 p.m.

ROLL CALL

Board members present were Dunham Gooding, Robin Halliday, Charles Self, Brent Walker and David Warren.

OPEN PUBLIC COMMENT PERIOD

David Warren introduced new board member Troy Luginbill, who lives in Lynden and is the director of the Lynden Pioneer Museum. Troy has been nominated by the Small Cities Caucus and his appointment has to be approved by each of the 6 cities' city councils. The Cities of Blaine and Sumas approved his appointment at their meeting on August 26. The Cities of Ferndale and Lynden will consider his appointment at their meetings on September 2. The City of Everson will consider his appointment at their meeting on September 9. The City of Nooksack has yet to respond to Tara's letter asking when they will take action.

AGENDA REVIEW

None.

APPROVAL OF MINUTES

ROBIN HALLIDAY MOVED TO APPROVE THE MINUTES OF THE JULY 23, 2008 REGULAR BOARD MEETING. DUNHAM GOODING SECONDED.

Motion carried 5-0.

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status: Annual Election of Officers: Robin Halliday proposed a slate of officers for 2008-2009.

ROBIN HALLIDAY NOMINATED DAVID WARREN AS PRESIDENT, DUNHAM GOODING AS VICE-PRESIDENT, CHARLES SELF AS TREASURER, AND BRENT WALKER AS SECRETARY. DAVID WARREN SECONDED.

Motion carried 4-0-1, with each nominee abstaining from voting on their own nomination.

Administration: Tara said the PFD board had asked for a Museum operations plan. Patricia Leach and other Museum staff and Finance Department staff have been

working on a Museum Operations Plan with a 10 year projection. The two entities that will decide on funding operations are the City Council and Museum Society fund operations. The plan is preliminary. Patricia Leach said 2 or 3 studies have been done on feasibility and operations. Some of the original assumptions were not sound. Patricia Leach is comfortable presenting the draft plan, but pointed out that the numbers are different and the plan is more realistic. A dual governance situation, as is the case of the Museum Society and City, is not unusual. Twenty percent (20%) of U.S. museums have similar governance. The Museum Society may be renamed to Whatcom Museum Foundation at some point, signifying a greater fundraising role.

Myers General, Inc. had a first right of refusal on the sale of the existing Children's Museum building, and has exercised that right, purchasing the building this year. Closing of the real estate transaction is scheduled for December 1. The company has offered the Museum two months' free rent, so the Children's Museum will be open through the holiday season. It will close down December 31. Some of the Children's Museum exhibits will be moved to the ARCO building. There will be an admission fee of \$3.50 for the ARCO building. The new facility should be ready to open September 1, 2009. The admission fee for the new facility is expected to be \$10 and will include entrance to the Old City Hall, Syre Building and new facility. However, the fee will be waived if you join the Museum, and that costs \$65 per family, with an optional \$20 extra for Smithsonian subscription. Patricia is assuming there will be 3,000 paid visitors per month for September through December 2009. The ARCO building may be leased out for 3 or 4 months, providing some revenue to apply to debt service. "Art and All That Jazz" used to be an every other year fundraiser. The proceeds from that are supposed to sustain the operations for two years, but that is no longer viable. There needs to be an annual fundraiser, netting \$100,000 each year.

Due to the City's financial situation, the 2009 budget goal is to keep staff the same as for 2008, giving Patricia the opportunity to reorganize. Currently the Museum is looking at no staff increase for the new facility. The Museum will rely more heavily on volunteers and docents. The Society will eliminate the Children's Museum Operations Manager and some part-time attendants. The FF&E budget is \$1.2 million, including exhibits. The Society's application for a Murdock grant of \$600,000 (including \$100,00 for exhibits) was turned down. The Museum will give a presentation on Museum updates to City Council on September 8.

Charles Self asked if the Museum Society would be selling the ARCO building. Patricia Leach said initially the board was looking at leasing it but is now considering selling it.

Tara said the Mount Baker Theatre was also turned down on its application for a Murdock grant. However, the Mount Baker Theatre is ranked #2 in the Building For the Arts grant application process. The PFD recently received \$593,000 from the Campaign for the Arts and it received \$987,500 from the Museum Society for the BFA grant. The PFD's plan is to go to City Council in the next couple of months to borrow funds from the City. Initially two loans of \$2.8 million were planned, but now it may be one loan of less than \$2.8 million. Brad Burdick said the Mount Baker Theatre won't

know about the \$1 million BFA grant for sure until June 2009. The Walton family made a gift of \$1 million to the Mount Baker Theatre. The Studio Theatre is now called the Walton Theatre.

2. BWPFD Capital Project Updates: Art & Children's Museum: Mark Handzlik said the stud walls are going up. Dry wall is going in the basement and rails are going in for the space savers. Stain has been applied to concrete panels in the alley. Rick Sundberg viewed the staining and will be up again tomorrow to ensure that the stain on Grand matches that on the courtyard panels. A meeting was held today on the electrical change order, which has been reduced by \$6,000 but needs to be reduced further. A meeting was held with Ebenal and OSKA on the green roof. Costs for the bridge and penetration through the Light Catcher wall will be paid. Only \$100,000 remains of the contingency. There is one change order for \$55,000: penetrations through beams were not shown on architectural plans. Another is for hardware and electrical on security. Black concrete floors look good. February completion is still on target. Staining of panels will take place 8:30 a.m. tomorrow. It may take 2 days to do all panels.

Mount Baker Theatre Phase II Renovations. Freeman Anthony said there will be a hard hat tour of the theatre today. Three months of work remain. The fan room in the basement is installed; most of the duct work is in; and HVAC is being tied in. Some large electrical work and the sprinkler and fire protection system are yet to be done. Boilers are installed; all the rough out is done in the boiler room; 70% of the hot and cold pipe water work has been done. The administrative area is done; the penthouse is done; most of the roof duct work is done. Structural supports for the acoustic curtains are in and the cloud truss is on site. 42% contingency used as of change order 10.

3. City of Bellingham and Whatcom County Activities and Issues: Construction has started on Bay & Holly. Tara is spending time with property owners and business owners to let them know what to expect during construction. The City will install a street banner and construction sign.

4. Cultural District Stakeholders Activities and Issues: The Pickford is geared up to open in February or March next year. Tara distributed information on Velocity, a temporary art installation. The pieces are on loan for 18 months, and are located throughout the Arts District rather than just on the library lawn.

5. Public Awareness and Communication: Invitations are in the mail for celebrating the 10th anniversary of Downtown Development Workshops. A reception will be held at Walton Theatre on September 18. The City is putting together a 30 minute documentary on downtown, in which Robin spoke about the Arts District. Others from the public and private sectors were interviewed, including the Downtown Renaissance Network. There will also be a tag piece outside of the video interviewing Vince at the Mount Bakery who will explain about the positive impacts of the Champion Street improvements.

The City has a contract with the Mount Baker Theatre that includes a one-half page advertisement in the theatre's playbill. Over the next couple of months it will be used to inform the public about the Bay and Holly streetscape work. The next one will be different, probably focusing on the PFD's projects.

ADJOURNMENT

David Warren adjourned the meeting at 3:20 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant.

AGENDA

**BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING
WEDNESDAY, AUGUST 27, 2008
2:00 P.M. – 5:00 P.M.
Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham**

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

Citizens may speak informally to the Board on subjects not scheduled for public hearing. Each speaker is allowed a maximum of three minutes. A copy of any written comments for the Board should be provided to the Administrative Assistant, preferably before the meeting.

APPROVAL OF MINUTES

ACTION: Approve minutes of the July 23, 2008 regular board meeting.

AGENDA REVIEW

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status.
ACTION: Annual Election of Officers.
2. BWPFD Capital Project Updates.
3. City of Bellingham and Whatcom County Activities and Issues.
4. Cultural District Stakeholders Activities and Issues.
5. Public Awareness & Communication.

ADJOURNMENT – followed by hard hat tour of Mount Baker Theatre

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**MINUTES OF THE PUBLIC MEETING OF THE
BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT
WEDNESDAY, JULY 23, 2008**

CALL TO ORDER

David Warren, President, called the meeting to order at 2:06 p.m.

ROLL CALL

Board members present were Yvonne Bianchi, Dean Brett, Dunham Gooding, Robin Halliday, and David Warren. Simi Jain sat in for Bob Carmichael.

OPEN PUBLIC COMMENT PERIOD

None.

AGENDA REVIEW

None.

APPROVAL OF MINUTES

Yvonne proposed a change to the minutes of the June 25, 2008 regular board meeting. Instead of "David Warren adjourned the meeting at 3:00 p.m.", it should read "Yvonne Bianchi adjourned the meeting at 3:00 p.m."

DEAN BRETT MOVED TO APPROVE THE MINUTES OF THE JUNE 25, 2008 REGULAR BOARD MEETING, AS AMENDED. ROBIN HALLIDAY SECONDED.

Motion carried 5-0.

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status: David read Resolution 2008-1 Commending Yvonne Bianchi for her service.

ROBIN HALLIDAY MOVED TO APROVE RESOLUTION 2008-1 COMMENDING YVONNE BIANCHI FOR HER SERVICE. DUNHAM GOODING SECONDED.

Motion carried 5-0.

John Carter explained the June Operating Statement for the PFD. Sales tax growth has slowed and the second quarter growth was 2%. John then distributed a spreadsheet updated as of June 2008, entitled PUBLIC FACILITIES DISTRICT – Projected Cash Flow through completion of Capital Project Construction in 2008 Retainage Paid January & February 2009. The spreadsheet shows a summary by month. The BFA grant funds of \$987,500 were received. The capital campaign contributions are included in the spreadsheet, as is the \$2.5 million bridge loan from the City expected

this year – probably in the fall. Robin asked about 2009 numbers. John explained that there would be some payments in the first quarter of 2009 on the construction contracts and that the \$1.5 million 2008 ending balance should cover those final payments. John said the big issue is the projected 4% growth rate on sales tax, which is an unknown. Dean summarized that of the total original sources of approximately \$13,236,000, approximately \$15,992,000 is projected to be spent by the end of 2008, so that explains the negative \$2.7 million ending balance. However, taking into account the City of Bellingham loan of \$2.5 million, grant funds of \$987,500, and capital campaign contributions, the true ending balance will be \$1.5 million. Therefore the only variable is the capital campaign contribution from the CFA of \$801,068. Tara explained that the CFA has \$583,526 available in capital and unrestricted funds above the \$400,000 administrative fee. There is \$50,000 from the Museum Society that will mature in September and \$166,000 in cash pledges expected to be received by the end of the year, so Tara is confident about the capital contributions for this year. The numbers assume that the construction contingency amount for each project will be spent.

2. BWPFD Capital Project Updates: Mount Baker Theatre Phase II Renovations. Freeman Anthony reported that the roof penthouse has been rebuilt. The basement fan wall is in and acoustically isolated. Feeders are being pulled so there will be power through crawl space into the end of the building. Most of the plenum slabs have been poured and the boilers are ready to put in. Some asbestos has been found behind the ducts, which will require \$20,000 for abatement. Fifty-five percent of the construction budget has been spent. Dawson will have an updated construction schedule available at the end of the week. Including all the change orders to date, 32% of the contingency has been spent. There is a proposal for \$20,000 for the commissioning of the building whereby independent agents will look at the specifications and design and perform mechanical and electrical tests. Freeman hasn't received an estimate for the restoration piece yet.

Tara mentioned that the Mount Baker Theatre recently applied for a \$1,000,000 Building for the Arts grant. Part of the requirement is that it goes through an historic process. An employee of the State Department of Archaeology and Historic Preservation pointed out that there are covenants placed on the property that require that we have to seek state review. The PFD sent the local historical review packet to the State, including Phase I for background and Phase II for review. Brad feels that once this issue is addressed, the chances of receiving grant funds will be good.

Art & Children's Museum: Mark Handzlik reported that the steel is up for the Light Catcher Wall. Amendments have been made to the building for the Green Roof and the bridge is in. The City is facing challenges with flooring and sandblasting. It is not easy creating a uniform color and even finish on the concrete panels. The team is working through that and the coating on the colored concrete. A tour of the site is scheduled for the board members today. Mark is working through some change orders, a couple of which are substantial. An updated schedule should be available next week. Completion is still scheduled for February.

3. City of Bellingham and Whatcom County Activities and Issues: The Small Cities caucus has identified a potential board member, although the appointment still needs to be approved by each of the 6 cities.

Tara and John will give the PFD's second quarter update to the City Council on August 11 and the written report will be sent to the County.

The Bay/Holly streetscape improvements are out to bid – Tara expect bids on Thursday and the award of the bid will come before City Council on the August 11. She is planning to meet with business and property owners so they know what to expect during construction. Tara wants to put up a banner to assist the local businesses during the construction period. Robin would like to do a promotion of some kind on the Champion Streetscape improvements to help businesses on Bay and Holly, such as a short piece on BTV10 hearing from the businesses on Champion Street. The CFA has streetscape pledges for \$285,000, \$75,000 of which has been received in cash so far. Steve Brinn is working with one of the donors to give more money up front. That would help cover the bid alternate.

4. Cultural District Stakeholders Activities and Issues: None.

5. Public Awareness and Communication: None.

ADJOURNMENT

David Warren adjourned the meeting at 2:50 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant.

AGENDA

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING
WEDNESDAY, JULY 23, 2008
2:00 P.M. – 5:00 P.M.
Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

Citizens may speak informally to the Board on subjects not scheduled for public hearing. Each speaker is allowed a maximum of three minutes. A copy of any written comments for the Board should be provided to the Administrative Assistant, preferably before the meeting.

APPROVAL OF MINUTES

ACTION: Approve minutes of the June 25, 2008 regular board meeting.

AGENDA REVIEW

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status.
ACTION: Adopt Resolution 2008-1 Commending Yvonne Bianchi for her service.
2. BWPFD Capital Project Updates.
3. City of Bellingham and Whatcom County Activities and Issues.
4. Cultural District Stakeholders Activities and Issues.
5. Public Awareness & Communication.

ADJOURNMENT – followed by hard hat tour of Art & Children's Museum site.

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**MINUTES OF THE PUBLIC MEETING OF THE
BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT
WEDNESDAY, JUNE 25, 2008**

CALL TO ORDER

Yvonne Bianchi, Vice President, called the meeting to order at 2:04 p.m.

ROLL CALL

Board members present were Yvonne Bianchi, Dean Brett, Dunham Gooding (at 2:10 p.m.), Robin Halliday, and Brent Walker.

OPEN PUBLIC COMMENT PERIOD

None.

AGENDA REVIEW

None.

APPROVAL OF MINUTES

Dean Brett proposed a change to the minutes of the May 28, 2008 regular board meeting. He would like to change the last sentence of the first paragraph on page 2 to read "Dean Brett noted that the projected 2008 ending balance of minus \$3,089,527 is approximately equal to the \$3,474,359 difference between the CFA fundraising goal and the current total CFA campaign receipts."

**BRENT WALKER MOVED TO APPROVE THE MINUTES OF THE MAY 28, 2008
REGULAR BOARD MEETING, AS AMENDED. ROBIN HALLIDAY SECONDED.**

Motion carried 4-0.

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status: The PFD has submitted paperwork to the Museum for the Building for the Arts grant reimbursement of \$987,500. The Museum needs to sign and put it in the mail. Patricia Leach will sign it this afternoon. Tara received an updated spreadsheet from the Whatcom Community Foundation, which shows an increase over last month of \$30,000. Tara said the Mount Baker Theatre submitted an application for a \$1 million Building for the Arts grant. It will go to committee this fall if ranked high and the governor could include in the budget for next year and the legislature would take action on it after that. Tara asked that if board members know any of the legislators, they should let them know about the grant application. Brad Burdick added that there will be a meeting on July 12 when Theatre staff will make a presentation to the grant review committee. It will be an initial meeting where State Department of Community, Trade & Economic Development staff will compile and prioritize projects and make recommendations to the legislature. Robin

asked Alison to provide Tara and Brad with a record of the people she and Patricia met with when seeking funding from the State for the Mount Baker Theatre Lighting project. Tara said Dick Little is currently on vacation, but she would like to meet with him to strategize. Also, Mayor Pike is eager to help. Dean noted that the institutions had done better than expected in obtaining grants. However, given the increase of private funds of only \$30,000 this last month, it will take 100 months more to meet the fundraising goal. Dean pointed out that the campaign is not meeting its goal at this rate.

2. BWPFD Capital Project Updates: Art & Children's Museum. Mark Handzlik said the architects reviewed the finishes on the colored flooring today. The anti-graffiti and weather seals need to be applied to the concrete panels. Today's construction meeting was mostly about sandblasting. The specification has a range of sandblasting levels: light, medium and heavy. Sandblasting was first done on the mock-up. Today the painter sandblasted a concrete panel on the building, but he was sandblasting more than on the mock-up. Eventually, the consensus was that the mock-up sandblast level was fine, so there was no change in the level and no resulting increase in cost. Construction is progressing well. Green roof prices will be coming in soon. The basement is getting cleaned up and the Light Catcher wall frame is up. The next milestone will be when the roof membrane east of the Light Catcher is up, and that would be a good time for tours. Dean asked about the construction schedule. Mark said completion is scheduled for February. Robin asked if having LEED material will mean an earlier opening of the building. Mark said six months are still needed between construction completion and opening. Ben Rupert, Resource Conservation Management Assistant for Public Works, is looking at the lighting systems and HVAC system to see if there is any potential funding available from the utility companies. Mark said they were confident that they would meet LEED Silver certification. Dean asked about the contingency. Mark said there are no updates. The basement sink was quoted at \$9,500 plus 40 hours of work, which Mark thinks is too high. He could get a price from someone else. The parking meter costs are down from \$50,000 to \$28,000. Inspection costs are less than expected. The glass for the Light Catcher may be coming in a month. Dunham suggested that donors tour the Art & Children's Museum. Mark said Jeff McClure has had two tours and Patricia Leach said there was a tour last week. Patricia mentioned a couple of months ago when the Museum provided hard hats to donors.

Mount Baker Theatre Phase II Renovations. Tara reported there were no surprises on change orders and project is on schedule. Brad said there have been a couple of mishaps. A subcontractor for Dawson was working on concrete, drilling holes in floor over the lobby ceiling, and catching the concrete so it didn't go onto the lobby roof. One of large concrete chunks dropped on the lobby ceiling. There has been some water damage, too. There was some water leakage from the concrete saw that was discovered two weeks later in the mezzanine. During some other concrete work, a subcontractor left the water hooked up over night in a pressurized hose. Overnight, the hose ruptured and 800 gallons of water went into the lobby area. The balcony has incurred some damage. Dawson will repair the damage. Brad mentioned a couple of important dates coming up. The anonymous endowment gift will be unveiled and the

Studio Theatre will be renamed at the annual meeting on August 7, 2008, starting at 5 p.m. The donor family will be acknowledged and the new season announced, and there will be tours of the renovation work. The grand reopening of the main stage is set for December 6, starting at 8 p.m., featuring Bernadette Peters.

Freeman Anthony gave an update on the contingency. He has received more change order proposals: \$85,000 for concrete work and \$36,000 for proposed work that may not be needed. Of the contingency, 14.26% has been used, and construction is 40 – 45% complete. The insurance adjuster met Freeman on site yesterday. Repairs will be included in the restoration work.

3. City of Bellingham and Whatcom County Activities and Issues: On Monday, Tara gave to City Council an update on the streetscape projects. She distributed color photographs of the completed streetscape improvements at Champion Street. The Holly and Bay Street project will be advertised for bid next week or the week after next. Tara distributed some graphic designs of Holly and Bay Street Plaza produced by Nakano Associates. The southeast corner of the intersection and sidewalk extending up the south side of Bay are both included in the base bid and the northeast corner adjacent to Jim Swift's property is the alternate bid. City Public Works and the Mayor's office had received a letter from Larry Nicholas requesting that the Holly slip lane not be removed. Tara responded to him, giving the background about the public process, including the transportation analysis that was conducted. During construction of the streetscape improvements, it will be important to support the businesses affected by the construction. Before construction, Tara will meet with business owners, addressing the construction schedule and access. Tara distributed renderings of the stainless steel benches and a vertical piece, the sentinel for the Arts District. The artwork will be located on the south side. Around each landscaping area will be drought-tolerant plants. There will be seating walls with power behind available for use by vendors at events. The lighting will be on a separate circuit to allow the Pickford and others to use the street for film and other activities. CFA asked that there be opportunities for donor recognition around the walls.

4. Cultural District Stakeholders Activities and Issues: The Pickford Cinema plans to open its new space in February or March 2009. Dean Brett asked about a business plan for the Museum. Patricia Leach said Tim Stewart offered some of Tara's help in putting together a ten-year operational plan starting this year and expects to have it ready to share with the PFD board in August.

5. Public Awareness and Communication: Jeff McClure wrote an editorial piece on fundraising for the Arts District. It was published in the Bellingham Herald on Sunday, June 22, 2008. Dean saw that the Bellingham Herald is running a weekly series on construction projects and hopes to see an article on the Art & Children's Museum. Patricia Leach was interviewed by KGMI, following a press release from the City on the Whatcom Museum becoming a Smithsonian Affiliate.

ADJOURNMENT

Yvonne Bianchi adjourned the meeting at 3:00 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant.



AGENDA

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING

WEDNESDAY, JUNE 25, 2008

2:00 P.M. – 5:00 P.M.

Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

Citizens may speak informally to the Board on subjects not scheduled for public hearing. Each speaker is allowed a maximum of three minutes. A copy of any written comments for the Board should be provided to the Administrative Assistant, preferably before the meeting.

APPROVAL OF MINUTES

ACTION: Approve minutes of the May 28, 2008 regular board meeting.

AGENDA REVIEW

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status.
2. BWPFD Capital Project Updates.
3. City of Bellingham and Whatcom County Activities and Issues.
4. Cultural District Stakeholders Activities and Issues.
5. Public Awareness & Communication.

ADJOURNMENT

FOR CITIZENS WITH SPECIAL NEEDS, the Mayor's Boardroom is fully accessible. Elevator access to the second floor is available at City Hall's west entrance. Hearing assistance is available in the Mayor's Boardroom and a receiver may be checked out through the clerk prior to the meeting. For additional accommodations, persons are asked to contact Alison Henshaw at 778-8370 at least 3 working days in advance of the meeting. Thank you.



**MINUTES OF THE PUBLIC MEETING OF THE
BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT
WEDNESDAY, MAY 28, 2008**

CALL TO ORDER

David Warren, President, called the meeting to order at 2:05 p.m.

ROLL CALL

Board members present were Dean Brett, Dunham Gooding (at 2:12 p.m.), Robin Halliday, Charles Self, Brent Walker and David Warren.

OPEN PUBLIC COMMENT PERIOD

None.

AGENDA REVIEW

None.

APPROVAL OF MINUTES

CHARLES SELF MOVED TO APPROVE THE MINUTES OF THE APRIL 23, 2008 REGULAR BOARD MEETING. ROBIN HALLIDAY SECONDED.

Motion carried 5-0.

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status: Tara had asked the Whatcom Museum Society and the Whatcom Community Foundation to prepare a report that would be helpful in projecting PFD cash flow. She distributed a spreadsheet, Cumulative Campaign for the Arts Funds Activity Report September 1, 2004 through May 27, 2009. Those numbers highlighted in yellow show the cash available for the PFD's capital projects. The unrestricted fund includes \$400,000 for campaign expenses. Tara has assumed that there is \$97,715 available for the capital projects. The Capital Contributions Agreement states that the funding goes to capital first. The Capital Expense column shows that the CFA has spent \$217,023 on capital. Of this, \$20,023 was for an operations report done by the Small Business Development Center and \$197,000 was for a grant for the Mount Baker Theatre lighting project. Pledges receivable are listed on the second page. In yellow are funds the PFD expects to receive this year. \$987,000 is for the Building for the Arts Grant. Highlighted in green are amounts for the capital portion of the projects. The last sheet is a summary similar to what Gaye submits but is connected to this spreadsheet.

Brian Henshaw, Interim Budget Manager for the City of Bellingham, distributed a spreadsheet showing a 20 year forecast for the PFD. Brian and Finance Director John Carter have been looking at cash flow for and funding of the PFD to estimate when

money will be needed for the capital projects. The projections assume inflation at 3%; sales tax revenue annual increase at 3% for 2008 through 2012; 4% increase beyond that; a 3% interest rate on cash, and a 4.5% rate for the interfund loan. There is also an assumption that the first five years principal only will be paid and that principal plus interest will be paid for the next five years. Brian mentioned the \$2.8 million bridge loan and \$2.8 million interfund loan provided for in the Capital Contributions Agreement; however, assuming the CFA contributions come through, the expectation is that only \$2.5 million will actually be needed. The ending balance in 2008 shows a negative balance of \$3,089,527; hence the need for the \$2.5 million interfund loan. The amount of \$987,000 is for the Building for the Arts grant and \$801,068 is for private fundraising. Charlie noted that the assumption when the PFD sold bonds was that the sales tax revenue annual increase would be 4.5%. This spreadsheet shows a blend of 3% & 4%. Brian said the blend reflects a more conservative increase due to the expected change in the economy. However, so far this year there has been a 5% increase for sales tax revenue for the City of Bellingham, with Whatcom County a little below that. Dean Brett noted that the projected 2008 ending balance of -\$3,089,527 is approximately equal to the \$3,474,359 difference between the CFA fundraising goal and the current total CFA campaign receipts.

Dean asked about the value of the ARCO building and Children's Museum building, which are owned by the Whatcom Museum Society. Patricia Leach said an appraisal for Children's Museum showed its value as \$470,000. The Museum Society has not yet had the ARCO building appraised. Patricia says the Museum board has looked into the option of selling the Children's Museum building. Patricia said that funding for the Furniture, Fixtures and Equipment (FF&E) was not included in the campaign's fundraising goal. Proceeds from the sale of the existing Children's Museum building may be used for FF&E. Patricia said both the Museum and the Mount Baker Theatre are seeking grant funds from the Murdock Foundation; \$250,000 for the Mount Baker Theatre and \$500,000 for the Art & Children's Museum. If successful, the funds will be used for construction. The results of the grant applications won't be known until August.

Patricia Leach reported on FF&E for the Art & Children's Museum. Olson Sundberg Kundig Allen Architects (OSKA) are suggesting some interiors that are "green" oriented, including fixtures for the café, such as benches, tables and chairs. "Boxes" can be used as a chair or table. Café tables are stackable. Some chairs are made from recycled seatbelts. The budget for interior furnishings only is \$125,000 - \$250,000, and the total FF&E budget is \$880,000, but doesn't include specialized shelving for collections storage. The Museum is seeking grant funding for that portion. The \$880,000 includes gallery furniture, movable benches, A/V equipment, equipment for the catering kitchen and the museum store, and interior design fees for OSKA. Exhibits are not included. JM mentioned OSKA purchasing furniture at a discount and installing it for a fee. Furniture would be cheaper if OSKA buys it, but then they would charge a 20% installation fee. The Museum board hasn't made any decisions yet on the furniture.

Patricia Leach then talked about some educational exhibits, which will be intellectually engaging for the entire family. The plan is to have 20 interactive pods based on art

combined with science, technology, and math. There will also be interpretive signage on the roof and educational exhibits inside. Proposed exhibits are about the rainwater harvest, which will be monitored on flat screens inside the restrooms; a rain hut, a "copy picture" with huge plexi-glass; "Baryshnikov" with a high speed camera that can play back movement; "Totems" – build your own totem pole; "Theatre Scenes, role play", "Kites and Other things of the Air", "Build", and "Armonica". Exhibit costs are expensive at about \$200 a square foot. Patricia thinks exhibits can be good items for fundraising. Perhaps the Art & Children's Museum will open with 10 pods instead of 20.

2. BWPFD Capital Project Updates: Art & Children's Museum. MH said construction is going well. The C-shaped panels are up and the steel roof is next. Next will be excavation for the Light Catcher and store-front. The Green Roof package for changes is going out today and the team is working through electrical changes. DNA testing of the ginkgo should take a week. The proposed \$60,000 mechanical change order has been reduced to \$23,000. The proposed \$17,000 electrical change order shouldn't have to be paid and the proposed \$60,000 security change order should go down.

Mount Baker Theatre Phase II Renovations. Freeman Anthony mentioned an article that appeared in the Bellingham Herald today about the Mount Baker Theatre renovations. Most of the concrete work has been done. Large ducting has been cut out. Mechanical equipment is going to the boiler room. The schedule is a couple of weeks behind, but substantial completion is still expected in November. Change Order 4 has just been issued for a little over \$21,000. Brad would like some out-of-scope work costing \$5,400 for the boss's room done so that it can be a finished area for archives. Water damaged plaster with lead paint would cost \$5,400 to remove. As this work is out-of-scope, the PFD board needs to take action on it.

DEAN BRETT MOVED TO APPROVE THE CHANGE IN SCOPE TO INCLUDE THE \$5,400. ROBIN HALLIDAY SECONDED.

Motion carried 6-0.

3. City of Bellingham and Whatcom County Activities and Issues: Dean Brett asked about a business plan for the Museum. Patricia Leach said Museum staff is working with Finance on realistic numbers for operating costs for this year and next. Income will be based on opening mid-year. There will be an admission charge for the new facility.

4. Cultural District Stakeholders Activities and Issues: None.

5. Public Awareness and Communication: None.

ADJOURNMENT

David Warren adjourned the meeting at 3:11 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant.

AGENDA

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING
WEDNESDAY, MAY 28, 2008
2:00 P.M. – 5:00 P.M.
Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

Citizens may speak informally to the Board on subjects not scheduled for public hearing. Each speaker is allowed a maximum of three minutes. A copy of any written comments for the Board should be provided to the Administrative Assistant, preferably before the meeting.

APPROVAL OF MINUTES

ACTION: Approve minutes of the April 23, 2008 regular board meeting.

AGENDA REVIEW

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status.
2. BWPFD Capital Project Updates.
3. City of Bellingham and Whatcom County Activities and Issues.
4. Cultural District Stakeholders Activities and Issues.
5. Public Awareness & Communication.

ADJOURNMENT

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**MINUTES OF THE PUBLIC MEETING OF THE
BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT
WEDNESDAY, APRIL 23, 2008**

CALL TO ORDER

David Warren, President, called the meeting to order at 2:07 p.m.

ROLL CALL

Board members present were Dunham Gooding, Robin Halliday, Charles Self, Brent Walker and David Warren.

OPEN PUBLIC COMMENT PERIOD

None.

AGENDA REVIEW

None.

APPROVAL OF MINUTES

CHARLES SELF MOVED TO APPROVE THE MINUTES OF THE MARCH 26, 2008 REGULAR BOARD MEETING. ROBIN HALLIDAY SECONDED.

Motion carried 5-0.

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status: Robin gave an update on the Campaign for the Arts (CFA). Robin and Brent meet monthly with Ken Culver and Gaye Godfrey of the CFA. Robin and Brent decided they could bring together all of the stakeholders in the funding efforts. Two meetings were held bringing together the leadership of CFA, Museum, and Mount Baker Theatre (MBT). Robin represented the PFD, Cherie Walker attended as the new president of the Whatcom Museum Society, Patricia Leach of the Museum, Brad Burdick and Gary Barnett represented the MBT, and Ken Culver represented the CFA. Robin has published combined meeting notes that are the campaign plan at the highest level. Patricia Leach and Brad Burdick are working on a detailed written plan, and in the meantime have a plan underway with their development staff working with the boards. There is a prospect list of people from whom to seek donations by Memorial Day. David says the PFD board is appreciative of Robin's work.

On Monday, Tara met with Whatcom Community Foundation (WCF) staff on Monday along with Gaye Godfrey and Patricia Leach. The existing quarterly report from CFA shows gross numbers, but the PFD needs to see net numbers so it can plan when to expect funds. The WCF will develop an account reporting format to meet our needs. Whatcom Museum will use the same format. The Museum will submit to WCF their

information at least quarterly. Pam at WCF will compile the information to issue one report as a balance sheet. The second report will be a pledges receivable report through 2012. This information will be available by mid May. Then the City's Finance staff will be able to Insert that data into its forecast.

2. BWPFD Capital Project Updates: Art & Children's Museum. Mark Handzlik said the A&CM construction is proceeding well. The tilt panels are up. The contingency balance is declining. He distributed a spreadsheet, "Art and Children's Museum Contingency Account". The amounts were highlighted in three different colors: green for those change orders that have been approved, yellow for those that are in the works, and red for those that have a problem with the numbers. Negotiations are going well. COP 19 – 29 need to be examined carefully. The previously estimated change order of \$47,000 has been reduced to \$5,000 - \$10,000. The \$17,000 COP should go away. Mark is waiting for Bonner Electric to provide information as to why it was needed, since there are no coordination drawings to support it.

According to the construction timelines, the building is about 50% complete. The next milestone will be the Light Catcher and interior finishings. There is some risk associated with the green roof, but grant funds will pay for this, not contingency funds. There is a small modification to the store area. The electrical and mechanical work is mostly done and the steel has been approved. There is an opportunity on the landscaping plan to save \$2,000 on the Art & Children's Museum construction contract. The green roof grant funds could be used to pay for the pavers and streetscape work and the PFD could use some of those savings to pay for a landscaping element in the courtyard. The landscaping element would be a ginkgo tree, however the tree specified in the contract is smaller than what is desired. The specification calls for a tree of 7" caliper and 17' in height, but the tree in question is 12" caliper and 32'. The standard warranty for a tree is one year, but the City would like to have a two-year warranty. A crane will be needed to lift the tree over the concrete panels. The tree supplier will do a genetic test on the tree to determine its age and sex. Tara added that ginkgos are slow growing. Robin suggested bringing the tree in would be a press opportunity. The Art & Children's Museum Core Team is still working through this issue. Mark is working with James Luce, who is an arborist for the City's Parks Department. James is prepared to inspect the tree on site.

Mount Baker Theatre Phase II Renovations. Freeman Anthony said all equipment has been removed, the concrete has been demolished, and a new slab is being prepared. The contractor is coring the floor. Ducting is being installed on the roof and above the Studio Theatre. The basement demolition is complete. Air handling units are to go in next week. Walls have been demolished. Work is underway on the lower roof. Structural steel is on the way. There have been two change orders so far for asbestos abatement. The Boss's room may be modified so the Theatre can use it as an archive/mini exhibition area. During demolition, a chunk of plaster from the lobby ceiling came down, so restoration work will be needed to fix it.

Tara noted the Mount Baker Theatre Project Engineer and the Art & Children's Museum Project Engineer have received different direction from the board on how to proceed with change orders. She wanted to clarify the process for capital project change orders. She proposed that the project engineers can go ahead with anything that relates to the original contract and that they update the board on these changes. Anything that's a scope change would come to the board formally for action on a recommendation to the City. Dunham said he would support this as the project managers are working in City's best interest. David agreed to mention this formal process to Dean Brett. Bob Carmichael pointed out that construction management responsibilities are the City's function. The board does not have authority to manage construction of the project. The City has authority to approve change orders. However, given the complicated relationship between the City and the PFD, the PFD does have a role to oversee the construction and provide comments and recommendations.

DUNHAM MOVED THAT INSOFAR AS IT IS THE RESPONSIBILITY OF THE PFD BOARD TO OVERSEE THE SCOPE OF THIS PROJECT AND INSOFAR AS IT HAS FISCAL RESPONSIBILITY TO ASSURE THAT SPENDING ON THE PROJECT IS WITHIN BUDGET, IN CONSIDERATION OF THE EXPERIENCE AND SKILL OF THE PROJECT MANAGERS IN NEGOTIATIONS FOR PROPOSED CHANGE ORDERS AND IN CONSIDERATION OF THE FACT THAT OFTEN TIMES THESE DECISIONS NEED TO BE MADE ON A TIMELY BASIS, THE PFD BOARD AUTHORIZES THE PROJECT MANAGERS TO APPROVE CHANGE ORDERS SO LONG AS THEY ARE WITHIN THE ORIGINAL SCOPE OF THE CONTRACT. FOR THOSE CHANGES JUDGED TO BE BEYOND THE ORIGINAL SCOPE OF THE PROJECT, THE MANAGERS ARE DIRECTED TO BRING THOSE CHANGE ORDERS TO THE PFD BOARD FOR REVIEW AND APPROVAL. CHARLES SELF SECONDED.

Motion carried 5-0

3. City of Bellingham and Whatcom County Activities and Issues: None.
4. Cultural District Stakeholders Activities and Issues: None.
5. Public Awareness and Communication: Brad Burdick mentioned a piece on BTV10 about the Mount Baker Theatre. There was also an editorial by Ken Culver in the Bellingham Herald. Robin saw an article about the Mount Baker Theatre in Whatcom Magazine.

Robin said she and Steve Brinn are giving a presentation on the Arts District to the Rotary on Monday.

ADJOURNMENT

David Warren adjourned the meeting at 2:15 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant.

AGENDA

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING
WEDNESDAY, APRIL 23, 2008
2:00 P.M. – 5:00 P.M.
Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

Citizens may speak informally to the Board on subjects not scheduled for public hearing. Each speaker is allowed a maximum of three minutes. A copy of any written comments for the Board should be provided to the Administrative Assistant, preferably before the meeting.

APPROVAL OF MINUTES

ACTION: Approve minutes of the March 26, 2008 regular board meeting.

AGENDA REVIEW

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status.
2. BWPFD Capital Project Updates.
3. City of Bellingham and Whatcom County Activities and Issues.
4. Cultural District Stakeholders Activities and Issues.
5. Public Awareness & Communication.

ADJOURNMENT – followed by hard hat tour of Mount Baker Theatre

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**MINUTES OF THE PUBLIC MEETING OF THE
BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT
WEDNESDAY, MARCH 26, 2008**

CALL TO ORDER

David Warren, President, called the meeting to order at 2:02 p.m.

ROLL CALL

Board members present were Yvonne Bianchi, Dean Brett, Dunham Gooding, Robin Halliday, Charles Self and David Warren.

OPEN PUBLIC COMMENT PERIOD

None.

AGENDA REVIEW

None.

APPROVAL OF MINUTES

DEAN BRETT MOVED TO APPROVE THE MINUTES OF THE FEBRUARY 27, 2008 REGULAR BOARD MEETING. ROBIN HALLIDAY SECONDED.

Motion carried 5-0.

YVONNE BIANCHI MOVED TO APPROVE THE MINUTES OF THE MARCH 14, 2008 SPECIAL BOARD MEETING. DEAN BRETT SECONDED.

Motion carried 5-0.

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status:

i) John Carter, City of Bellingham Finance Director, distributed the Public Facilities District Projected Cashflow dated March 26, 2008. He explained that this document includes actual numbers for 2007 and a forecast for 2008 and 2009 on sources and uses basis. He is still working with accounting staff on a balance sheet for assets. He would also like to look at the overall state sales tax for a 20 year period to estimate how it will pay off the debt. The beginning balance in 2007 was \$4,778,049. Revenue including sales tax rebates, interest earnings and grant revenue totaled sources at \$1,569,771. Expenditures (uses) in 2007 came to \$4,561,795. Bonds were issued for \$9,995,000, leaving a beginning balance of \$11,781,025 for 2008.

Sales tax rebates of \$1,177,045 are estimated for 2008, which assumes a 4% growth rate. Interest earnings are estimated at \$257,049. Total sources are estimated at \$1,434,094. Uses are expected to be about \$15,757,336, anticipating that the capital

project contracts will be paid off by spring of 2009. As the uses exceed the sources, two assumptions are made for 2008 – one is that the PFD receives CFA revenues of \$1,275,000 and the other is that the City will issue an interfund loan to the PFD in the amount of \$2.8 million.

(Dunham Gooding arrived at 2:08 p.m.)

In 2009, sales tax rebates of \$1,224,127 are estimated and interest earnings are estimated at \$44,183, for a total of \$1,268,310. Uses are expected to be about \$2,696,682, including \$1,000,840 in debt service payments on the \$2.8 million interfund loan and \$1,412,400 to pay on capital projects. Another interfund loan of \$1 million may be necessary in 2009. The ending balance would be \$1,104,411.

Discussion:

Dean summarized that at the end of 2009, the PFD would have \$1,104,411 in the bank and a debt of about \$3.8 million, which is a debit of \$2.8 million, or the difference between what the CFA has indicated they will raise and what they have raised to date.

Dean says the variables through 2009 are:

- 1) Sales tax revenue growth at 4% per year;
- 2) No significant change orders; and
- 3) CFA raising funds in the private sector.

Tara added that construction contingencies are included as 5% of the base bid for Art & Children's Museum and 10% of the base bid for MBT II, and the projected cashflow document assumes all of the contingency funds will be spent.

John should be able to get sales tax projections ready for the April board meeting, as well as a balance sheet.

ii) Patricia Leach and Brad Burdick reported to the board on fundraising activities. Patricia went to Seattle to meet with Olson Sundberg Kundig Allen and saw a dilapidated model of the Art and Children's Museum there. The architects made a new one, which she shared with the board today. Patricia and Brad recently gave a presentation to the CFA about how to meet fundraising goals. Patricia has hired 2 full-time development staff, one of whom has been working with Thea Kleiber, Brad Burdick, Gaye Godfrey and Patricia Leach. The group has come up with an outline of how to provide infrastructure to our community leaders who are helping to raise funds. Steve Brinn and Jeff McClure will partner on gifts of higher than \$50,000. Between now and the end of year, the group hopes to raise \$1 million through grants with Murdock and Kresge. Phyllis Self will also be assisting Steve and Jeff in talking to the top 20 donors. For donations of \$10,000 to \$50,000, other committee members will be involved, such as Sue Sharpe and Janice Butler. The campaign should wrap up in early 2009, when smaller gifts will be expected from the community. The Museum will look into a possible grant from the Henry Luce Foundation. The Museum and the Mount Baker Theatre MBT applied for and have been notified that each institution will receive

\$200,000 from the Paul Allen Foundation. The community-wide campaign will be focused on gifts from \$1,000 to \$10,000 and the plan is to make this a big media event. In April, Steve Brinn is planning to hold an event for donors who have already given \$75,000 and above. The group is also planning on a contingency plan in case the larger gifts don't come in.

Discussion:

Robin asked with the changing population and wealth coming into the community, what the strategy is for reaching new people. Patricia said it's important to be active in the community and to have managers belong to service clubs. The Museum is looking at exhibitions and programs that might attract new and different audiences. For example, with the 2010 Olympics coming up, the Museum will partner with the MBT and Pickford Theatre as well as convention and visitor bureaus in Vancouver, B.C. and Seattle for the business of the history and culture of snowboarding. Brad added that Steve Brinn is good at getting new people in.

Dean Brett asked Patricia what the team is learning about \$50,000 being asked for and only \$500 being received. Patricia thought it could be from not following through quickly enough. She added that it is important to keep a relationship going with those donors.

Dean asked about the team's confidence level of raising another \$2.8 million. Patricia feels good about the grants and Jeff McClure and Steve Brinn being involved. Patricia hopes to focus on endowment place once the Art & Children's Museum is built and before it opens. Gaye Godfrey said the CFA is focusing on raising capital dollars because once the Museum is open it will be very difficult to raise capital. Yvonne asked about operations and the status of the business plan for the Art & Children's Museum. Patricia answered that the business plan was not completed. It gives a pro forma for the first 3 years of operation, but is missing what can be done between now and the opening.

David Warren said he went to the CFA board meeting and expressed concerns of PFD board members, but he is encouraged by the development plan presented by Patricia Leach and Brad Burdick. Charlie added that the PFD board needs to demonstrate optimism and show more enthusiastic support for the CFA. David added he had offered up the services of the PFD board to CFA. Robin said she would be making a presentation with Steve Brinn to the Rotary Club.

2. BWPFD Capital Project Updates: Mount Baker Theatre Phase II Renovations.

Freeman Anthony said the main auditorium of the theatre is devoid of seats. The contractor has been on site for three weeks. Most of the asbestos abatement has been done. Sixty percent of the old wiring is out. Lead paint has been removed. A change order will be required for additional work related to asbestos abatement in the boiler flue for \$3,000. Also on the change order will be a credit – the contractor was going to cut holes in the concrete support beams, but doesn't need to do so. The Frankenstein room has been demolished and the old switches will go to Museum of Radio & Electricity. The old boiler has been removed. NW Recycling has a container on site.

There is no LEED requirement for the construction. The electrical permit is ready. The project architect, Mette Greenshields, is not too involved at present because her husband recently passed away after a battle with cancer.

Charlie asked how the timing looks now construction is underway. Freeman said two weeks were lost for set-up only. Tara and Brad added that Dawson knows the importance of the timeline.

Art & Children's Museum. Tara said Mark Handzlik couldn't be here today however the contractor is doing well on the construction schedule. Patricia mentioned that the proposed security change order that came from Museum staff was revisited and got decreased, so she is waiting to hear about the electrical side. Tara said Ebenal will be forming panels for walls on Grand Avenue and Flora Street next week.

3. City of Bellingham and Whatcom County Activities and Issues: A tour of the Art & Children's Museum site was held on Monday for Mayor Pike, County Executive Kremen, Mayor Louws and Mayor Pratt and filmed by BTV10. Tara, David Warren, Mark Handzlik and Ravyn Whitewolf also participated. John Carter and Tara gave a 4th quarter 2007 report to County Council yesterday and will give the same report to City Council on Monday. Tara also gave the County Council more current information. Tara said the boundary of Old Town, which includes part of the Arts District, was passed Monday by City Council. It includes the Old City Hall Building (Museum). A 75' height limit was imposed.

4. Cultural District Stakeholders Activities and Issues: None.

5. Public Awareness and Communication: Graphics and text for the Arts District signs created by Yvonne were sent to other stakeholders for comments. Once the graphics and text are finalized, the PFD will hire a sign fabricator to make and install the signs.

ADJOURNMENT

David Warren adjourned the meeting at 3:12 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant.



AGENDA

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING
WEDNESDAY, MARCH 26, 2008
2:00 P.M. – 5:00 P.M.
Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

Citizens may speak informally to the Board on subjects not scheduled for public hearing. Each speaker is allowed a maximum of three minutes. A copy of any written comments for the Board should be provided to the Administrative Assistant, preferably before the meeting.

APPROVAL OF MINUTES

ACTION: Approve minutes of the February 27, 2008 regular board meeting and the March 14, 2008 special board meeting.

AGENDA REVIEW

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status.
2. BWPFD Capital Project Updates.
3. City of Bellingham and Whatcom County Activities and Issues.
4. Cultural District Stakeholders Activities and Issues.
5. Public Awareness & Communication.

ADJOURNMENT

FOR CITIZENS WITH SPECIAL NEEDS, the Mayor's Boardroom is fully accessible. Elevator access to the second floor is available at City Hall's west entrance. Hearing assistance is available in the Mayor's Boardroom and a receiver may be checked out through the clerk prior to the meeting. For additional accommodations, persons are asked to contact Alison Henshaw at 738-7451 at least 3 working days in advance of the meeting. Thank you.



**MINUTES OF THE SPECIAL PUBLIC MEETING OF THE
BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT
FRIDAY, MARCH 14, 2008**

CALL TO ORDER

David Warren, President, called the meeting to order at 11:07 a.m.

ROLL CALL

Board members present were Yvonne Bianchi, Dean Brett, Brent Walker and David Warren.

OPEN PUBLIC COMMENT PERIOD

None.

BUSINESS: i) Consider for approval a new easement to Puget Sound Energy for property located at 216 Grand Avenue, Bellingham, the site of the new Art & Children's Museum, and authorize board president to sign the same for the Bellingham-Whatcom Public Facilities District.

ii) Consider for approval termination of an existing easement to Puget Sound Energy for underground electrical system for property located at 216 Grand Avenue, Bellingham, the site of the new Art & Children's Museum, and authorize board president to sign the same for the Bellingham-Whatcom Public Facilities District.

DEAN BRETT MOVED TO APPROVE A NEW EASEMENT TO PUGET SOUND ENERGY FOR PROPERTY LOCATED AT 216 GRAND AVENUE, BELLINGHAM, THE SITE OF THE NEW ART & CHILDREN'S MUSEUM; TO TERMINATE THE EXISTING EASEMENT, AND AUTHORIZE THE BOARD PRESIDENT TO SIGN BOTH FOR THE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT. BRENT WALKER SECONDED.

Motion carried 4-0.

ADJOURNMENT

David Warren adjourned the meeting at 11:10 a.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant.

AGENDA

**BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT SPECIAL MEETING
FRIDAY, MARCH 14, 2008
11:00 A.M. – 11:30 A.M.
Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham**

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

Citizens may speak informally to the Board on subjects not scheduled for public hearing. Each speaker is allowed a maximum of three minutes. A copy of any written comments for the Board should be provided to the Administrative Assistant, preferably before the meeting.

BUSINESS

ACTION:

- i) **Consider for approval a new easement to Puget Sound Energy for property located at 216 Grand Avenue, Bellingham, the site of the new Art & Children's Museum, and authorize board president to sign the same for the Bellingham-Whatcom Public Facilities District.**
- ii) **Consider for approval termination of an existing easement to Puget Sound Energy for underground electrical system for property located at 216 Grand Avenue, Bellingham, the site of the new Art & Children's Museum, and authorize board president to sign the same for the Bellingham-Whatcom Public Facilities District.**

ADJOURNMENT

FOR CITIZENS WITH SPECIAL NEEDS, the Mayor's Boardroom is fully accessible. Elevator access to the second floor is available at City Hall's west entrance. Hearing assistance is available in the Mayor's Boardroom and a receiver may be checked out through the clerk prior to the meeting. For additional accommodations, persons are asked to contact Alison Henshaw at 738-7451 at least 3 working days in advance of the meeting. Thank you.



**MINUTES OF THE PUBLIC MEETING OF THE
BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT
WEDNESDAY, FEBRUARY 27, 2008**

CALL TO ORDER

David Warren, President, called the meeting to order at 2:02 p.m.

ROLL CALL

Board members present were Yvonne Bianchi, Dean Brett, Dunham Gooding, Robin Halliday, and David Warren.

OPEN PUBLIC COMMENT PERIOD

None.

AGENDA REVIEW

None.

APPROVAL OF MINUTES

Robin Halliday requested an amendment to the draft minutes of January 23, 2008. Under item 4 on page 3, there is a sentence that says "Robin has crafted a two sentence sound byte to explain there are no new tax dollars and that state sales tax rebates of about \$20 will fund the projects." The word "million" should come after "\$20".

ROBIN HALLIDAY MOVED TO APPROVE THE MINUTES OF THE JANUARY 23, 2008 REGULAR BOARD MEETING, AS AMENDED. YVONNE BIANCHI SECONDED.

Motion carried 5-0.

DUNHAM GOODING MOVED TO APPROVE THE MINUTES OF THE FEBRUARY 1, 2008 SPECIAL BOARD MEETING. DEAN BRETT SECONDED.

Motion carried 5-0.

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status: John Carter, City of Bellingham Finance Director, distributed the PFD Operating Statement for December 2007. On revenues, the sales tax rebate is slightly more than budgeted and interest income is up. The original budget forecasted that there would be \$10,250 in bonds, but a bank qualified bond was issued for \$9,995,000 and bond issuance costs came out of that. Total revenue was about \$11.6 million. \$3.5 million was spent on capital in 2007. Total expenditures were \$4,561,794. John reminded the board about the necessary 5% operating reserve. 2007 funds will be reappropriated for capital costs. John mentioned

the potential economic downturn, but we likely won't have data on that until the end of the 1st quarter. Robin asked for a column to be added for cumulative on the capital side. John Carter will be updating sources and uses of PFD funding. He plans to change the document format and include all revenues and expenditures, with the goal of sharing the information with the PFD at the March meeting.

Gaye Godfrey distributed the Campaign for the Arts December 31, 2007 report. The report includes goals, cash received, written pledges and verbal pledges. Now that the capital contributions agreement is fully executed by all parties, some of the funds can be transferred to the PFD. The cash received for capital and unrestricted of \$721,232 is gross – before administrative costs are taken out. The Museum is hiring two development staff. A core fundraising team meets every other week, including Thea Kleiber and Patricia Leach. The CFA meets with Robin and Brett once a month.

i) Recommend to the City of Bellingham acceptance of State Department of Ecology grant funding for reimbursement of costs associated with administration, design, construction, public education and monitoring of the Art & Children's Museum Storm water Management project: Renee LaCroix said the \$471,000 grant is for the green roof, permeable pavement and bioretention cells, storm water educational component, two permanent museum installations and monitoring. Robin asked about the matching requirement. Renee said the 25% match would be from the steel joists that support the green roof.

DUNHAM GOODING MOVED TO RECOMMEND TO THE CITY OF BELLINGHAM ACCEPTANCE OF STATE DEPARTMENT OF ECOLOGY GRANT FUNDING FOR REIMBURSEMENT OF COSTS ASSOCIATED WITH ADMINISTRATION, DESIGN, CONSTRUCTION, PUBLIC EDUCATION AND MONITORING OF THE ART & CHILDREN'S MUSEUM STORM WATER MANAGEMENT PROJECT. ROBIN HALLIDAY SECONDED.

Motion carried 5-0.

ii) Consider payment of additional fees to Olson Sundberg Kundig Allen Architects in the amount of \$77,725 for design work on the Art & Children's Museum to be paid from a Storm water Management Implementation grant. Said fees will be reimbursed by the grant funds. A proposed Addendum to the contract between the City of Bellingham and Olson Sundberg Kundig Allen Architects was distributed to the board.

ROBIN HALLIDAY MOVED TO APPROVE PAYMENT OF ADDITIONAL FEES TO OLSON SUNDBERG KUNDIG ALLEN ARCHITECTS IN THE AMOUNT OF \$77,725 FOR DESIGN WORK ON THE ART & CHILDREN'S MUSEUM TO BE PAID FROM A STORM WATER MANAGEMENT IMPLEMENTATION GRANT. SAID FEES WILL BE REIMBURSED BY THE GRANT FUNDS. DUNHAM GOODING SECONDED.

Motion carried 5-0.

iii) Consider payment of additional fees to LMN Architects in the amount of \$4,334 for increased design work resulting from the second bid process for Mount Baker Theatre Phase II Renovations. A letter dated February 19, 2008 re: Additional services for re-bidding Mt Baker Theatre, Phase II from LMN Architects was distributed to the board.

YVONNE BIANCHI MOVED TO APPROVE PAYMENT OF ADDITIONAL FEES TO LMN ARCHITECTS IN THE AMOUNT OF \$4,334 FOR INCREASED DESIGN WORK RESULTING FROM THE SECOND BID PROCESS FOR MOUNT BAKER THEATRE PHASE II RENOVATIONS. DEAN BRETT SECONDED.

Motion carried 5-0.

iv) Consider for approval a short-term agreement between the Bellingham-Whatcom Public Facilities District and Diamond Parking for management of the parking lot at 104 N. Commercial Street. A letter of agreement was distributed to the board. Tara explained that Diamond Parking had an agreement to manage the lot at 104 N. Commercial Street but that it was supposed to be terminated at the end of 2007. She asked that the agreement be terminated at the end of January but then due to the second bid process, the lot wasn't needed for construction until the end of February. This new agreement covers management through Friday, February 29, 2008.

YVONNE BIANCHI MOVED TO APPROVE A SHORT-TERM AGREEMENT BETWEEN THE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT AND DIAMOND PARKING FOR MANAGEMENT OF THE PARKING LOT AT 104 N. COMMERCIAL STREET. DEAN BRETT SECONDED.

Motion carried 5-0.

v) Consider approval of payment to Puget Sound Energy of \$6,842.77 for provision of electrical service to Art & Children's Museum and to authorize president to sign letter of agreement for this work. Tara explained that Puget Sound Energy needs the property owner's signature in order to install a vault on the Art & Children's Museum site to provide electrical service. Mark Handzlik explained that a concrete vault with transformer will be on the northeast corner of the building. Original plans showed an overhead power pole, but there is no pole there.

ROBIN HALLIDAY MOVED TO APPROVE PAYMENT TO PUGET SOUND ENERGY OF \$6,842.77 FOR PROVISION OF ELECTRICAL SERVICE TO ART & CHILDREN'S MUSEUM AND TO AUTHORIZE PRESIDENT TO SIGN LETTER OF AGREEMENT FOR THIS WORK. YVONNE BIANCHI SECONDED.

Motion carried 5-0.

2. BWPFDC Capital Project Updates: Art & Children's Museum. Dean asked Mark Handzlik about any upcoming change orders. Mark said there were two, one for approximately \$60,000 and one for approximately \$45,000. The \$60,000 is for security

items which Museum staff wants to add to the building. Many of the items are wishes as opposed to needs. Card readers are \$1,200 each but they may not be needed on every door. The Art & Children's Museum Core Team has not had a chance to review the security issue. Ebenal wants a response on security items by Monday. Mark needs to meet with Patricia Leach and Jeff McClure because Ebenal is about to pour the tilt-up panels. The \$45,000 is for changes to mechanical equipment – automated monitoring equipment such as climate control, which improves the efficiency of the building. Some are LEED requirements.

Tara mentioned that as a part of the Art & Children's Museum construction project, the Parking Division is charging the PFD for loss of revenue on 9 parking spaces, allowing the contractor access to the whole site. The charge is about \$2,000 per month. It would cost the PFD more if the contractor didn't have adequate access to the site. This should come out of the contingency. Mark mentioned some of the other costs such as project management time and special inspections will not be as much as budgeted.

Mount Baker Theatre Phase II Renovations. Freeman Anthony said the contract between the City of Bellingham and Dawson Construction has been signed. John Stimson is the project manager. The Notice to Proceed is prepared and the contractor will be on site Monday. A pre-construction meeting was held yesterday. Freeman will inform the board of change orders outside of the scope in the amount of \$5,000 or more. He will take any scope increases to the MBT Core Team. Tara explained that although the architects designed a construction sign, the PFD will be using its own.

3. City of Bellingham and Whatcom County Activities and Issues: A tour of the Art & Children's Museum will be held for mayors of the seven cities in Whatcom County and the County Executive on March 24, 2008.

4. Cultural District Stakeholders Activities and Issues: None.

5. Public Awareness and Communication: Yvonne showed the board some draft posters of the Arts District. She is donating her services to the project for creating construction signs for Mount Baker Theatre and Art & Children's Museum and Bay & Holly, as well as a poster for the entire Arts District. Yvonne, Tara, Alison and Robin will meet again to discuss the text and installation.

ADJOURNMENT

David Warren adjourned the meeting at 3:15 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant.

AGENDA

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING
WEDNESDAY, FEBRUARY 27, 2008
2:00 P.M. – 5:00 P.M.
Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

Citizens may speak informally to the Board on subjects not scheduled for public hearing. Each speaker is allowed a maximum of three minutes. A copy of any written comments for the Board should be provided to the Administrative Assistant, preferably before the meeting.

APPROVAL OF MINUTES

ACTION: Approve minutes of the January 23, 2008 regular board meeting and the February 1, 2008 special board meeting.

AGENDA REVIEW

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status:
 - i) **ACTION: Recommend to the City of Bellingham acceptance of State Department of Ecology grant funding for reimbursement of costs associated with administration, design, construction, public education and monitoring of the Art & Children's Museum Storm water Management project.**
 - ii) **ACTION: Consider payment of additional fees to Olson Sundberg Kundig Allen Architects in the amount of \$77,725 for design work on the Art & Children's Museum to be paid from a Storm water Management Implementation grant. Said fees will be reimbursed by the grant funds.**
 - iii) **ACTION: Consider payment of additional fees to LMN Architects in the amount of \$4,334 for increased design work resulting from the second bid process for Mount Baker Theatre Phase II Renovations.**
 - iv) **ACTION: Consider for approval a short-term agreement between the Bellingham-Whatcom Public Facilities District and Diamond Parking for management of the parking lot at 104 N. Commercial Street.**
2. BWPFD Capital Project Updates.
3. City of Bellingham and Whatcom County Activities and Issues.
4. Cultural District Stakeholders Activities and Issues.
5. Public Awareness & Communication.

ADJOURNMENT – followed by hard hat tour of Art & Children's Museum site.

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**MINUTES OF THE SPECIAL PUBLIC MEETING OF THE
BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT
FRIDAY, FEBRUARY 1, 2008**

CALL TO ORDER

David Warren, President, called the meeting to order at 11:00 a.m.

ROLL CALL

Board members present were Dean Brett, Dunham Gooding, Charles Self, Brent Walker and David Warren.

OPEN PUBLIC COMMENT PERIOD

None.

BUSINESS: Review bid summary for Mount Baker Theatre Phase II Renovations and forward a recommendation to City Council regarding awarding the bid.

Freeman Anthony, Project Engineer, reported that the rebid went smoothly. There were 4 bids from the same contractors that bid last time. The total bid has increased a little. All the alternates will be included. The base bid from Ebenal General Inc. was lowest, but taking into account the alternates, Dawson Construction, Inc. was the lowest overall bidder. Rory Routh and Ravyn Whitewolf reviewed the bids and found them responsive. Barring any concerns from Legal, staff recommends that the bid be awarded to Dawson Construction, Inc. as low bidder.

Dean did not want this low bid to be subject to a potential protest. He asked if Legal had reviewed the bid from this perspective. Les Reardanz had to research the base bid and alternates issue, and has conducted due process for a typical bid.

DEAN BRETT MOVED TO RECOMMEND THAT CITY COUNCIL ACCEPT THE BID FROM DAWSON CONSTRUCTION, INC. FOR \$4,161,000 FOR THE MOUNT BAKER THEATRE PHASE II RENOVATIONS PROJECT. DUNHAM GOODING SECONDED.

Motion carried 5-0.

ADJOURNMENT

David Warren adjourned the meeting at 11:14 a.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant.



AGENDA

**BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT SPECIAL MEETING
FRIDAY, FEBRUARY 1, 2008
11:00 A.M. – 11:30 A.M.**

Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

Citizens may speak informally to the Board on subjects not scheduled for public hearing. Each speaker is allowed a maximum of three minutes. A copy of any written comments for the Board should be provided to the Administrative Assistant, preferably before the meeting.

BUSINESS

ACTION: Review bid summary for Mount Baker Theatre Phase II Renovations and forward a recommendation to City Council regarding awarding the bid.

ADJOURNMENT

FOR CITIZENS WITH SPECIAL NEEDS, the Mayor's Boardroom is fully accessible. Elevator access to the second floor is available at City Hall's west entrance. Hearing assistance is available in the Mayor's Boardroom and a receiver may be checked out through the clerk prior to the meeting. For additional accommodations, persons are asked to contact Alison Henshaw at 738-7451 at least 3 working days in advance of the meeting. Thank you.



**MINUTES OF THE PUBLIC MEETING OF THE
BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT
WEDNESDAY, JANUARY 23, 2008**

CALL TO ORDER

David Warren, President, called the meeting to order at 2:03 p.m.

ROLL CALL

Board members present were Dean Brett, Dunham Gooding, Robin Halliday, Charles Self, Brent Walker and David Warren.

OPEN PUBLIC COMMENT PERIOD

None.

AGENDA REVIEW

None.

APPROVAL OF MINUTES

ROBIN HALLIDAY MOVED TO APPROVE THE MINUTES OF THE DECEMBER 19, 2007 REGULAR BOARD MEETING. BRENT WALKER SECONDED.

Motion carried 6-0.

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status: Consider for approval an Agreement regarding capital contributions, by and between the Bellingham-Whatcom Public Facilities District, the City of Bellingham, the Campaign for the Arts and the Whatcom Community Foundation. Bob Carmichael said the parties have reached an agreement with the Whatcom Community Foundation on some language extending the agreement should pledges be outstanding.

BRENT WALKER MOVED TO APPROVE THE AGREEMENT REGARDING CAPITAL CONTRIBUTIONS, BY AND BETWEEN THE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT, THE CITY OF BELLINGHAM, THE CAMPAIGN FOR THE ARTS AND THE WHATCOM COMMUNITY FOUNDATION. DEAN BRETT/ROBIN HALLIDAY SECONDED.

Motion carried 6-0.

2. BWPFD Capital Project Updates: Mount Baker Theatre Phase II Renovations. Freeman Anthony, project engineer, said that due to the bid protest filed by Dawson Engineering against Ebenal General, Inc., the City Council rejected all bids on January 14 and asked for the project to be rebid. Freeman issued a new notice for bids on

January 17, after having made some changes to the bid paperwork. The new bids will be opened on January 31, 2008. The rebid process should not affect the construction timeline of March through November.

Art & Children's Museum. Mark Handzlik, project engineer, reported that the project is proceeding. The steel decking floor has been installed, enclosing the basement. The mock-up wall is up. It is a small section of wall and gives an idea of how the exterior of the building will look. The steel is up and there is a crane on site today lifting an air handling unit into the basement.

The change order for future ductwork will cost \$48,048. There are three other items: A topping slab over radiant heat to prevent cracking in the lobby, which will be about \$500; a topping slab in the basement for the rolling storage system for about \$23,000; and art staff want a sink in basement, for which Mark does not yet have an estimate. There is plumbing in the ceiling of the basement, so water would need to be pumped up into the drain. Mark doesn't yet have an estimate for the sink. Of the original \$558,750 original contingency, \$405,070.52 remains.

Tara Sundin gave an update on the Art of Stormwater Management grant from the State Department of Ecology. It includes pervious paving in the alley and courtyard space, bioretention cells or rain gardens, and a bridge and stairway access as well as a green roof. The final offer list for the grant is expected on January 31, 2008. After that, the City will have to enter into a contract with the State. It will be a reimbursement grant, and the City wants to incur costs as soon as the list is issued. The design team needs to start right away. The entire project will cost \$629,110, of which \$471,832.50 is the grant. For fire and safety reasons, it was thought two accesses to the roof would be needed: a stairwell coming through the courtyard up to the green roof and another access. The Core Team preferred not to have the stairway and they wanted a larger gathering space. Tara, Mark and Jeff McClure met earlier today with Preston Burris of the City's Building Services Division (BSD). BSD is supportive of not having the stairway and the gathering space could be about 350 square feet, which could also be used for receptions as a sit down space. The actual size of the green roof is 3,000 square feet. Tara added that the grant will necessitate an increase in Olson Sundberg Kundig Allen's design fees and a change order for Ebenal General, Inc.

Robin said the grant should be used as a communications tool for the Campaign for the Arts. Dunham said the LEED status is an important factor. He checked with Mark Handzlik about what would qualify for the 25% match. It will be steel joists and public works staff time spent on the grant.

3. City of Bellingham and Whatcom County Activities and Issues: Tara and Alison will be working soon on a fourth quarter report to be presented in-person to the councils. Dunham has gathered information on his proposed letter to the Library and will send a draft to Robin for review. Tara met with the small cities, introduced herself and reminded them that Yvonne's term is expiring in July so they'll need to appoint a board member. They welcome ideas but will come up with their own names.

Dean wanted to know how the new board member would be appointed, since the Interlocal Agreement says the Mayor and County Executive nominate individuals and the City and County Councils approve them. The Revised Interlocal Agreement addresses this: "The term of one board member is set to expire in 2008. The small cities shall meet and nominate a member to fill that open position in 2008. The legislative authorities of the small cities shall appoint the small cities representative. The small cities will continue to fill that position on the Public Facilities Board as a vacancy occurs or the term expires."

Tara added that the small cities group meets monthly. They asked her to provide some information to the 6 cities such as typical decisions made by the board. Robin said the new board member should have good communication skills to engage the community and should have experience working with multiple parties on projects. Dunham thinks it important they have an understanding of the mission and role of the Museum and Mount Baker Theatre and the broad goals of the Arts District, including culture, education and economic impact. Dean Brett suggested inviting the 6 mayors to have a group tour of the Art & Children's Museum and the Mount Baker Theatre.

4. Cultural District Stakeholders Activities and Issues: Robin reported that she, Tara, and Alison met with representatives from the City, Mount Baker Theatre, Museum and Campaign for the Arts on January 18 to talk about getting consistent messages to the public about the Arts District. From the fundraising standpoint, there is only a small window and there's a lot of activity in the Arts District the public doesn't know about. Although there is signage at the Art & Children's Museum, there's nothing on Champion Street about the streetscape improvements. The Bay & Holly entrance to Arts District will need good signage. There will be videotaping about the Whatcom Museum's Art & Children's Museum for BTV10 programs. Robin has crafted a two sentence sound byte to explain there are no new tax dollars and that state sales tax rebates of about \$20 million will fund the projects. Robin says consistent graphical pieces need to be used for the Arts District.

5. Public Awareness and Communication: Tara says the City will do a 3 minute spot on BTV10 on the Art & Children's Museum. Tara would like Mark Handzlik and perhaps David Warren to be interviewed.

Charlie says the Museum basement was expanded for a folk art exhibit, which may have fallen through as it is not being pursued by the Museum Society Board. David will check in with the Museum Society on this issue.

ADJOURNMENT

David Warren adjourned the meeting at 3:34 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant.

AGENDA

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING
WEDNESDAY, JANUARY 23, 2008
2:00 P.M. – 5:00 P.M.
Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

Citizens may speak informally to the Board on subjects not scheduled for public hearing. Each speaker is allowed a maximum of three minutes. A copy of any written comments for the Board should be provided to the Administrative Assistant, preferably before the meeting.

APPROVAL OF MINUTES

ACTION: Approve minutes of the December 19, 2007 regular board meeting.

AGENDA REVIEW

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status:
ACTION: Consider for approval an Agreement regarding capital contributions, by and between the Bellingham-Whatcom Public Facilities District, the City of Bellingham, the Campaign for the Arts and the Whatcom Community Foundation.
2. BWPFD Capital Project Updates.
3. City of Bellingham and Whatcom County Activities and Issues.
4. Cultural District Stakeholders Activities and Issues.
5. Public Awareness & Communication.

ADJOURNMENT

FOR CITIZENS WITH SPECIAL NEEDS, the Mayor's Boardroom is fully accessible. Elevator access to the second floor is available at City Hall's west entrance. Hearing assistance is available in the Mayor's Boardroom and a receiver may be checked out through the clerk prior to the meeting. For additional accommodations, persons are asked to contact Alison Henshaw at 738-7451 at least 3 working days in advance of the meeting. Thank you.

PUBLIC FACILITIES BELLINGHAM WHATCOM **DISTRICT**

MINUTES OF THE PUBLIC MEETING OF THE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT THURSDAY, DECEMBER 17, 2009

CALL TO ORDER

Dunham Gooding, President, called the meeting to order at 2:05 p.m.

ROLL CALL

Board members present were Dean Brett, Dunham Gooding, Robin Halliday, Troy Luginbill, Charles Self, Brent Walker, and David Warren. Also present were Bob Carmichael, Mark Handzlik, Alison Henshaw, Les Reardanz and Tara Sundin.

BUSINESS

Executive Session - Litigation (RCW 42.30.110 (i)): An executive session was held related to litigation regarding the Art & Children's Museum. Following the executive session, the Board gave direction to staff.

DEAN BRETT MOVED THAT THE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT AUTHORIZE WHATEVER FUNDS ARE NECESSARY TO DEFEND THE CLAIM BY EBENAL GENERAL, INC. REGARDING THE CONSTRUCTION OF THE ART & CHILDREN'S MUSEUM, UP THROUGH ARBITRATION. DAVID WARREN SECONDED.

Motion approved 7-0.

ADJOURNMENT

Dunham Gooding adjourned the meeting at 3 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant.

Final Minutes Approved:



Board Member
Dunham Gooding



AGENDA

**BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT SPECIAL MEETING
THURSDAY, DECEMBER 17, 2009**

2:00 P.M. – 3:00 P.M.

Human Resources Training Room, City Hall, 210 Lottie Street, Bellingham

CALL TO ORDER

ROLL CALL

BUSINESS

Executive Session – Litigation, RCW 42.30.110(i). Closed to the public. Report in regular meeting only.

ADJOURNMENT

FOR CITIZENS WITH SPECIAL NEEDS, the Human Resources Training Room is fully accessible. Elevator access to the second floor is available at City Hall's west entrance. Hearing assistance is available in the Human Resources Training Room and a receiver may be checked out through the clerk prior to the meeting. For additional accommodations, persons are asked to contact Alison Henshaw at 778-8370 at least 3 working days in advance of the meeting. Thank you.

PUBLIC FACILITIES
BELLINGHAM
WHATCOM **DISTRICT**

**MINUTES OF THE PUBLIC MEETING OF THE
BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT
FRIDAY, DECEMBER 4, 2009**

CALL TO ORDER

Dunham Gooding, President, called the meeting to order at 10:09 a.m.

ROLL CALL

Board members present were Dean Brett, Dunham Gooding, Robin Halliday, Charles Self, and David Warren. Also present were Bob Carmichael, John Carter, Mark Handzlik, Alison Henshaw, Les Reardanz and Tara Sundin.

BUSINESS

Executive Session - Litigation (RCW 42.30.110 (i)): An executive session was held related to litigation regarding the Art & Children's Museum. Following the executive session, no action was taken.

ADJOURNMENT

Dunham Gooding adjourned the meeting at 11:20 a.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant.

Final Minutes Approved:



Board Member
Dunham Gooding



AGENDA

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT SPECIAL MEETING

FRIDAY, DECEMBER 4, 2009

10:00 A.M. – 11:00 A.M.

Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham

CALL TO ORDER

ROLL CALL

BUSINESS

Executive Session – Litigation, RCW 42.30.110(i). Closed to the public. Report in regular meeting only.

ADJOURNMENT

FOR CITIZENS WITH SPECIAL NEEDS, the Mayor's Boardroom is fully accessible. Elevator access to the second floor is available at City Hall's west entrance. Hearing assistance is available in the Mayor's Boardroom and a receiver may be checked out through the clerk prior to the meeting. For additional accommodations, persons are asked to contact Alison Henshaw at 778-8370 at least 3 working days in advance of the meeting. Thank you.

PUBLIC FACILITIES DISTRICT

BELLINGHAM
WHATCOM

MINUTES OF THE PUBLIC MEETING OF THE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT WEDNESDAY, OCTOBER 28, 2009

CALL TO ORDER

Dunham Gooding, President, called the meeting to order at 2:00 p.m.

ROLL CALL

Board members present were Dean Brett, Dunham Gooding, Robin Halliday, Charles Self (by telephone), Brent Walker, and David Warren.

OPEN PUBLIC COMMENT PERIOD

None.

APPROVAL OF MINUTES

DAVID WARREN MOVED TO APPROVE THE MINUTES OF THE JULY 22, 2009 REGULAR BOARD MEETING. ROBIN HALLIDAY SECONDED.

Motion carried 6-0.

AGENDA REVIEW

None.

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status: Brian Henshaw, Budget Manager, distributed a spreadsheet showing projections from 2009. For 2009, \$1 million was received in sales tax revenues, which is \$200,000 below budget, reflecting a decrease in sales tax. Expenses are below budget. Revenues show what is budgeted for 2010, which is zero percent growth in sales tax, then a sales tax increase of 2% is projected for years 2011 and 2012 and 4% for years 2013 and beyond. There will be a cash flow problem in 2014 after the PFD starts to pay principal and interest on the City loan payments.

Tara presented the Campaign for the Arts fund-raising report from the Whatcom Community Foundation through September 30, 2009. The PFD has received \$2.4 million. \$210,000 of that is for streetscapes, so the PFD received about \$2.2 million for its projects. The \$975,000 BFA grant for Mount Baker Theatre is not shown. \$3,137,798 CFA total capital funds include cash and pledges received. After receiving the \$975,000 from the State for the Building for the Arts grant for Mount Baker Theatre, the CFA will be close to raising their goal of \$4.4 million. The MBT has met its goal for endowment, but the Museum has not.

i. Resolution Fixing the Times and Dates of the 2010 Regular Board Meetings: Due to some Board members not being available on the proposed dates, the Board agreed to schedule the April and July meetings one week earlier. The 2010 meeting dates will be January 27, April 21, July 21 and October 27.

**DAVID WARREN MOVED TO APPROVE RESOLUTION 2009-3, AS AMENDED.
DEAN BRETT SECONDED.**

Motion carried 6-0.

ii. Payment of current mediation fees and potential future arbitration fees: The City is asking the BWPFD to pay for the mediation fees related to the Art & Children's Museum project. Dunham asked the Board to keep in mind that the City is back-stopping the BPWFD's funding. Current mediation fees are \$3,000. Arbitration fees would be in addition to the mediation fees.

**DEAN BRETT MOVED TO AUTHORIZE PAYMENT OF \$3,000 IN MEDIATION FEES.
DAVID WARREN SECONDED.**

Motion carried 6-0.

iii. Resolution commending David Warren for his service as President of the Board:

**ROBIN HALLIDAY MOVED TO APPROVE RESOLUTION 2009-4 COMMENDING
DAVID WARREN FOR HIS SERVICE AS PRESIDENT OF THE BOARD. BRENT
WALKER SECONDED.**

Motion carried 5-0-1. David Warren abstained.

2. Public Awareness and Communication: The Museum will have its invitation-only opening event for the Lightcatcher Building on November 13 and a public event at 11 a.m. on November 14.

3. BWPFD Capital Project Updates: Art & Children's Museum: Mark Handzlik said there is nothing critical on the punch list. Two security cameras need to be installed on a pole at Grand and Flora and Lyndale Glass needs to work on the gates to allow for emergency egress. Sustainable Connections took a tour to see the green roof.

4. City of Bellingham and Whatcom County Activities and Issues: Mayor Pike responded to Dunham's letter saying he'll do what he can.

5. Cultural District Stakeholders Activities and Issues: None.

6. Executive Session – Potential Litigation, RCW 42.30.110(i). An executive session was held to discuss potential litigation and strategies to deal with it. No action was taken.

ADJOURNMENT

Dunham Gooding adjourned the meeting at 2:58 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant.

Final Minutes Approved:


Board Member



AGENDA

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING
WEDNESDAY, OCTOBER 28, 2009
2:00 P.M. – 4:00 P.M.
Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

Citizens may speak informally to the Board on subjects not scheduled for public hearing. Each speaker is allowed a maximum of three minutes. A copy of any written comments for the Board should be provided to the Administrative Assistant, preferably before the meeting.

APPROVAL OF MINUTES

ACTION: Approve minutes of the July 22, 2009 regular board meeting.

AGENDA REVIEW

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status:
 - i. **ACTION: Consider for approval a Resolution Fixing the Times and Dates of the 2010 Regular Board Meetings of the Board of Directors of the Bellingham-Whatcom Public Facilities District.**
 - ii. **ACTION: Consider for approval payment of current mediation fees and potential future arbitration fees related to the Art & Children's Museum project.**
 - iii. **ACTION: Consider for approval a Resolution Commending David Warren for his service as President of the Board.**
2. Public Awareness & Communication.
3. BWPFD Capital Project Updates.
4. City of Bellingham and Whatcom County Activities and Issues.
5. Cultural District Stakeholders Activities and Issues.
6. **Executive Session – Potential Litigation, RCW 42.30.110(i). Closed to the public.** Report in regular meeting only.

ADJOURNMENT

FOR CITIZENS WITH SPECIAL NEEDS, the Mayor's Boardroom is fully accessible. Elevator access to the second floor is available at City Hall's west entrance. Hearing assistance is available in the Mayor's Boardroom and a receiver may be checked out through the clerk prior to the meeting. For additional accommodations, persons are asked to contact Alison Henshaw at 778-8370 at least 3 working days in advance of the meeting. Thank you.



**MINUTES OF THE PUBLIC MEETING OF THE
BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT
WEDNESDAY, JULY 22, 2009**

CALL TO ORDER

David Warren, President, called the meeting to order at 2:10 p.m.

ROLL CALL

Board members present were Dunham Gooding (at 2:12 p.m.), Robin Halliday, Troy Luginbill, Brent Walker, and David Warren.

OPEN PUBLIC COMMENT PERIOD

None.

APPROVAL OF MINUTES

ROBIN HALLIDAY MOVED TO APPROVE THE MINUTES OF THE MAY 27, 2009 REGULAR BOARD MEETING, AS AMENDED. TROY LUGINBILL SECONDED.

Motion carried 4-0. (Dunham had not yet arrived).

AGENDA REVIEW

None.

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status: i) Approve Lease between BWPFD, City of Bellingham and Whatcom Museum Foundation: Bob Carmichael explained that the Art & Children's Museum Lease is based on the one with the Mount Baker Theatre. Its term is for 25 years, allows for sub-lease of the premises, and improvements to the premises up to \$100,000. The BWPFD will need to approve improvements that are for more than \$100,000.

Discussion:

Dunham expressed his concern that the \$100,000 improvements are not limited to a year or project, and would like to clarify the language. Brent says if the Museum has the money, let them make the improvements. Robin likes that the BWPFD has a say if the improvements are for more than \$100,000. Dunham suggests adding the words "or making major alteration in the structure or architectural design of the facility." Bob suggested including examples such as the Lightcatcher Wall, Green Roof and Courtyard. He will make these changes to the draft Lease. Tara added that the Museum Board had not approved the Lease yet, so there may be more changes following their review.

**ROBIN HALLIDAY MOVED TO APPROVE THE LEASE BETWEEN THE
BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT, CITY OF BELLINGHAM**

AND WHATCOM MUSEUM FOUNDATION, AS AMENDED. DUNHAM GOODING SECONDED.

Motion carried 5-0.

ii) Annual Election of Officers:

BRENT WALKER NOMINATED DUNHAM GOODING AS PRESIDENT, DAVID WARREN AS VICE-PRESIDENT, CHARLES SELF AS TREASURER, AND BRENT WALKER AS SECRETARY. TROY LUGINBILL SECONDED.

Motion carried 5-0-1, with each nominee abstaining from voting on their own nomination.

2. Public Awareness and Communication: As a follow-up to the Board's decision at its May meeting to write a letter of support to the Mayor with a copy to the City Council for continued City funding of the Museum, Dunham has drafted a letter and read it to the Board. Tara added that City departmental budgets are due mid-August (actually August 21, 2009) and thought it might be better to send the letter around then.

3. BWPFD Capital Project Updates: Art & Children's Museum: Mark reported the emergency fixtures have been installed and have passed inspection. However, a different mechanism is needed on the gates from the Courtyard to the street before full occupancy can be attained. There are several punch list items outstanding. The lighting of the wall needs to be fine-tuned. Museum folks are hanging lights and have had training on the dimmer and mechanical systems. Green roof plants are growing and will arrive in September.

4. City of Bellingham and Whatcom County Activities and Issues: None.

5. Cultural District Stakeholders Activities and Issues: Robin said Rotary has approved funding of the Pickford Theatre's Dream Space as a community match for a Murdock grant. The Downtown Sounds concerts have moved from the alley to Bay Street. The "Downtown Aglow" Museum fundraiser at the new Art & Children's Museum will be held the evening of Friday, July 24, 2009 and 376 tickets have been sold.

Mauri Ingram of Whatcom Community Foundation reported that an "on hold" pledge for \$37,500 had to be written off. Planning for the public phase of the campaign is ongoing, with the goal of allowing for maximum public participation. The CFA continues to receive new gifts.

ADJOURNMENT

David Warren adjourned the meeting at 3:05 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant.

AGENDA

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING

WEDNESDAY, JULY 22, 2009

2:00 P.M. – 4:00 P.M.

Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

Citizens may speak informally to the Board on subjects not scheduled for public hearing. Each speaker is allowed a maximum of three minutes. A copy of any written comments for the Board should be provided to the Administrative Assistant, preferably before the meeting.

APPROVAL OF MINUTES

ACTION: Approve minutes of the May 27, 2009 regular board meeting.

AGENDA REVIEW

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status:
 - i) **ACTION: Approve Lease between BWPFD, City of Bellingham and Whatcom Museum Foundation.**
 - ii) **ACTION: Annual Election of Officers.**
2. Public Awareness & Communication.
3. BWPFD Capital Project Updates.
4. City of Bellingham and Whatcom County Activities and Issues.
5. Cultural District Stakeholders Activities and Issues.

ADJOURNMENT

FOR CITIZENS WITH SPECIAL NEEDS, the Mayor's Boardroom is fully accessible. Elevator access to the second floor is available at City Hall's west entrance. Hearing assistance is available in the Mayor's Boardroom and a receiver may be checked out through the clerk prior to the meeting. For additional accommodations, persons are asked to contact Alison Henshaw at 778-8370 at least 3 working days in advance of the meeting. Thank you.



**MINUTES OF THE PUBLIC MEETING OF THE
BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT
WEDNESDAY, MAY 27, 2009**

CALL TO ORDER

David Warren, President, called the meeting to order at 2:09 p.m.

ROLL CALL

Board members present were Dean Brett, Dunham Gooding, Robin Halliday, Charles Self, and David Warren.

OPEN PUBLIC COMMENT PERIOD

None.

APPROVAL OF MINUTES

Robin noted that there was an inconsistency in the minutes of the April 22, 2009 regular board meeting. The minutes stated that David Warren called the meeting to order and Dunham Gooding adjourned the meeting. However, David Warren actually did both.

CHARLES SELF MOVED TO APPROVE THE MINUTES OF THE APRIL 22, 2009 REGULAR BOARD MEETING, AS AMENDED. ROBIN HALLIDAY SECONDED.

Motion carried 4-0. (Dunham had not yet arrived).

AGENDA REVIEW

None.

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status: John Carter, City of Bellingham Finance Director, reported on the state sales tax revenues for the BWPFD. The City's portion for May is down 18% over last year and is down 16% over all. The PFD's portion is down 11%. The latest state sales tax numbers are not yet in, but John predicts the amount will be down 12% to 13%. John distributed a cash-flow spreadsheet showing a 2% growth rate for 2010 to 2012 and 4% from 2013 onwards. The assumption is that the rate would be down 10% by end of year. Last year, the City loaned \$2.8 million to the PFD with five years of interest payments only. In 2014, the cash balances decline due to increased debt service. In 2018 cash balances will go negative so refinancing may be necessary. If that happens, the City could loan \$2.8 million to the PFD in 2020. There is a concern about whether or not the sales tax would be sufficient to cover the debt service. John added the bonds may need to be refinanced in 2017/2018, with the City backstopping them.

Mauri Ingram, Director of the Whatcom Community Foundation (WCF), reported that not much has changed since last month. She distributed a spreadsheet through April 30, 2009. The WCF is staying in touch with donors. So far \$2.3 million in capital funds and streetscape funds has been transferred to the PFD. The CFA board met in May and their efforts are low-key. The board is shifting towards the Museum. There will be a public donor event in early November to celebrate the Museum's opening. Patricia Leach said there would be an event on July 24th called "Downtown Aglow". The Museum Foundation and Children's Advisory folks will work on this, the only Museum fundraiser this year. Patricia hopes about 400 people to attend and it will be the only opportunity to have a party in the building before the artwork arrives. The funds raised would go towards Museum operations.

i) Consider for Approval Resolution 2009-2 changing board meetings from monthly to quarterly. The Board will meet June 24, July 22 and October 28, 2009.

DEAN BRETT MOVED TO APPROVE RESOLUTION 2009-2 AMENDING RESOLUTION 2009-1 CHANGING THE REGULAR BOARD MEETING FROM MONTHLY TO QUARTERLY. DUNHAM GOODING SECONDED.

Motion carried 5-0.

Charles Self is concerned about the recently published Fiscal Alternatives for Stability Taskforce (FAST) report recommendation to take away the City's subsidy from the Museum. He would like the Board to send a letter to the Mayor and City Council asking that revenue cuts to the Museum's budget not be disproportionate. He considers the arts as essential as any other City service to the community. The Museum needs sufficient funding to operate. John Carter explained there is a City-wide \$6 million deficit that needs to be taken out annually from the budget. The Mayor has accepted \$2,052,500 of FAST's recommendations that do not include staff reductions. The balance of the \$3,947,500 in reductions was divided among the various departments for consideration, which will likely include staff reductions. Dean asked Patricia Leach to come to the June 24, 2009 BWPF board meeting with the proposed reductions to the Museum's 2010 budget. Dunham will work on a draft letter.

ii) Payment of additional fees to Olson Sundberg Kundig Allen Architects in the amount of \$14,201 for LEED consultant commissioning services. This was brought up at the last Board meeting. About \$12,914 is for basic LEED building commissioning services. The remaining \$1,287 is for enhanced commissioning to ensure that the building receives its Silver certification.

CHARLES SELF MOVED TO APPROVE PAYMENT OF ADDITIONAL FEES TO OLSON SUNDBERG KUNDIG ALLEN ARCHITECTS IN THE AMOUNT OF \$14,201 FOR LEED CONSULTANT COMMISSIONING SERVICES. DEAN BRETT SECONDED.

Motion carried 5-0.

2. Executive Session. An executive session regarding potential litigation was held from 3 p.m. to 3:25 p.m. No action was taken.

3. Public Awareness and Communication: None.

4. BWPFD Capital Project Updates: Art & Children's Museum: Mark reported there were some small electrical items remaining but the City hoped to issue substantial completion this week. Museum staff has received training on the lighting and security systems. Patrick Dowling is putting items into the basement. There are some punch list items, including holes in doors. The alarm and elevator have been tested. There are a couple of panels on the Light Catcher Wall that have not yet had rust markings removed. Ebenal has to prepare a punch list schedule.

5. City of Bellingham and Whatcom County Activities and Issues: Bob Carmichael is working with the Museum and City on a Lease for the new Art & Children's Museum.

4. Cultural District Stakeholders Activities and Issues: None.

ADJOURNMENT

David Warren adjourned the meeting at 3:34 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant.

AMENDED AGENDA

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING

WEDNESDAY, MAY 27, 2009

2:00 P.M. – 4:00 P.M.

Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

Citizens may speak informally to the Board on subjects not scheduled for public hearing. Each speaker is allowed a maximum of three minutes. A copy of any written comments for the Board should be provided to the Administrative Assistant, preferably before the meeting.

APPROVAL OF MINUTES

ACTION: Approve minutes of the April 22, 2009 regular board meeting.

AGENDA REVIEW

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status.
 - i) **ACTION: Consider for approval Resolution 2009-2 Amending Resolution 2009-1 changing the regular board meeting from monthly to quarterly.**
 - ii) **ACTION: Consider for approval payment of additional fees to Olson Sundberg Kundig Allen Architects in the amount of \$14,201 for LEED consultant commissioning services.**
2. **Executive Session. Closed to the public.** Report in regular meeting only.
3. Public Awareness & Communication.
4. BWPFD Capital Project Updates.
5. City of Bellingham and Whatcom County Activities and Issues.
6. Cultural District Stakeholders Activities and Issues.

ADJOURNMENT

FOR CITIZENS WITH SPECIAL NEEDS, the Mayor's Boardroom is fully accessible. Elevator access to the second floor is available at City Hall's west entrance. Hearing assistance is available in the Mayor's Boardroom and a receiver may be checked out through the clerk prior to the meeting. For additional accommodations, persons are asked to contact Alison Henshaw at 778-8370 at least 3 working days in advance of the meeting. Thank you.



**MINUTES OF THE PUBLIC MEETING OF THE
BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT
WEDNESDAY, APRIL 22, 2009**

CALL TO ORDER

David Warren, President, called the meeting to order at 2:05 p.m.

ROLL CALL

Board members present were Dunham Gooding, Charles Self, Brent Walker, and David Warren.

OPEN PUBLIC COMMENT PERIOD

None.

APPROVAL OF MINUTES

CHARLES SELF MOVED TO APPROVE THE MINUTES OF THE MARCH 25, 2009 REGULAR BOARD MEETING. BRENT WALKER SECONDED.

Motion carried 4-0.

AGENDA REVIEW

David asked that on the agenda for next month's meeting the board look at the possibility of holding quarterly meetings instead of monthly meetings, with the proviso that if something came up that needed action, then a special meeting be held.

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status: Fundraising status: Tara said the BWPFD recently received \$45,875 from the Campaign for the Arts fund of the Whatcom Community Foundation. Charles asked about payment of pledges. Tara said there is \$37,000 on hold for endowments, \$112,000 on hold for restricted funds, and \$165,000 on hold for unrestricted funds. John Carter will prepare a financial update to City Council and will come to the May meeting to report on the first quarter.

2. Public Awareness and Communication: None.

3. BWPFD Capital Project Updates: Art & Children's Museum: Completion is scheduled for the third week of May. A conditional certificate of occupancy may be issued until emergency lights are installed. Work currently going on is floor polishing, cleaning, finishing up of painting, preparing for firing up the mechanical equipment, cleaning the glass, and installing bathroom accessories. The wood slat ceiling is done. Track lighting is going in. The ginkgo tree, rain garden and street trees are in. Light poles not in yet.

David asked about the discoloration of the caulking. Mark said the subcontractor's theory is that it's a reaction from the UV rays. There is no iron in the glass, so all UV rays go through. However, it isn't clear if the discoloration is from on the glass, in the glass or cleaning the glass. If there is a chemical reaction, there could be a life safety issue. The City needs to know the real reason for the discoloration.

Mark said that as the Art & Children's Museum is a LEED building, it will need LEED commissioning. The architect went out for quotes on this work and of the three received, Wilson Jones's estimate of \$11,740 is the lowest. The contract with Olson Sundberg Kundig Allen will need to be amended to cover this work.

Tara mentioned another change order proposal that has been issued by Ebenal for more than \$136,000 for winter work acceleration. Mark responded verbally to Ebenal that the City would rather not proceed with this work; did not request the work to be done; nor did it have prior knowledge that it would occur these costs. Mark said the City already provided an additional 14 calendar days to Ebenal for adverse weather conditions.

3. City of Bellingham and Whatcom County Activities and Issues: None.

4. Cultural District Stakeholders Activities and Issues: The Pickford Theatre is trying to raise money to open their facility. There is a \$700,000 line item in the State Senate budget line for the Pickford. Until the State budget is finalized, it will not be clear whether the Pickford Theatre will receive this funding.

5. Public Awareness and Communication: None.

ADJOURNMENT

David Warren adjourned the meeting at 2:25 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant.

AGENDA

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING

WEDNESDAY, APRIL 22, 2009

2:00 P.M. – 4:00 P.M.

Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

Citizens may speak informally to the Board on subjects not scheduled for public hearing. Each speaker is allowed a maximum of three minutes. A copy of any written comments for the Board should be provided to the Administrative Assistant, preferably before the meeting.

APPROVAL OF MINUTES

ACTION: Approve minutes of the March 25, 2009 regular board meeting.

AGENDA REVIEW

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status.
2. Public Awareness & Communication.
3. BWPFD Capital Project Updates.
4. City of Bellingham and Whatcom County Activities and Issues.
5. Cultural District Stakeholders Activities and Issues.

ADJOURNMENT

FOR CITIZENS WITH SPECIAL NEEDS, the Mayor's Boardroom is fully accessible. Elevator access to the second floor is available at City Hall's west entrance. Hearing assistance is available in the Mayor's Boardroom and a receiver may be checked out through the clerk prior to the meeting. For additional accommodations, persons are asked to contact Alison Henshaw at 778-8370 at least 3 working days in advance of the meeting. Thank you.



**MINUTES OF THE PUBLIC MEETING OF THE
BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT
WEDNESDAY, MARCH 25, 2009**

CALL TO ORDER

Dunham Gooding, Vice President, called the meeting to order at 2:06 p.m.

ROLL CALL

Board members present were Dunham Gooding, Robin Halliday, Troy Luginbill, Charles Self (at 2:08 p.m.), Brent Walker, and David Warren (by telephone).

OPEN PUBLIC COMMENT PERIOD

None.

APPROVAL OF MINUTES

BRENT WALKER MOVED TO APPROVE THE MINUTES OF THE JANUARY 28, 2009 REGULAR BOARD MEETING. ROBIN HALLIDAY SECONDED.

Motion carried 5-0.

TROY LUGINBILL MOVED TO APPROVE THE MINUTES OF THE FEBRUARY 25, 2009 REGULAR BOARD MEETING. DAVID WARREN SECONDED.

Motion carried 5-0.

AGENDA REVIEW

Dunham asked Mark Handzlik to report first on the Art & Children's Museum so that Charlie would be present for the fundraising update and confidentiality agreement.

BUSINESS

1. **BWPFD Capital Project Updates: Art & Children's Museum:** Mark Handzlik said the Art & Children's Museum construction schedule is on track, with a completion date of April 15, 2009 plus 6 working days the City gave to Ebenal for removal of contaminated soil and tanks, so completion will be during the 3rd week of April. Floors will be polished soon, finishing up the lights and wood slat ceiling, and cleaning the glass wall. The metal clips holding the glass onto the wall discolored the caulking, so the subcontractor is cutting out the caulk and putting new caulk back in. The 16 emergency lights are going back to the factory.

Tara talked to Jeff Thomas, Assistant Director of Planning & Community Development and Acting Building Official, about a temporary occupancy permit being confined to the date Museum staff need to get in there and for a public event in July. LEED commissioning will cost \$14,000 to \$16,000 and the Silver rating is still on track.

2. BWPFD Administration, Financial Reports and Fundraising Status: i. Approve Confidentiality Agreement between the City of Bellingham and the Bellingham-Whatcom Public Facilities District. Bob Carmichael and Les Reardanz talked about potential claims on the Art & Children's Museum. The agreement formalizes the interest of each party in protecting the sales tax funds and the project being completed. It allows for information that is privileged and not subject to public disclosure to be shared between the City and the PFD. It also allows information to be shared verbally.

Dunham asked that paragraph 5 (A) be amended to read "If despite such efforts, disclosure of Confidential Information if required **by a Court**, a Party may disclose Confidential Information to the extent necessary to comply with the requirement."

DAVID WARREN MOVED TO APPROVE THE CONFIDENTIALITY AGREEMENT BETWEEN THE CITY OF BELLINGHAM AND THE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT, AS AMENDED. ROBIN HALLIDAY SECONDED.

Motion carried 6-0.

ii. Fundraising status: Tara said the PFD recently received \$241,000 from the Campaign for the Arts account of the Whatcom Community Foundation, bringing cash received to \$2,145,598. The City of Bellingham received \$169,330 for streetscapes, which is more than what we anticipated for the project. There is no new information on the BFA grant for MBT, and there won't be until the State budget is approved. The CFA has raised \$4,984,000 to date.

3. City of Bellingham and Whatcom County Activities and Issues: Tara said businesses are using the artwork for the entrance to the Arts District at Bay and Holly Streets as a landmark. A committee selected the art and the Arts Commission approved it. Tara would like to hold a small celebration for boards and donors once the lights are working. Tara will let PFD board know when. Tara gave City Council an update on the PFD and a report on the funding on March 23.

4. Cultural District Stakeholders Activities and Issues: Robin went as part of the Rotary Club to the Pickford Cinema's Dream Space. \$1 million is needed to complete the project.

5. Public Awareness and Communication: Tara said Olson Sundberg Kundig Allen Architects were featured in the Seattle Times recently as a premier architectural firm in the Pacific Northwest magazine. Jim Olson mentioned the Art & Children's Museum.

ADJOURNMENT

Dunham Gooding adjourned the meeting at 2.56 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant.

AGENDA

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING

WEDNESDAY, MARCH 25, 2009

2:00 P.M. – 4:00 P.M.

Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

Citizens may speak informally to the Board on subjects not scheduled for public hearing. Each speaker is allowed a maximum of three minutes. A copy of any written comments for the Board should be provided to the Administrative Assistant, preferably before the meeting.

APPROVAL OF MINUTES

ACTION: Approve minutes of the January 28, 2009 and February 25, 2009 regular board meetings.

AGENDA REVIEW

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status.
ACTION: Approve Confidentiality Agreement between the City of Bellingham and the Bellingham-Whatcom Public Facilities District.
2. Public Awareness & Communication.
3. BWPFD Capital Project Updates.
4. City of Bellingham and Whatcom County Activities and Issues.
5. Cultural District Stakeholders Activities and Issues.

ADJOURNMENT

FOR CITIZENS WITH SPECIAL NEEDS, the Mayor's Boardroom is fully accessible. Elevator access to the second floor is available at City Hall's west entrance. Hearing assistance is available in the Mayor's Boardroom and a receiver may be checked out through the clerk prior to the meeting. For additional accommodations, persons are asked to contact Alison Henshaw at 778-8370 at least 3 working days in advance of the meeting. Thank you.



**MINUTES OF THE PUBLIC MEETING OF THE
BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT
WEDNESDAY, FEBRUARY 25, 2009**

CALL TO ORDER

David Warren, President, called the meeting to order at 2:10 p.m.

ROLL CALL

Board members present were Dean Brett, Dunham Gooding, Charles Self (by telephone), and David Warren.

OPEN PUBLIC COMMENT PERIOD

None.

AGENDA REVIEW

APPROVAL OF MINUTES

DUNHAM GOODING MOVED TO APPROVE THE MINUTES OF THE JANUARY 28, 2009 REGULAR BOARD MEETING. THERE WAS NO SECOND.

ITEM POSTPONED TO MARCH 25, 2009.

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status: i. Consider payment of additional fees to Olson Sundberg Kundig Allen Architects in the amount of \$4,091.33 for design work related to installation at the Art & Children's Museum of a donated totem pole. This item was discussed at last month's meeting. The donor was not inclined to pay the fees. Dean Brett donated the totem pole and paid \$30,000 for it. He thought the design fees were high. Tara explained that most of the fees were for the structural consultant.

DUNHAM GOODING MOVED TO APPROVE PAYMENT OF ADDITIONAL FEES TO OLSON SUNDBERG KUNDIG ALLEN ARCHITECTS IN THE AMOUNT OF \$4,091.33 FOR DESIGN WORK RELATED TO INSTALLATION AT THE ART & CHILDREN'S MUSEUM OF A DONATED TOTEM POLE. CHARLES SELF SECONDED.

Motion carried 3-1, Dean Brett opposed.

ii. Financial Report: John Carter, City of Bellingham Finance Director had information about sales tax for January and February. The total for Whatcom County and City of Bellingham for the first 60 days is down by 11% from a year ago. The City's portion is down 15% from last year. John continues to monitor sales tax, construction costs and funding capabilities.

Tara said the PFD had recently received \$50,000 from the Museum Society. The Mount Baker Theatre's application for a \$1 million Building for the Arts grant is ranked number 2 state-wide. Dick Little and Tara talked to the state legislators and were told the BFA program is stable. Brad Burdick and Gary Barnett visited the legislators in Olympia and understood they had a good chance of receiving the grant funds.

Mauri Ingram of the Whatcom Community Foundation said the Foundation had a board will meet this afternoon and expects to issue to the PFD a combined check for streetscapes and capital contributions in the amount of \$260,000.

2. BWPFD Capital Project Updates:

Art & Children's Museum: Mark Handzlik said construction is due to be completed by April 15, 2009. The contractor had asked for 15 extra days due cold weather delays. In order to set, the structural caulk on the Light Catcher Wall needs warmer temperatures. The contractor is completing installation of tubing for radiant heat in the lobby. After the concrete is poured, the wood slat ceiling will be installed. Most of the building is painted inside. Sealers for black concrete are being reviewed. The rain gardens are formed up and the streetscape work is going on. The ginkgo tree is lined up.

Mark is trying to resolve some change order proposals: # 18 for \$47,000 for low voltage lighting controls is now \$21,000. Security changes for \$90,000 had confusing paperwork. The City has issued a CCD for this work, with a revised amount of \$38,000 to \$48,000. Added color to courtyard is \$5,000. C.O.P. #37 – added steel detailing was for \$67,000, but went down to \$26,400.

The Core Team directed the benches and petrified logs be eliminated, so there will be a credit of \$8,550. There may be a donor for the petrified logs. Mark's most conservative estimate shows a remaining balance of 5% of the contingency, or \$33,000.

With regard to the opening of the Art & Children's Museum, Mark said that there are 16 emergency lights that need to go back to the factory, which may take 20 weeks. Full occupancy won't be granted until these come back, although there could be conditional occupancy before then. The commissioning process is to take place before the building is finished, including firing up the furnaces. There will then be 6 months of off-gassing.

3. City of Bellingham and Whatcom County Activities and Issues: None.

4. Cultural District Stakeholders Activities and Issues: None.

5. Public Awareness and Communication: None.

ADJOURNMENT

David Warren adjourned the meeting at 2.38 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant.

AGENDA

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING
WEDNESDAY, FEBRUARY 25, 2009
2:00 P.M. – 4:00 P.M.
Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

Citizens may speak informally to the Board on subjects not scheduled for public hearing. Each speaker is allowed a maximum of three minutes. A copy of any written comments for the Board should be provided to the Administrative Assistant, preferably before the meeting.

APPROVAL OF MINUTES

ACTION: Approve minutes of the November 19, 2008 regular board meeting.

AGENDA REVIEW

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status.
 - i. **ACTION: Consider payment of additional fees to Olson Sundberg Kundig Allen Architects in the amount of \$4,091.33 for design work related to installation at the Art & Children's Museum of a donated totem pole.**
 - ii. **POSSIBLE ACTION: Approve Confidentiality Agreement between the City of Bellingham and the Bellingham-Whatcom Public Facilities District.**
2. Public Awareness & Communication.
3. BWPFD Capital Project Updates.
4. City of Bellingham and Whatcom County Activities and Issues.
5. Cultural District Stakeholders Activities and Issues.
6. **Executive Session – closed to the public.** Report in regular meeting only.

ADJOURNMENT

FOR CITIZENS WITH SPECIAL NEEDS, the Mayor's Boardroom is fully accessible. Elevator access to the second floor is available at City Hall's west entrance. Hearing assistance is available in the Mayor's Boardroom and a receiver may be checked out through the clerk prior to the meeting. For additional accommodations, persons are asked to contact Alison Henshaw at 778-8370 at least 3 working days in advance of the meeting. Thank you.



**MINUTES OF THE PUBLIC MEETING OF THE
BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT
WEDNESDAY, JANUARY 28, 2009**

CALL TO ORDER

David Warren, President, called the meeting to order at 2:05 p.m.

ROLL CALL

Board members present were Dunham Gooding, Robin Halliday, Charles Self, Brent Walker and David Warren.

OPEN PUBLIC COMMENT PERIOD

Kim Laskey of the Mount Baker Theatre announced that Brad Burdick and Gary Barnett will be going to Olympia on February 17 to lobby for the theatre's application for a Building for the Arts grant. Kim also asked that the PFD consider making available 10 parking spots for Mount Baker Theatre employees 24 hours a day, 7 days a week and consideration for a cost of living allowance on the parking fees.

AGENDA REVIEW

APPROVAL OF MINUTES

ROBIN HALLIDAY MOVED TO APPROVE THE MINUTES OF THE NOVEMBER 19, 2008 REGULAR BOARD MEETING. BRENT WALKER SECONDED.

Motion carried 5-0.

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status:

i. Consider for approval a Resolution Fixing the Times and Dates of the 2009 Regular Board Meetings of the Board of Directors of the Bellingham-Whatcom Public Facilities District.

DUNHAM GOODING MOVED TO APPROVE RESOLUTION 2009-1, FIXING THE TIMES AND DATES OF THE 2009 REGULAR MEETINGS OF THE BOARD OF DIRECTORS OF THE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT. BRENT WALKER SECONDED.

Motion carried 5-0.

ii. Consider payment of additional fees to Olson Sundberg Kundig Allen Architects in the amount of \$4,541.33 for design work related to installation at the Art & Children's Museum of a donated totem pole.

Tara said that Olson Sundberg Kundig Allen's fees were actually \$4,091.33 and that the fees were for siting the totem pole and structural engineering. The pole is at the base of the stairs near the entry to the gallery. Charlie asked if the donor might consider paying for installation, assuming some recognition is going to the donor. Patricia said the totem pole is a memorial gift. To explore this possibility further, the Board agreed to postpone payment of the fees until the February meeting so the Campaign for the Arts could approach the donor and negotiate payment of some or all of the installation design fees.

NO ACTION TAKEN.

iii. Consider for approval a Parking Management Agreement with Diamond Parking for 104 N. Commercial Street. Bob Carmichael distributed the latest version. Tara said in November there were 24 spaces adjacent to the theatre. Previous to the construction, Diamond Parking managed the lot. The Mount Baker Theatre is interested in managing the lot. However, bond counsel didn't support the Mount Baker Theatre operating the parking lot as that would not be a non-profit venture. Bob added that bond counsel was concerned enough not to recommend that the Mount Baker Theatre run the parking lot as a business. The new proposed parking agreement with Diamond Parking includes up to 50 nights per year for evening events associated with the theatre and valet parking. This language will be identical in both the agreement with Diamond Parking and the First Amendment to the Mount Baker Theatre Lease. The Mount Baker Theatre staff will also be provided with parking permits for 10 spaces for employee parking. If lot happened to be full, then the employees wouldn't have the right to use the spaces. There would also be weekday use allowed from 6 a.m. Monday to 1 a.m. Saturday at a rate of \$30 per month. Tara said the arrangement with Diamond Parking will be monthly during day and hourly during evenings and weekends. The PFD has received some revenue from the parking lot in the past. \$30 is 50% of the market rate. It is up to the Board if they want to allow theatre employees access 24 hours a day, 7 days a week. Bob Carmichael had asked the Assistant Attorney General about lease arrangement but received no response.

DUNHAM GOODING MOVED TO APPROVE THE PARKING FACILITY MANAGEMENT LETTER AGREEMENT WITH DIAMOND PARKING, WITH THE REVISION TO ALLOW PARKING PERMITS TO BE GOOD FOR 10 SPACES TO MOUNT BAKER THEATRE EMPLOYEES 24 HOURS A DAY, 7 DAYS A WEEK. ROBIN HALLIDAY SECONDED.

Motion carried 5-0.

iv. Consider for approval a First Amendment to the Lease between the BWPF and the Mount Baker Theatre. Bob Carmichael said the First Amendment includes a legal description of the parking lot and amended paragraph 6.9, Parking, to show the new agreement with Diamond Parking. Subsection 4 makes it clear that the parking part could be terminated without terminating the entire Lease.

ROBIN HALLIDAY MOVED TO APPROVE THE FIRST AMENDMENT TO THE LEASE BETWEEN THE BELLINGHAM WHATCOM PUBLIC FACILITIES DISTRICT AND THE MOUNT BAKER THEATRE. BRENT WALKER SECONDED.

Motion carried 5-0.

v. Financial Report. City of Bellingham Budget Manager, Brian Henshaw, distributed a cash flow spreadsheet showing the sales tax increase at 0% from 2008 – 2012 and 4% from 2013 and beyond. He said that the County's sales tax is reducing slower than the City's. For 2008, the PFD revenue increased by 0.7% over the prior year and the City's sale tax revenue was down 2%. For January 2009, the County is down 5% and the City is down 16% over January last year.

The loan from the City to PFD was transferred. The spreadsheet shows zero growth in sales tax revenue for 2009, 2010, 2011 and 2012, with 4% after that to reflect the low forecast and slow recovery. It also reflects the expectation that the PFD will receive all of the CFA's \$4 million goal. Over the long term, there should not be any cash flow problems, but over the short term, the PFD needs to receive donations and the \$987,500 Building for the Arts grant for the Mount Baker Theatre in 2009. Tara said if the grant doesn't come through, \$1.3 million would need to be raised.

Brian also distributed a Memo from City Finance Director John Carter regarding the 2008 Preliminary Summary Financial Report.

Campaign for the Arts Funds Activity Report from September 1, 2004 through December 31, 2008: Mauri Ingram reported that some donors have asked to put their pledges on hold.

2. BWPFD Capital Project Updates:

Mount Baker Theatre Phase II Renovations: Tara said we are working on closing out the project. There will be one more change order. The City may receive some insurance money for damage sustained during construction. Fritz thinks 96% of the construction contingency will be used if no insurance money is received.

Art & Children's Museum: Mark Handzlik said topsoil for the courtyard and rain garden arrived today. It came from a 30 year old forest that has recently been logged. The boulders arrived on site and were lifted in by a crane. One rock weighs 5,200 pounds. Interior glass is going in the Light Catcher Wall. Mark is working on getting color in the courtyard concrete. The building has heat and the boilers will be fired up in March. Radiant heat in lobby, wood slat ceiling, and acoustical ceiling are to be installed before the topping slab goes in. The building is enclosed east of the Light Gallery. Due to the snow and floods, Ebenal is asking for 14 extra working days. Caulk is not pliable when cold. The City will pay a brokerage fee of \$500 to ensure that the ginkgo tree in the specification is secured. Mark said there will be no tours until after February 14 due to the number of workers and activity on site over the next couple of weeks.

3. City of Bellingham and Whatcom County Activities and Issues:

Patricia Leach gave a Powerpoint presentation on the Whatcom Museum's budget and operations. The Whatcom Museum will be focusing on its 3 buildings: the Art & Children's Museum (now called the Lightcatcher building); the Old City Hall and the Old Fire Hall. The Museum will also focus on reducing its dependence on City funding without compromising program quality; and continue connections to a national level.

A fundraising event is planned for July in the empty Lightcatcher building; exhibit fabrication in August; move to offices mid-August, and training for staff in September. The Old City Hall will close to the public on October 1 but will continue to be used internally and for facility rentals. The Old Fire Hall will remain closed to the public but be open for school programs.

The Museum's 2009 budget includes a 3 to 5% reduction and plans for the new building to be fully operational by December 2009. The budget assumes 30,000 visitors for the first full year; no endowment support until 2013; no staff increases; school group fees beginning in 2010; facility rentals expanded to include private and corporate events; ARCO Exhibits Hall leased by June 2009; existing Children's Museum sold with the resulting revenue used for FF&E and exhibits; City support of \$1.4 million through 2013; and staff reductions/retirements by 2014 bringing City support to \$1.25 million. The Museum Foundation Board will raise significantly more dollars in the future.

If funds are not raised or the economy continues to slide downward, the Museum will re-evaluate the City contribution for operations by downsizing staff sooner; bring City support to \$1.25 million sooner; continue fundraising; and continue to plan quality exhibits and provide services.

4. Cultural District Stakeholders Activities and Issues: None.

5. Public Awareness and Communication: None.

6. Executive Session – Potential Litigation, RCW 42.30.110 (1): from 3:30 to 3:55 p.m.
No action taken.

7. Executive Session – Potential Litigation, RCW 42.30.110 (1) and Reviewing Negotiations on Publicly Bid Contracts, RCW 42.30.110(1)(d): from 3:48 p.m. to 4:26 p.m. No action taken.

ADJOURNMENT

David Warren adjourned the meeting at 4.27 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant.

AGENDA

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING
WEDNESDAY, JANUARY 28, 2009
2:00 P.M. – 4:00 P.M.
Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

Citizens may speak informally to the Board on subjects not scheduled for public hearing. Each speaker is allowed a maximum of three minutes. A copy of any written comments for the Board should be provided to the Administrative Assistant, preferably before the meeting.

APPROVAL OF MINUTES

ACTION: Approve minutes of the November 19, 2008 regular board meeting.

AGENDA REVIEW

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status.
 - i. **ACTION: Consider for approval a Resolution Fixing the Times and Dates of the 2009 Regular Board Meetings of the Board of Directors of the Bellingham-Whatcom Public Facilities District.**
 - ii. **ACTION: Consider payment of additional fees to Olson Sundberg Kundig Allen Architects in the amount of \$4,541.33 for design work related to installation at the Art & Children's Museum of a donated totem pole.**
 - iii. **POSSIBLE ACTION: Consider for approval a First Amendment to the Lease between the BWPFD and the Mount Baker Theatre.**
 - iv. **POSSIBLE ACTION: Consider for approval a Parking Management Agreement with Diamond Parking for 104 N. Commercial Street.**
2. Public Awareness & Communication.
3. BWPFD Capital Project Updates.
4. City of Bellingham and Whatcom County Activities and Issues.
5. Cultural District Stakeholders Activities and Issues.
6. **Executive Session – Potential Litigation, RCW 42.30.110(i). Closed to the public.** Report in regular meeting only.

ADJOURNMENT

FOR CITIZENS WITH SPECIAL NEEDS, the Mayor's Boardroom is fully accessible. Elevator access to the second floor is available at City Hall's west entrance. Hearing assistance is available in the Mayor's Boardroom and a receiver may be checked out through the clerk prior to the meeting. For additional accommodations, persons are asked to contact Alison Henshaw at 778-8370 at least 3 working days in advance of the meeting. Thank you.

**MINUTES OF THE PUBLIC MEETING OF THE
BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT
WEDNESDAY, OCTOBER 27, 2010**

CALL TO ORDER

Dunham Gooding, President, called the meeting to order at 2:06 p.m.

ROLL CALL

Board members present were Dunham Gooding, Robin Halliday, Brent Walker, and David Warren. Also present were Brad Burdick (Mount Baker Theatre), Loch Clark (for BPDA Counsel), Alison Henshaw, Brian Henshaw, Mayor Dan Pike and Tara Sundin.

OPEN PUBLIC COMMENT PERIOD

None.

APPROVAL OF MINUTES

DAVID WARREN MOVED TO APPROVE THE MINUTES OF THE AUGUST 18, 2010 REGULAR BOARD MEETING. BRENT WALKER SECONDED.

Motion carried 4-0.

AGENDA REVIEW

None.

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status: State Sales Tax Rebate for public facilities districts: Mayor Dan Pike said that the BWPFD's income has been lagging due to lower than projected state sales tax revenue. There has been some communication among the other public facilities districts about the possibility of extending the state sales tax revenue for another 5 – 10 years. Spokane PFD would like to build more capital projects. The Mayor believes that Kelli Linville and Lisa Brown would be supportive and he has already mentioned this to Kelli Linville. The Mayor would like the BWPFD to craft a resolution to support the sales tax extension. The Board's next meeting will be in January. Tara said the PFD and City would need support from Whatcom County and the 6 small cities. The BWPFD can refinance its bonds in 2014, but only through 2027. An extension of the state sales tax rebate would give some flexibility. The Board gave Tara direction to move forward.

BWPFD Financial Report: Brian Henshaw, Budget Manager, said that at the August 18, 2010 meeting, the Board voted to retire \$1.5 million of its debt to the City. However, since then, he has looked at the numbers and would like to change the arrangement to "up to" \$1.5 million due to the lack of reserves. The BWPFD has \$2,800,336 in cash. At the end of the year, there must be \$650,000 for available for the bond reserve.

There are payments of \$625,000 in principal and interest accrued, leaving \$1,566,000 as of today.

DAVID WARREN MOVED TO AMEND THE BWPFD'S PREVIOUS DECISION TO RETIRE \$1.5 MILLION OF THE BWPFD'S DEBT TO THE CITY OF BELLINGHAM AND TO REVISE IT UP TO A MAXIMUM OF \$1.5 MILLION. BRENT WALKER SECONDED.

Motion carried 4-0.

Campaign for the Arts Financial Report: Tara hasn't seen the latest quarterly report yet, but Mauri did tell her that there are no new pledges and the PFD should not anticipate a large payment before the end of the year. Tara will forward the report to the board when available.

At the last meeting, Charlie had expressed his concern about donors not being recognized. The expected donor event did not happen in September. Instead of the event, two plaques will be put up: one at the Mount Baker Theatre and the other at the Art & Children's Museum. A card will be sent to the donors once the plaques are up.

Consider for Approval Resolution 2010-2 Fixing the Times and Dates of the 2011 Regular Meetings: The meeting dates in the resolution are January 26, April 27, July 27, and October 26, 2011.

ROBIN HALLIDAY MOVED TO APPROVE RESOLUTION 2010-2 FIXING THE TIMES AND DATES OF THE 2011 REGULAR MEETINGS OF THE BOARD OF DIRECTORS OF THE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT. DAVID WARREN SECONDED.

Motion carried 4-0.

2. Cultural District Stakeholders Activities and Issues: Report from Brad Burdick of the Mount Baker Theatre: Brad handed out to the Board the "Mount Baker Theatre Business Operations, Strategic and Capital Development Plan dated October 7, 2010." It is a 3-year operation plan and long range strategic plan. There are 18 active board members and 250 volunteers. Events have increased from 65 to 300 a season.

Pickford Theatre: The space may open by the end of the year. Robin said the Rotary Club contributed to it this year and may do so again next year.

Tara reported that Woods Coffee is going into the ground floor of the Logos Building on Bay Street.

3. BWPFDF Capital Project Updates: Art & Children's Museum: Tara mentioned that Mark Handzlik had approached her with a \$20,000 preventative maintenance contract. Tara said that was not the responsibility of the BWPFDF. Each party's responsibility is

clearly set out in the Lease Agreement. The City and Museum are responsible for preventative maintenance.

4. City of Bellingham and Whatcom County Activities and Issues: None.

5. Public Awareness and Communication: None.

ADJOURNMENT

Dunham Gooding adjourned the meeting at 3 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant.

Final Minutes Approved:



Dunham Gooding, President

AGENDA

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING
WEDNESDAY, OCTOBER 27, 2010
2:00 P.M. – 3:00 P.M.
Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

Citizens may speak informally to the Board on subjects not scheduled for public hearing. Each speaker is allowed a maximum of three minutes. A copy of any written comments for the Board should be provided to the Administrative Assistant, preferably before the meeting.

APPROVAL OF MINUTES

ACTION: Approve minutes of the August 18, 2010 regular board meeting.

AGENDA REVIEW

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status.
 - a) **Action: Approve Resolution 2010-2 fixing the times and dates of the 2011 regular meetings of the Board.**
 - b) **Action: Consider for amendment BPDA Contract #2009-001 with Diamond Parking for the purposes of changing the amount of permits from 10 to 14 for the 10 spaces reserved by the Mount Baker Theatre.**
2. Public Awareness & Communication.
3. BWPFD Capital Project Updates.
4. City of Bellingham and Whatcom County Activities and Issues.
5. Cultural District Stakeholders Activities and Issues.

ADJOURNMENT

FOR CITIZENS WITH SPECIAL NEEDS, the Mayor's Boardroom is fully accessible. Elevator access to the second floor is available at City Hall's west entrance. Hearing assistance is available in the Mayor's Boardroom and a receiver may be checked out through the clerk prior to the meeting. For additional accommodations, persons are asked to contact Alison Henshaw at 738-7403 at least 3 working days in advance of the meeting. Thank you.

PUBLIC FACILITIES BELLINGHAM WHATCOM **DISTRICT**

MINUTES OF THE PUBLIC MEETING OF THE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT WEDNESDAY, AUGUST 18, 2010

CALL TO ORDER

Dunham Gooding, President, called the meeting to order at 2:00 p.m.

ROLL CALL

Board members present were Dean Brett, Dunham Gooding, Robin Halliday, Charles Self, Brent Walker, and David Warren. Also present were Lydia Bennett (Port of Bellingham), Bob Carmichael, John Carter, Mark Handzlik, Alison Henshaw, Brian Henshaw, Kim Laskey (Mount Baker Theatre), Jim Long (Bellingham Public Development Authority), Les Reardanz, Mike Stoner and Tara Sundin.

OPEN PUBLIC COMMENT PERIOD

None.

APPROVAL OF MINUTES

DAVID WARREN MOVED TO APPROVE THE MINUTES OF THE APRIL 21, 2010 REGULAR BOARD MEETING. DEAN BRETT SECONDED.

Motion carried 6-0.

AGENDA REVIEW

Dunham said there would be an additional action item under BWPFD Administration, a resolution to approve membership in the Cities Insurance Association of Washington.

BUSINESS

1. BWPFD Capital Project Updates: Art & Children's Museum: From the beginning of construction, the City has been seeking a silver LEED certification on the Art & Children's Museum building. Mark was more recently looking at the potential for a gold level, but some efficiency was lost so the City will continue with the silver certification submittal. The City set aside some funding for expenses at the Art & Children's Museum. Mark expects \$3,000 will be needed annually for mechanical door hardware, and \$5,900 will be needed for training on preventative maintenance of the boiler.

2. BWPFD Administration, Financial Reports and Fundraising Status: Campaign for the Arts Financial Report: Tara distributed the Whatcom Community Foundation's Funds Activity Report for the Campaign for the Arts (CFA) through June 30, 2010. The CFA is committed to raising \$4 million. Since the first quarter, no new funds have been raised. To date, \$3.7 million has been raised. Some pledges are on hold. There is a pledge for \$112,000 for streetscape work, but Mauri is checking to see if the donor may agree to

change the pledge to unrestricted funds, since the streetscape portion of the project raised more funds than expected.

Charlie asked about donor recognition. Tara said that initially, the idea was to put donors' name on the ribbon walls at Bay and Holly Streets, but the CFA would like donor recognition displayed on both buildings – the Mount Baker Theatre and the Light catcher. Also, there is a donor recognition event planned for September. Charlie is concerned that donors have not yet been recognized. Tara said she would talk to Mauri about this.

BWPFD Financial Report: Brian Henshaw, Budget Manager, distributed two spreadsheets; one for cash-flow for 2010 and the other for 2007 through 2027.

For 2010, the total sales tax revenue is expected to be \$1 million. For the remainder of the year, there should be minimal expenses. Included is property insurance for the Light catcher. The cash-flow spreadsheet includes \$125,000 expected from the Campaign for the Arts.

At the last meeting, the BWPFD Board asked Brian Henshaw to put together financial forecasts showing the effects on cash-flow by prepaying the loan to the City. The Board had asked this for paying interest only; paying \$1 million; and a couple of other amounts at Brian's discretion.

The spreadsheet assumes a sales tax increase of 2% for 2011 and 2012 and 4% for 2013 and beyond. It also assumes the receipt of \$348,000 in capital campaign contributions over 2011 and 2012, as well as a 2.52% interfund loan interest rate. By paying interest only, the BWPFD would run into financial difficulties in 2016. By paying back \$2 million, the BWPFD would save \$300,000 in interest payments, but it would be out of conformance in 2011. Brian suggested paying off \$1 million or \$1.5 million of the loan. John Carter recommended paying off \$1.5 million of the loan, adding that the BWPFD may be in a good position to refinance the bonds in future years.

DEAN BRETT MOVED TO FOLLOW JOHN CARTER'S RECOMMENDATION TO RETIRE \$1.5 MILLION OF THE BWPFD'S DEBT TO THE CITY OF BELLINGHAM. ROBIN HALLIDAY SECONDED.

Motion carried 6-0.

John Carter updated the BWPFD Board on the harmonized sales tax. He said it is hard to determine the portion of sales tax revenue attributed to consumers from B.C., Canada, but it could cost the City \$800,000 to \$1.2 million per year if British Columbian residents become eligible for the Washington State sales tax exemption.

2. Cultural District Stakeholders Activities and Issues: Presentation by Jim Long, Executive Director of the Bellingham Public Development Authority (BPDA), regarding BPDA activities: The BPDA was created by City ordinance in 2008, and charged with

developing City-owned properties. The BPDA's first task was to put together a Strategic Plan for the first 5 years of its operation. Five properties considered in the plan were screened for the biggest payoff of time and resources that could be applied to accelerate their development. The BPDA self-performed the drafting and issuance of the Strategic Plan. The BPDA is governed by a seven member board of local business people. The BPDA acts like a public corporation but can partner with the private sector. The BPDA operates for the public good, economically, environmentally and socially.

The objective of the Strategic Plan was to pick those projects that have the highest priority. The first five years include development implementation and acceleration, maximizing the public investment made on the properties. The BPDA's focus is on Downtown, Old Town and the Waterfront District. The BPDA's projects are:

Federal Building

The Federal Building was surplus by the federal government and donated to the City, together with some grant funds for renovation. Most of the existing tenants are federal agencies, which are gradually moving out. The BPDA manages the building as an asset manager for the City. The budget for the Federal Building is housed in the Public Works Department. Some scenarios are being developed for the building's highest and best use. The City cannot compete with the private sector for leasing the office space, so the BPDA needs to find outside sources of funding for other uses—perhaps to convert from a single tenant to multi-tenants.

Cornwall Beach

The Cornwall Beach project comprises three parcels of property, including the R G Haley site, property owned by the Port and City, and property owned by the State and managed by the Department of Natural Resources. It is a contaminated site. It ranks lower and as a later project due to clean-up requirements.

Army Street

This property, comprising 15,000 square feet, has already been conveyed by the City to the BPDA. It is located in the 'hole' across from Rocket Donuts. The property is small and not developable by itself. There must be a property assemblage – including a parking structure – to tie the Downtown and Waterfront. There are 8 different property owners but the project has the potential for the highest payoff. It therefore ranks high on the BPDA's priorities.

600 West Holly

This property was acquired and cleaned up with federal funds so the City continues to own it, with the BPDA tasked with its management. There may be an institutional use for the property, which won't need to wait for the market to improve. There is a recycling operation across the street. The property may be used for school fisheries and environmental purposes. The schools interested in the property are Bellingham Technical College, Western Washington University, and Northwest Indian College. The BPDA is packaging the site, which won't need public financing.

1100 Cornwall

This property is a parking lot which the City intends to convey to the BPDA. The project may be a joint venture for owner-occupants. It would include structured parking and surplus parking for the public.

The BPDA's objective is to make initial progress on the development or redevelopment of each of the properties. Its goal is to leverage money, recover the City's investment and not compete with the private sector.

The BWPFD has added interest and activity by place-making in downtown – the renovation of the Mount Baker Theatre and the new Light catcher. The BPDA also wants to focus public investment on public facilities by developing the other end. A five minute walk from Army Street will take you to the Mount Baker Theatre and Light catcher, so the Army Street project could serve as the connection between the Arts District and the waterfront. The project may include a campus for Western Washington University and a public library.

3. BWPFD Administration, Financial Reports and Fundraising Status: Annual Election of Officers:

DEAN BRETT MOVED TO ADOPT A SLATE OF OFFICERS IDENTICAL TO THAT OF LAST YEAR: DUNHAM GOODING AS PRESIDENT, DAVID WARREN AS VICE-PRESIDENT, CHARLES SELF AS TREASURER, AND BRENT WALKER AS SECRETARY. ROBIN HALLIDAY SECONDED.

Motion carried 5-0-1, with each nominee abstaining from voting on their own nomination.

Discuss Mount Baker Theatre's request for 4 additional employee parking spaces at the parking lot adjacent to 104 N. Commercial Street: Discussion held, no action taken.

Consider for Adoption Resolution 2010-1 Approving Membership in the Cities Insurance Association of Washington: Tara explained that recent amendments made to State legislation affect CIAW associate members' insurance coverage, and that in order to continue insurance coverage, the BWPFD will have to become full members in CIAW by adopting the Resolution and signing an Interlocal Agreement. Alison read the resolution to the Board. Dunham suggested a slight change in the wording.

DEAN BRETT MOVED TO ADOPT RESOLUTION 2010-1, AS AMENDED. CHARLES SELF SECONDED.

Motion carried 5-1 (David Warren left before the vote was taken).

4. City of Bellingham and Whatcom County Activities and Issues: None.

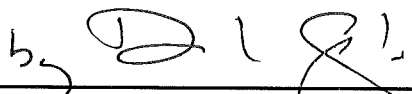
5. Public Awareness and Communication: None.

ADJOURNMENT

Dunham Gooding adjourned the meeting at 3:44 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant.

Final Minutes Approved:

by 

Dunham Gooding, President

AGENDA

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING
WEDNESDAY, AUGUST 18, 2010
2:00 P.M. – 3:00 P.M.
Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

Citizens may speak informally to the Board on subjects not scheduled for public hearing. Each speaker is allowed a maximum of three minutes. A copy of any written comments for the Board should be provided to the Administrative Assistant, preferably before the meeting.

APPROVAL OF MINUTES

ACTION: Approve minutes of the April 21, 2010 regular board meeting.

AGENDA REVIEW

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status.
 - a. **Action: Annual Election of Officers.**
 - b. **Potential Action: Discuss Mount Baker Theatre's request for 4 additional employee parking spaces at the parking lot adjacent to 104 N. Commercial Street.**
2. Public Awareness & Communication.
3. BWPFD Capital Project Updates.
4. City of Bellingham and Whatcom County Activities and Issues.
5. Cultural District Stakeholders Activities and Issues: **Presentation by Jim Long, Executive Director of the Bellingham Public Development Authority (BPDA), regarding BPDA activities.**

ADJOURNMENT

FOR CITIZENS WITH SPECIAL NEEDS, the Mayor's Boardroom is fully accessible. Elevator access to the second floor is available at City Hall's west entrance. Hearing assistance is available in the Mayor's Boardroom and a receiver may be checked out through the clerk prior to the meeting. For additional accommodations, persons are asked to contact Alison Henshaw at 738-7403 at least 3 working days in advance of the meeting. Thank you.



**MINUTES OF THE PUBLIC MEETING OF THE
BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT
WEDNESDAY, APRIL 21, 2010**

CALL TO ORDER

Dunham Gooding, President, called the meeting to order at 2:00 p.m.

ROLL CALL

Board members present were Dean Brett, Dunham Gooding, Robin Halliday, Brent Walker, and David Warren. Also present were Bob Carmichael, Alice Clark, Alison Henshaw, Brian Henshaw, Patricia Leach and Tara Sundin.

OPEN PUBLIC COMMENT PERIOD

None.

APPROVAL OF MINUTES

DEAN BRETT MOVED TO APPROVE THE MINUTES OF THE JANUARY 27, 2010 REGULAR BOARD MEETING. BRENT WALKER SECONDED.

Motion carried 5-0.

DEAN BRETT MOVED TO APPROVE THE MINUTES OF THE MARCH 15, 2010 SPECIAL BOARD MEETING. DAVID WARREN SECONDED.

Motion carried 5-0.

AGENDA REVIEW

None.

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status: Brian Henshaw, Budget Manager, distributed two spreadsheets; one for 2010 and the other for 2007 through 2013. Expenses include the settlement payment on the Art & Children's Museum, legal costs and interfund charges, as well as the 2007-2008 audit by the State. There is a two-month lag on the revenues and the PFD's state sales tax receipts are down 7% from this time last year. The 2010 budget anticipates \$83,000 in state sales tax each month, although the actual amount for March was \$70,965.

The second spreadsheet shows debt service and the growth forecast for sales tax. A 2% growth rate in sales tax is projected for 2011 and 2012 and a 4% growth rate is projected for 2013 through 2027. In 2014, the PFD will begin to pay principal as well as interest on the City's loan. The PFD could pay it back earlier as interest rates are

currently fairly low. Tara asked Brian to prepare a cash flow spreadsheet that would show the effects of an early payoff of the loan.

Dean recapped the variables that he had first discussed at the November 15, 2006 PFD Board:

- Interest rate on bonds, which was favorable
- Cost overruns on buildings, which were not excessive
- Private fundraising
- Retail sales tax projection

The sales tax has not increased as expected. There was some discussion about paying interest only or using some cash to pay down the principal of the loan. Dean thinks inflation will happen and would like Brian's spreadsheet to show interest only versus paying towards principal at \$1 million and two other amounts at Brian's discretion. The consensus of the Board was that they would like to see the spreadsheet at the next Board meeting, which will be held on July 21, 2010.

Patricia Leach gave a report on the Whatcom Museum. Membership has more than doubled. The Museum Foundation Board has a strong interest in fundraising. \$220,000 has been raised in sponsorships and grants. A new capital campaign will be mounted under the leadership of Marty Haines. Patricia has been meeting with other museum directors from around the country and some reported on the success of planned giving, which the Whatcom Museum has not done previously. The Museum's objectives are having a highly effective board and for the museum to be sustainable.

Patricia has been meeting with Human Resources staff to review Museum staff job descriptions. The Museum has hired a new educator and art curator. The café is expected to open next Tuesday.

2. Cultural District Stakeholders Activities and Issues: Alice Clark, Director of the Pickford Center, gave a report on the Pickford Theatre. The Pickford's \$3.2 million, 5-year campaign is coming to an end. The Tourism Commission has committed some funding to the project and the next step will be for the City Council to approve that funding. The State has allocated \$250,000 from its capital budget. The building has 3 levels. The basement has been excavated and now has a concrete slab and elevator. The building had a seismic retrofit, HVAC, main framing and drywall is in. The next step will be to finish the theaters. Construction is to begin again in May.

3. City of Bellingham and Whatcom County Activities and Issues: Tara said that Logos purchased the Bay building that will be left vacant by CH2M Hill. The company has 175 employees. The City has transferred the Army Street property to the Bellingham Public Development Authority. Tara will ask Jim Long, the BPDA Executive Director, to report on the BPDA activities at the PFD's next Board meeting.

4. Public Awareness and Communication: Robin mentioned that the City has put together a video to promote Bellingham in its application for the Google fiber project. Robin features in one of the accompanying video, which includes some footage of the Art & Children's Museum project.

David would like to see the time-lapse video of the Art & Children's Museum construction.

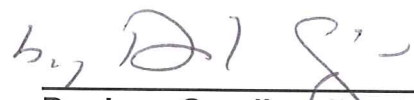
5. BWPFD Capital Project Updates: Art & Children's Museum: The City set aside \$40,000 from the settlement for expenses at the Art & Children's Museum, including door hardware, fixing the boiler and providing training to Museum staff on the HVAC.

ADJOURNMENT

Dunham Gooding adjourned the meeting at 3:22 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant.

Final Minutes Approved:



Dunham Gooding, President

AGENDA

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING

WEDNESDAY, APRIL 21, 2010

2:00 P.M. – 3:00 P.M.

Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

Citizens may speak informally to the Board on subjects not scheduled for public hearing. Each speaker is allowed a maximum of three minutes. A copy of any written comments for the Board should be provided to the Administrative Assistant, preferably before the meeting.

APPROVAL OF MINUTES

ACTION: Approve minutes of the January 27, 2010 regular board meeting and minutes of the March 15, 2010 special board meeting.

AGENDA REVIEW

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status.
2. Public Awareness & Communication.
3. BWPFD Capital Project Updates.
4. City of Bellingham and Whatcom County Activities and Issues.
5. Cultural District Stakeholders Activities and Issues.

ADJOURNMENT

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PUBLIC FACILITIES
BELLINGHAM
WHATCOM **DISTRICT**

**MINUTES OF THE SPECIAL PUBLIC MEETING OF THE
BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT
MONDAY, MARCH 15, 2010**

CALL TO ORDER

Dunham Gooding, President, called the meeting to order at 12:05 p.m.

ROLL CALL

Board members present were Dean Brett, Dunham Gooding, David Warren. Also present by telephone was Charles Self. Also present were Bob Carmichael, Mark Handzlik, Alison Henshaw, Les Reardanz, Rory Routhe, Tara Sundin, Ravyn Whitewolf. Also present by telephone was Ron Leaders, attorney, and Michael Lembke, scheduling expert.

BUSINESS

Executive Session - Litigation (RCW 42.30.110 (i)): An executive session was held related to litigation and a draft settlement agreement regarding the Art & Children's Museum. Following the executive session, the Board took action.

DEAN BRETT MOVED THAT THE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT RECOMMEND TO THE CITY COUNCIL THAT THE SETTLEMENT AGREEMENT BE ACCEPTED WITH TWO MODIFICATIONS: 1. IN PARAGRAPH 1, THAT THE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT BE ADDED AS A PARTY AGAINST WHOM EBENAL HAS WAIVED ALL CLAIMS; AND 2. THAT IN PARAGRAPH 2, EBENAL AGREES TO HOLD THE CITY OF BELLINGHAM, CITY COUNCIL AND BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT HARMLESS FROM ANY CLAIMS OF EBENAL'S SUBCONTRACTORS. CHARLES SELF SECONDED.

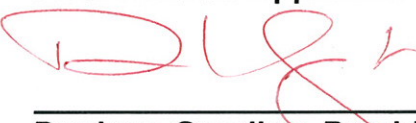
Motion approved 4-0.

ADJOURNMENT

Dunham Gooding adjourned the meeting at 12:54 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant.

Final Minutes Approved:


Dunham Gooding, President

PUBLIC FACILITIES

BELLINGHAM
WHATCOM

DISTRICT

MINUTES OF THE PUBLIC MEETING OF THE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT WEDNESDAY, JANUARY 27, 2010

CALL TO ORDER

Dunham Gooding, President, called the meeting to order at 2:00 p.m.

ROLL CALL

Board members present were Dean Brett, Dunham Gooding, Charles Self, Brent Walker (at 2:05 p.m.), and David Warren. Also present were Bob Carmichael, Mark Handzlik, Alison Henshaw, Kie Relyea (from the Bellingham Herald) and Tara Sundin.

OPEN PUBLIC COMMENT PERIOD

None.

APPROVAL OF MINUTES

DAVID WARREN MOVED TO APPROVE THE MINUTES OF THE OCTOBER 28, 2009 REGULAR BOARD MEETING. DEAN BRETT SECONDED.

Motion carried 4-0.

CHARLES SELF MOVED TO APPROVE THE MINUTES OF THE DECEMBER 4 AND DECEMBER 17, 2009 SPECIAL BOARD MEETINGS. DAVID WARREN SECONDED.

Motion carried 4-0.

AGENDA REVIEW

None.

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status: Tara reported that the BWPFD Audit for 2007-2008 was clean, with no recommendations. The auditor took less time than budgeted. David and Charlie attended the audit exit conference on January 22, 2010.

Tara distributed a year-end financial report prepared by City Budget Manager Brian Henshaw. The City is preparing to close its books for 2009. The ending balance is \$2,655,045, which reflects the recently received funds from the Mount Baker Theatre Building for the Arts grant of \$975,000. Mark Handzlik added that there is about \$200,000 remaining in the original construction contract with Ebenal General, Inc. This will need to be reappropriated for 2010.

Tara distributed the report for the Campaign for the Arts for the 4th quarter of 2009 from the Whatcom Community Foundation for the Campaign. In summary, the BWPFD has received \$3,172,454 to-date; \$127,624 is the balance at the WCF and Whatcom Museum Foundation; and there is \$450,274 in pledges receivable, for a total of \$3,750,352, leaving a gap of \$249,648 to reach the \$4 million goal.

Tara met with Patricia Leach and Mauri Ingram to discuss an approach to raising the remaining funds. Patricia and a Whatcom Museum Foundation board member may come to the next BWPFD Board Meeting on April 21 to talk about fund-raising, the Museum endowment, and furniture, fixtures and equipment (FF&E).

2. Public Awareness and Communication: Tara previously shared with the Board an article in the Seattle Times dated January 7, 2010 about Bellingham's downtown and Arts District. Dunham added there was also an article in the Oregonian.

Tara gave Patricia Leach's summary of the great press the Museum has received from California, Colorado, Georgia, Virginia and even Kuwait. Twelve to fifteen percent of visitors are from the greater Seattle area. Museum membership sold are double the projections. On opening day there were 5,000 visitors. Projected admissions are down a little, but have been made up by increased memberships. \$200,000 has been raised recently for special projects.

3. BWPFD Capital Project Updates: Art & Children's Museum: Mark Handzlik said a meeting was held after Christmas about the boiler problem. The commissioning agent, mechanical engineer, mechanical subconsultant and architect all recommended going back to the original design. Diamond B Constructors will charge about \$2,050 for the work, including labor and parts. Mark talked to Patricia Leach about scheduling the work – and recommended waiting until the outside temperature warms up. The environment in the galleries is stable and the equipment works well but not to optimal performance. The environmental readouts are okay. Mark is working with Pat Dowling on the FF&E for the catering kitchen.

4. City of Bellingham and Whatcom County Activities and Issues: Tara said some sculptures will be placed today outside the Lightcatcher building that were created by the Mexican artist, Sebastian. George Drake received a \$25,000 grant from State Tourism and Sebastian is providing matching funds to transport the statutes from Mexico City to Bellingham. The sculptures will be here temporarily and may later go to British Columbia, Canada.

5. Cultural District Stakeholders Activities and Issues: Tara said Bellingham Rotary has chosen the Pickford Theatre/Allied Arts as its project this year.

Old Business: Dean asked that the City keep the BWPFD apprised of any developments in the arbitration between the City and Ebenal General, Inc. on the Art & Children's Museum project. Tara said the BWPFD could schedule a special meeting if necessary before the April 21 regular, quarterly Board meeting.

ADJOURNMENT

Dunham Gooding adjourned the meeting at 2:30 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant.

Final Minutes Approved:

A handwritten signature in red ink, appearing to be "D1 8L", is written over a horizontal line.

Dunham Gooding, President

AGENDA

**BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING
WEDNESDAY, JANUARY 27, 2010
2:00 P.M. – 4:00 P.M.
Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham**

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

Citizens may speak informally to the Board on subjects not scheduled for public hearing. Each speaker is allowed a maximum of three minutes. A copy of any written comments for the Board should be provided to the Administrative Assistant, preferably before the meeting.

APPROVAL OF MINUTES

ACTION: Approve minutes of the October 28, 2009 regular board meeting and minutes of the December 4 and December 17, 2009 special board meetings.

AGENDA REVIEW

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status.
2. Public Awareness & Communication.
3. BWPFD Capital Project Updates.
4. City of Bellingham and Whatcom County Activities and Issues.
5. Cultural District Stakeholders Activities and Issues.

ADJOURNMENT

FOR CITIZENS WITH SPECIAL NEEDS, the Mayor's Boardroom is fully accessible. Elevator access to the second floor is available at City Hall's west entrance. Hearing assistance is available in the Mayor's Boardroom and a receiver may be checked out through the clerk prior to the meeting. For additional accommodations, persons are asked to contact Alison Henshaw at 778-8370 at least 3 working days in advance of the meeting. Thank you.

PUBLIC FACILITIES DISTRICT

BELLINGHAM
WHATCOM

MINUTES OF THE PUBLIC MEETING OF THE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT FRIDAY, OCTOBER 14, 2011

CALL TO ORDER

David Warren, President, called the meeting to order at 11:00 a.m.

ROLL CALL

Board members present were Dean Brett, Dunham Gooding, Charles Self and David Warren. Also present were Bob Carmichael (BWPFD Counsel), Alison Henshaw, Brian Henshaw, Amy Kraham, Ryan Nelson and Tara Sundin.

OPEN PUBLIC COMMENT PERIOD

None.

APPROVAL OF MINUTES

**DEAN BRETT MOVED TO APPROVE THE MINUTES OF THE JULY 27, 2011
REGULAR BOARD MEETING. CHARLES SELF SECONDED.**

Motion carried 4-0.

AGENDA REVIEW

None.

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status: Consider for approval an amendment to the Bylaws to reduce the number of regular board meetings to at least once annually:

**DUNHAM GOODING MOVED TO AMEND SECTION 3.1 OF THE BYLAWS TO
CHANGE REGULAR MEETINGS FROM AT LEAST QUARTERLY TO AT LEAST
ANNUALLY. CHARLES SELF SECONDED.**

Motion carried 4-0.

Consider for approval a modification to the Lightcatcher Building Lease Agreement to allow for a sublease agreement between the City and Community Energy Systems for a community solar project: Charles Self asked for a status report before the Board takes action on this item. Amy Kraham, City Attorney, reported that the lease with Community Energy Systems is almost final. Solar energy produced by the panels would be used to power the Lightcatcher building. The term of the lease is until 2021, and additional terms are allowed. Insurance and indemnification clauses are being worked on.

Ryan Nelson, the City's Resource Conservation Management Specialist, said the Lightcatcher lease amendment and solar power lease are scheduled to come before City Council on October 24, 2011. The Whatcom Museum Foundation also needs to approve the lease modification and solar power lease. Ryan indicated that the solar panels would not be visible from adjacent rights-of-way but only from a distance of over 100 feet, and then only 2" to 3" would be visible. The inverter panels will not fit inside the electrical closet, so will need to go on the exterior of the structure, either within the electrical enclosure or in and around the dumpster enclosure in the alleyway. The other concern the Board has is the visibility of wires or conduits from the solar panels to the inverter panels. There was some discussion about the number of existing conduits on the building and whether or not the conduits should be painted. The Board asked that Ryan send the final proposed design to them electronically. Ryan will look into the conduit issue.

In order to address the Board's aesthetic concerns with the conduits, BWPFD counsel Bob Carmichael proposed some language that was general in nature and acceptable to the City Attorney's office. Section 6.1.3 will be amended to read:

"6.1.3 Lessees may sublet the roof portion of the Leased Premises to a Community Solar Project Administrator for purpose of installing, operating and maintaining solar panels; provided that, the design dimensions, location, and exterior appearance of the "System" on the Leased Premises shall be subject to the prior written approval of Lessor. The term "System" is defined in the "Community Solar Project Site Lease and Solar Services Agreement Lightcatcher" entered on _____ between Lessee and Community Solar Solutions (Bellingham), Inc. ("Community Solar Project Administrator"), which definition is incorporated herein."

In order to give the prior written approval, it may be necessary for the Board to convene a special meeting.

CHARLES SELF MOVED TO APPROVE SECTION 6.1.3 OF THE LIGHTCATCHER LEASE MODIFICATION, AS DRAFTED BY BWPFD COUNSEL AND APPROVED BY THE CITY ATTORNEY'S OFFICE. DUNHAM GOODING SECONDED.

Motion carried 4-0.

BWPFD Financial Report: Brian Henshaw, Budget Manager, distributed financial reports for 2011 including actual numbers through August and projected for September through December; the 2012 Preliminary Budget; and the Forecast through 2027. The sales tax revenues are better than expected with an increase of 6% for the City and 4.6% for the PFD's portion year-to-date. If revenues continue as expected the PFD should break even for 2011. The PFD will be audited by the State Auditor's office this November for 2009-2010. The financial forecast still shows the PFD having cashflow problems in 2017, which is when both the interfund loan principal and interest become payable. The PFD and the City continue to work with other PFDs to find a legislative fix.

The loans could also be restructured, but this restructure would need to be balanced with auditor concerns about interfund loans.

Tara reported that the Whatcom Museum Foundation is expecting a gift of \$50,000 for the Art & Children's Museum, but that it will not be issued until 2012.

2. Public Awareness & Communication: No report
3. BWPFD Capital Projects – Art & Children's Museum: No report.
4. City of Bellingham and Whatcom County Activities and Issues: Tara explained that the City is currently going through a community engagement process for downtown due to the City Center Master Plan update. Citizens can take a survey about downtown. So far, 500 surveys have been completed, but the City has not heard from many business owners. Themes so far are parking, places for people, and behavioral issues.
5. Cultural District Stakeholders Activities and Issues: No report.

ADJOURNMENT

David Warren adjourned the meeting at 12:15 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant.

Final Minutes Approved:

A handwritten signature in dark ink, appearing to read 'David Warren', written over a horizontal line.

David Warren, President

AGENDA

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING

FRIDAY, OCTOBER 14, 2011

11:00 A.M. – 12:00 P.M.

Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

Citizens may speak informally to the Board on subjects not scheduled for public hearing. Each speaker is allowed a maximum of three minutes. A copy of any written comments for the Board should be provided to the Administrative Assistant, preferably before the meeting.

APPROVAL OF MINUTES

ACTION: Approve minutes of the July 27, 2011 regular board meeting.

AGENDA REVIEW

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status.
 - a. **ACTION: Consider for approval an amendment to the Bylaws to reduce the number of regular board meetings to at least once annually.**
 - b. **ACTION: Consider for approval a modification to the Lightcatcher Building Lease Agreement to allow for a sublease agreement between the City and Community Energy Systems for a community solar project.**
2. Public Awareness & Communication.
3. BWPFD Capital Project Updates.
4. City of Bellingham and Whatcom County Activities and Issues.
5. Cultural District Stakeholders Activities and Issues.

ADJOURNMENT

FOR CITIZENS WITH SPECIAL NEEDS, the Mayor's Boardroom is fully accessible. Elevator access to the second floor is available at City Hall's west entrance. Hearing assistance is available in the Mayor's Boardroom and a receiver may be checked out through the clerk prior to the meeting. For additional accommodations, persons are asked to contact Alison Henshaw a 738-7403 at least 3 working days in advance of the meeting. Thank you.

PUBLIC FACILITIES BELLINGHAM WHATCOM **DISTRICT**

MINUTES OF THE PUBLIC MEETING OF THE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT WEDNESDAY, JULY 27, 2011

CALL TO ORDER

Dunham Gooding, President, called the meeting to order at 2:10 p.m.

ROLL CALL

Board members present were Dunham Gooding, Robin Halliday, Charles Self and David Warren. Dean Brett joined the meeting by telephone at 2:20 p.m. Also present were Bob Carmichael (BWPFD Counsel), Alison Henshaw, Amy Kraham, Ryan Nelson and Tara Sundin.

OPEN PUBLIC COMMENT PERIOD

None.

APPROVAL OF MINUTES

CHARLES SELF MOVED TO APPROVE THE MINUTES OF THE APRIL 27, 2011 REGULAR BOARD MEETING. DAVID WARREN SECONDED.

Motion carried 4-0.

AGENDA REVIEW

None.

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status: Annual election of officers:

ROBIN HALLIDAY MOVED TO NOMINATE DAVID WARREN AS PRESIDENT, DUNHAM GOODING AS VICE-PRESIDENT, CHARLES SELF AS TREASURER, AND BRENT WALKER AS SECRETARY. DAVID WARREN SECONDED.

Motion carried 3-0-1, with each nominee abstaining from voting on their own nomination.

Potential Sublease Agreement between the City of Bellingham and Community Energy Solutions for community solar project at the Lightcatcher Building: Ryan Nelson, the City's Resource Conservation Management Specialist, gave a presentation on the solar project with assistance from City Attorney Amy Kraham. Recent state legislation has increased solar power incentives, promoting business for private solar panel and inverter manufacturers in Washington State and encouraging municipalities to use solar

power on their facilities, with investment from the private sector. City staff has selected a community solar program administrator, Community Energy Solutions in partnership with Western Solar, to administer the project and attract private investors. The City is looking at both the Lightcatcher building and the Sportsplex as potential candidates for projects. The solar array system would be put on the higher portion of the Lightcatcher roof. The panels would be 15" above the roof deck and so should not be visible from the street.

In order to eliminate any securities compliance concerns the City is trying to minimize identifying any assurance in relationship to financial investment. City staff is currently negotiating the lease as such municipal benefits may be subject to change. In order for the project investors to obtain a 30% federal rebate, 5% of the facility must be constructed by the end of 2011.

As to the structure of the agreement, Bob Carmichael said that the BWPFD owns the Lightcatcher building, so an amendment could be made to the existing Lightcatcher building lease between the BWPFD and the City and Whatcom Museum Foundation to allow a sublease for this type of use. The amendment should refer to the sublease agreement between the City and Community Energy Systems and a copy of the sublease agreement should be attached as an exhibit to the lease modification. A special board meeting may be needed to transact this business. An opinion from bond counsel may be needed to look at the impact of the project on the tax exempt status of the bonds. Amy Kraham said she has had preliminary discussions with bond counsel, and does not anticipate any negative impact. Museum Director Patricia Leach is supportive of the project.

ROBIN HALLIDAY MOVED TO DIRECT BWPFD STAFF TO WORK WITH CITY STAFF ON A MODIFICATION OF THE LEASE AGREEMENT BETWEEN THE BWPFD AND THE CITY AND WHATCOM MUSEUM FOUNDATION TO ALLOW THE SUBLEASE AND TO BRING THE LEASE AMENDMENT TO THE BOARD FOR APPROVAL. DAVID WARREN OFFERED A FRIENDLY AMENDMENT THAT THE BOARD ENDORSES AND SUPPORTS THE PROJECT. CHARLES SELF SECONDED.

Motion carried 5-0, as amended.

BWPFDFinancial Report: Tara reported that the City's portion of state sales tax revenues increased this quarter by 7%, mostly due to the Canadians shopping here; Whatcom County and the 6 small cities' portion was up by 3.1%, and the PFD's portion was up by 3%, or 1% over the budgeted 2%. Budget Manager Brian Henshaw has prepared some spreadsheets that show the sales tax received month-to-month and Tara will send these to the board. The Bellingham-Whatcom Public Facilities District is still due to have cash flow problems in 2015/2016.

2. Public Awareness & Communication: None.

3. BWPFD Capital Projects – Art & Children’s Museum: The Washington State Departments of Employment Security, Labor & Industries, and Revenue have all issued releases on the Art & Children’s Museum contract so the BWPFD sent a letter to Ebenal General’s bond insurance company, asking them to release funds under the retainage bond, subject to payment of liens filed by the subcontractors on the contract bond.

4. City of Bellingham and Whatcom County Activities and Issues: None.

5. Cultural District Stakeholders Activities and Issues: None.

Other: The Board recognized and thanked Robin Halliday for her nine years of service as a board member. She has been a great contributor and will be missed. The Board also recognized and thanked Dunham Gooding for his service as President from 2009 – 2011.

ADJOURNMENT

Dunham Gooding adjourned the meeting at 3:20 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant.

Final Minutes Approved:



Dunham Gooding, President

AGENDA

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING

WEDNESDAY, JULY 27, 2011

2:00 P.M. – 3:00 P.M.

Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

Citizens may speak informally to the Board on subjects not scheduled for public hearing. Each speaker is allowed a maximum of three minutes. A copy of any written comments for the Board should be provided to the Administrative Assistant, preferably before the meeting.

APPROVAL OF MINUTES

ACTION: Approve minutes of the April 27, 2011 regular board meeting.

AGENDA REVIEW

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status.
 - a. **ACTION: Annual election of officers.**
 - b. **INFORMATION AND POTENTIAL ACTION: Potential Sublease Agreement between the City of Bellingham and Community Energy Solutions for community solar project at the Lightcatcher Building.**
2. Public Awareness & Communication.
3. BWPFD Capital Project Updates.
4. City of Bellingham and Whatcom County Activities and Issues.
5. Cultural District Stakeholders Activities and Issues.

ADJOURNMENT

FOR CITIZENS WITH SPECIAL NEEDS, the Mayor's Boardroom is fully accessible. Elevator access to the second floor is available at City Hall's west entrance. Hearing assistance is available in the Mayor's Boardroom and a receiver may be checked out through the clerk prior to the meeting. For additional accommodations, persons are asked to contact Alison Henshaw a 738-7403 at least 3 working days in advance of the meeting. Thank you.

PUBLIC FACILITIES BELLINGHAM WHATCOM DISTRICT

MINUTES OF THE PUBLIC MEETING OF THE BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT WEDNESDAY, APRIL 27, 2011

CALL TO ORDER

Dunham Gooding, President, called the meeting to order at 2 p.m.

ROLL CALL

Board members present were Dunham Gooding, Robin Halliday, Charles Self and Brent Walker. Also present were Bob Carmichael (BWPFDF Counsel), Alison Henshaw, Patricia Leach and Tara Sundin.

OPEN PUBLIC COMMENT PERIOD

None.

APPROVAL OF MINUTES

Charles Self requested a minor change to the minutes of the October 27, 2010 regular board meeting. On page two, item 2, second paragraph, second sentence, with regard to the Pickford Theatre, "Robin said the Rotary Club funded it this year and may do so again next year", the word "funded" should be changed to "contributed".

CHARLES SELF MOVED TO APPROVE THE MINUTES OF THE OCTOBER 27, 2010 REGULAR BOARD MEETING, AS AMENDED. ROBIN HALLIDAY SECONDED.

Motion carried 4-0.

AGENDA REVIEW

None.

BUSINESS

1. BWPFDF Administration, Financial Reports and Fundraising Status: Consider for approval reimbursing the Whatcom Museum Foundation from PFD funds for those repair costs not covered under warranty at the Lightcatcher Building, in an amount not to exceed \$5,000: Patricia Leach distributed a document entitled "Public Facilities District - April 2011 Meeting of the Board – Whatcom Museum Report". Since the new building has been open, Museum memberships have tripled to 2,200 and there have been 75,000 paying visitors. The LEED commissioning report is complete and has been sent to the project architects. Patricia itemized the problems that the new building has experienced, including HVAC, fire dampers, lighting system, lighting fixtures, and roof hoods. Patricia is asking for the Public Facilities District to reimburse the Museum up to \$5,000 to address these issues. A question came up as to which entity was responsible for maintenance costs attributed to the Lightcatcher. According to the lease between the PFD, the City, and the Museum, the Museum is responsible for

maintenance. However, the items listed in the report all relate to what is normally covered by contractor's warranties. Nonetheless, all contractor's warranties were waived in the settlement agreement between the City and Ebenal General, Inc., the general contractor. The PFD agreed to reimburse the Museum the \$1,200 annual fee for the chemical treatment, testing and monitoring of the electric steam boiler for the first year but not for any future years.

BRENT WALKER MOVED TO APPROVE REIMBURSING THE WHATCOM MUSEUM FOUNDATION FROM PFD FUNDS FOR THOSE REPAIR COSTS NOT COVERED UNDER WARRANTY AT THE LIGHTCATCHER BUILDING, IN AN AMOUNT NOT TO EXCEED \$5,000. ROBIN HALLIDAY SECONDED.

Motion carried 4-0.

BWPFD Financial Report: Tara reported that the City's portion of state sales tax revenues increased this quarter by 4.3% but that the PFD's portion was up by only 0.3%. Dunham and Charlie had met with Budget Manager Brian Henshaw and determined that the PFD would pay off \$1 million of the City's loan. This payment is reflected in the PFD financial statement for the 1st quarter of 2011.

Spokane PFD tried to arrange for the state legislature to extend the state sales tax rebate for PFDs, but the proposed bill didn't pass.

The Bellingham-Whatcom Public Facilities District is still due to have cash flow problems in 2015/2016.

Campaign for the Arts Financial Report: The PFD received a \$38,500 donation from the Whatcom Community Foundation in April.

2. Cultural District Stakeholders Activities and Issues: Whatcom Museum Website: Dunham expressed concern that the Lightcatcher Building isn't sufficiently marketed in the Museum's website. Patricia Leach responded that the Museum's website is undergoing some major changes at the moment, and that the Lightcatcher will be highlighted under the updated website, which should be ready by the end of June. Additionally, docents at the Museum have been trained to give tours solely about the architecture of the building and the LEED components. The Museum has a good working relationship with Sustainable Connections, allowing them to use the building for meetings and presentations. Patricia is working with another museum in Pullman and there are plans for a joint exhibition at the end of 2012 about buildings designed by Jim Olson.

Dunham emphasized the tourism element of the Lightcatcher for the community. Robin informed the Board that she is aware of how social networking can help promote the Lightcatcher. One is Day Maven – creating a perfect day in a community – such as having a children's day in Bellingham including the Lightcatcher Museum. Another venture is Campus Pinch, which provides electronic coupons for college students.

Robin would like to respond to some criticism about the Lightcatcher building that she has received – specifically the lack of a clear entrance, closed gates, and lack of pedestrian attractions. Patricia responded that for certain events, the gates can be open, but from a security standpoint, they cannot be open all the time. The Museum is working on getting some banners. An upcoming exhibit, Fate of the Forest, will include one piece placed outside the Museum. Also some colorful umbrellas are on order for the courtyard tables. Patricia also mentioned a quarterly event called “Mix It”, which includes music and exhibits. Two hundred people attended the event in January with big band music. Three hundred attended the March Motown event. The next event will be in June. Finally, the Museum is working on some upcoming projects with the Pickford Theatre.

The Pickford Theatre has opened its new space and the American Museum of Radio and Electricity will be making some façade improvements to its building.

Robin reported on Bellingham’s Downtown Partnership’s work on a new Parking and Business Improvement Area. Property owners would be assessed a fee that will be used for beautification and safety of downtown.

3. BWPFD Capital Project Updates: None.

4. City of Bellingham and Whatcom County Activities and Issues: Tara said that City Public Works will be improving Prospect Street and that they will adhere to the street standards created for the Arts District.

The City Center Master Plan will be updated this year and Projects for Public Places will be invited to participate.

5. Public Awareness and Communication: None.

ADJOURNMENT

Dunham Gooding adjourned the meeting at 3:10 p.m.

Respectfully submitted,
Alison M. Henshaw, Administrative Assistant.

Final Minutes Approved:

by 
Dunham Gooding, President

AGENDA

BELLINGHAM-WHATCOM PUBLIC FACILITIES DISTRICT MEETING

WEDNESDAY, APRIL 27, 2011

2:00 P.M. – 3:00 P.M.

Mayor's Boardroom, City Hall, 210 Lottie Street, Bellingham

CALL TO ORDER

ROLL CALL

OPEN PUBLIC COMMENT PERIOD

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APPROVAL OF MINUTES

ACTION: Approve minutes of the October 27, 2010 regular board meeting.

AGENDA REVIEW

BUSINESS

1. BWPFD Administration, Financial Reports and Fundraising Status.
POSSIBLE ACTION: Consider for approval reimbursing the Whatcom Museum Foundation from PFD funds for those repair costs not covered under warranty at the Lightcatcher Building, in an amount not to exceed \$5,000.
2. Public Awareness & Communication.
3. BWPFD Capital Project Updates.
4. City of Bellingham and Whatcom County Activities and Issues.
5. Cultural District Stakeholders Activities and Issues.

ADJOURNMENT

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