

LYNNWOOD PUBLIC FACILITIES DISTRICT
BOARD MEETING MINUTES
February 3, 2015

A. CALL TO ORDER

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

B. Board Members Present

George Sherwin, Chair
Bob Fuller, Vice Chair
Andy Olsen, Secretary (via phone)
Mike Echelbarger
Lynn Melby (via phone)
Chris Johnson (ex-Officio)

Others

Grant Dull, PFD Executive Director
Judy Powell, PFD Finance Analyst
Matt Hendricks, PFD Attorney
Angie Mykel, LCC General Manager
Tracey Morrison, LCC Director of Finance
Bruce Collier, LCC Director of Events and F & B
Sara Blayne, LCC Director of Sales & Marketing
Janine Lambert, City of Lynnwood
Councilmember Ruth Ross, City of Lynnwood

C. MINUTES

Board Member Echelbarger moved, seconded by Board Member Fuller, to approve the January 6, 2015 Board Meeting Minutes as presented. Motion passed, unanimously.

D. ANNOUNCEMENTS, ORAL AND WRITTEN COMMUNICATIONS

ED Dull introduced Chris Johnson. He is the interim Finance Director for the City of Lynnwood.

E. CONSENT AGENDA

Board Member Fuller moved, seconded by Board Member Echelbarger, to approve the Accounts Payable Report in the amount of \$66,800.63. Motion passed, unanimously.

F. BUSINESS ITEMS

1. SITE PLANNING

ED Dull introduced David Hills, President of Freiheit & Ho. David led a discussion of the various phases of site planning. He provided the Board with an estimated cost of work to determine the expenses involved in each step in the site improvement process.

2. FINANCIAL STATEMENTS

ED Dull presented the financial statements for December 2014, and presented an unaudited summary of 2014 financials. ED Dull then discussed the PFD's current cash position and an analysis of each of the PFD's revenues and expenses.

The Convention Center is surpassing all initial expectations established when the facility opened in 2005. In 2014, for the second consecutive year, the facility did not require a subsidy to support its operations; instead, the Convention Center generated net income of \$214,381.

The Lynnwood PFD Board's minutes are intended to be a reasonable summary of the Board's deliberations and actions. The minutes are not a verbatim record of everything said at the meeting. The minutes include all actions taken by the Board.

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Convention Plaza net income was 35% better than budget for the year while common area maintenance costs were 16% less than budget; consequently many tenants received a partial year end refund.

Although the Plaza had a good year compared to budget, revenue at the shopping center is falling significantly below initial expectations. This can be explained by the 2007 loss of Longs Drugs, the loss of several office tenants above the Chuck E Cheese building, and continued region-wide vacancies in retail and office spaces which serve to depress rental rates.

PFD administration expenses for 2014 were 8.5% below budget. Throughout the history of the PFD, administrative expenses have been less than the original plan, which projected a 3% annual increase.

Capital and project expenses in 2014 were \$85,118, far less than the budget of \$365,750. A total of \$150,000 for Convention Plaza tenant improvements and the demolition of the former Vet Building were not spent in 2014. The Convention Center elected to defer an upgrade to the Audio/Visual system. Other expenses were less than budget.

The regional economy appears to be strong, ensuring the near-term receipt of anticipated sales and lodging tax receipts. Unlike some PFDs in the State, the Lynnwood PFD has emerged from the Great Recession with healthy financial reserves. The PFD's overall financial position is strong.

3. CONVENTION CENTER REPORT

GM Mykel provided an overview of business for the month of December:

- Net loss for December was \$19,478, which was \$35,650 better than budget.
- The average score for December customer comment cards was 4.8 out of 5 for all areas of service (excluding parking, food quality and food service). The average score for food quality was 4.8 out of 5 and 4.7 out of 5 for service quality.
- Convention Center events have generated an estimated \$24.8 million in direct and indirect economic impact and 15,339 hotel room nights YTD.
- Due to a strong holiday party season, December 2014 finished ahead of budget in Gross Income, Adjusted Gross Income, and Net Income, completing 2014 as the best year ever for the Lynnwood Convention Center. Fiscal year 2014 also marks the fifth consecutive best year ever, and for the second consecutive year, the facility produced positive net income, requiring no subsidy for the year.

4. OPEN PUBLIC MEETINGS ACT TRAINING

The Legislature passed ESB 5964 in March 2014 and the Governor signed it on March 27, 2014. The Act is designed to foster open government by making open government education a recognized obligation of public service. The Act is also designed to reduce liability by educating agency officials and staff on the laws that govern them, in order to achieve greater compliance with those laws. Thus, the Act is a risk management requirement for public agencies. The Act provides for open public meetings and records trainings. In sum, the Act is

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intended to improve trust in government and at the same time help prevent costly lawsuits to government agencies. Matt Hendricks, PFD Attorney, discussed and provided the required training.

G. EXECUTIVE DIRECTOR'S REPORT

ED Dull informed the Board that the County Council is expected to approve a motion endorsing the refunding of the PFD's debt on Wednesday, February 4. The rating agency review is expected in late February. Board action approving the bond sale is tentatively scheduled for the March 3 Board meeting.

The County PFD Board met on Thursday, January 22. Travis Snider, who has chaired the County PFD for more than a decade, announced at the end of the meeting that he is stepping down as Chair. Steve Shelton was elected to replace Travis, who will remain on the Board. Steve is the immediate past President of the Board of Directors of the Edmonds Center for the Arts.

Enduris, the PFD's insurance provider, has closed claims stemming from the fire which started in a trash can outside Tropical Tan in August of 2014. The total cost of repair was \$192,368.29. The PFD paid a \$1,000 deductible.

H. OLD BUSINESS/NEW BUSINESS

None

I. EXECUTIVE SESSION

The Board went into Executive Session at 7:59pm for 10 minutes as authorized by RCW42.30.110(1) (c) to discuss real estate matters. At 8:09pm, the Board came out to extend for 5 minutes. The Board came out of Executive Session at 8:14pm. No action was taken.

J. ADJOURN

The meeting adjourned at 8:14pm.

George Sherwin, Chairman