

LYNNWOOD PUBLIC FACILITIES DISTRICT
BOARD MEETING MINUTES
November 5, 2019

A. CALL TO ORDER

The meeting of the Lynnwood Public Facilities District was called to order at 6:00 p.m. by Board Vice Chair Wally Webster II at the Lynnwood Convention Center.

B. Board Members Present

Wally Webster II, Chair
Taylor Nordby, Vice Chair
Shawn Walker, Secretary
Rosario Reyes
Loren Simmonds
Sonja Springer, ex-officio Treasurer

Others

Grant Dull, PFD Executive Director
Judy Powell, PFD Finance Analyst
Matt Hendricks, PFD Attorney
Sara Blayne, LCC General Manager
Tracey Morrison, LCC Finance Director
David Kleitsch, City of Lynnwood
Council Member Ian Cotton

Guests

Michael Krouse, SMG

C. AGENDA

Board Member Simmonds moved, seconded by Board Member Reyes, to approve the Agenda as revised. Motion passed, unanimously.

D. MINUTES

Board Member Reyes moved, seconded by Board Member Simmonds, to approve the October 1, 9, 21, 23, 2019 minutes as presented. Motion passed, unanimously.

E. ANNOUNCEMENTS, ORAL AND WRITTEN COMMUNICATIONS

None

F. CONSENT AGENDA

Board Member Simmonds moved, seconded by Board Member Reyes, to approve the Accounts Payable Report in the amount of \$2,215,169.50. Motion passed, unanimously.

G. BUSINESS ITEMS

1. ELECTION OF OFFICERS

Due to Board turnover, the Board conducted the election of officers for positions through the 2020 year. Election results:

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|------------------|--|
| Board Chair | Wally Webster II |
| Board Vice Chair | Taylor Nordby |
| Board Secretary | Shawn Walker |
| Treasurer | Sonja Springer (ex-officio Board Member) |

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2. ISSUE RFQ FOR EXECUTIVE DIRECTOR SEARCH

ED Dull submitted a letter to the Board on October 23, 2019, announcing his intent to retire on or before May 15, 2020. It is recommended that the Board retain an executive search firm to find a new Executive Director to replace him. Motion made by Board Member Walker, seconded by Board Member Simmonds, to authorize the Executive Director to issue an RFQ for executive search. Motion passed, unanimously.

3. LONG RANGE PLANNING

The Board has not yet received the report from Hunden Strategic Partners. The Board will hold a special meeting to discuss the report after it has been received and before the Board Retreat. The Retreat is scheduled for December 6, 2019. The Board discussed the agenda and attendees of the Board Retreat.

4. AMENDMENT TO FOUR PARTY AGREEMENT

The Snohomish County Public Facilities District provides funding for the development of the Lynnwood Convention Center through a sales tax rebate provided by the State of Washington. Allocation of these monies is established by an interlocal agreement, commonly termed the "Four Party Agreement," which includes a specific allocation based on projected sales tax revenues through the year 2026.

In 2017, the Legislature extended the time period for the PFD sales tax rebate from a maximum 25-year term to a maximum 40-year term.

On July 19, 2018, the Board of Directors of the Snohomish County PFD determined that sales tax revenue received by the County in the 15-year extension period would be distributed by the same formula used for Tier Two allocations. This means that the Lynnwood PFD will receive 24.4% of sales tax revenues received by the County for the period 2027 – 2041.

Motion made by Board Member Reyes, seconded by Board Member Nordby, to approve Addendum No. 2 to Interlocal Agreement for Development of the Lynnwood Convention Center. Motion passed, unanimously.

5. INTERLOCAL AGREEMENT FOR VISITOR SERVICES

Earlier this year, the County Department of Parks, Recreation and Tourism and the Snohomish County Tourism Bureau decided to close the Visitor Information Center at Heritage Park. The City's Tourism Coordinator then asked the Convention Center to host Visitor Information Services at the Convention Center. The Interlocal Agreement ("ILA"), drafted by the PFD's legal counsel, articulates how the City and the PFD will cooperate to host Visitor Services at the Convention Center. Motion made by Board Member Walker, seconded by Board Member Reyes, to authorize the Board Chair to sign an Interlocal Agreement for Visitor Services with the City of Lynnwood. Motion passed, unanimously.

6. WATER HEATER PURCHASE

When the Board adopted the 2019 Budget, a decision was made to defer the purchase of a back-up water heater for the Convention Center. The current water heater was installed in 2015 when the original water heater failed. This water heater is the sole source of supply to the Convention Center kitchen. Without hot water, the Health Department would require the

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kitchen to close, with potentially significant repercussions. The cost of this new capital asset is approximately \$36,751. Motion made by Board Member Walker, seconded by Board Member Simmonds, to authorize the capital purchase of a second water heater. Motion passed, unanimously.

7. THIRD QUARTER FINANCIAL STATEMENTS

FA Powell presented the third quarter financial highlights of 2019:

- LCC required a subsidy of \$247,313, which is \$139,482 more than budget.
- LCC generated an estimated 4,270 hotel room nights and \$3.9 million in direct and indirect economic impact for the third quarter of 2019.
- Convention Plaza lease revenue is running slightly under budget and CAM expenses are 4% more than budget.
- Sales tax received in September for sales in July increased 1% from STLY.

8. 2020 BUDGET DISCUSSION

This agenda item was moved to the December Board Meeting.

9. CONVENTION CENTER REPORT

GM Blayne provided an overview of business for the third quarter of 2019:

- Gross income for Q3 was \$645,908, which was \$94,750 or 12.8% less than budget and \$16,040 or 2.4% less than Q3 2018.
- Cost of goods sold were 46% versus a budget of 32.9% due primarily to high temp labor needs in Food & Beverage, Operations and Audio Visual.
- Indirect expenses were \$595,907 which was \$9,695 or 1.6% less than budget.
- Third quarter guest feedback surveys scored an average of 4.72 without parking. Food and Beverage Quality scored a 4.7. Audio Visual scored a 4.6.
- As of November 5, the Convention Center has contracted over \$4 million in revenue for the year. This is the first time that the Convention Center has hit that \$4 million mark.

H. EXECUTIVE DIRECTOR'S REPORT

ED Dull, GM Blayne, PFD Legal Counsel will meet with the City Attorney and the Police Department to discuss how the Convention Center handles protestors.

ED Dull attended the AWPFDs Conference that was sparsely attended.

I. COMMENTS FROM COUNCIL MEMBER COTTON

Council Member Cotton updated the Board that the Traffic Improvement Project was looking at what the outcome would be if they took the 194th Street extension out of the scope. That report should be done in about 6 months.

J. COMMENTS FROM DIRECTOR DAVID KLEITSCH

David Kleitsch updated the Board on different projects going on within the City.

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K. OLD BUSINESS/NEW BUSINESS

None

L. EXECUTIVE SESSION

None

ADJOURN

Meeting adjourned at 7:51 pm.

Wally Webster II, Chair Board Member