

LYNNWOOD PUBLIC FACILITIES DISTRICT
BOARD MEETING MINUTES
March 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
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
David Kleitsch, City of Lynnwood
Councilmember Ruth Ross, City of Lynnwood

Guests

Michael Krouse, SMG
Becky Mackenstadt, CPA, CMA, Vine Dahlen PLLC
Alan Dashen, A. Dashen & Associates
Scott Bauer, A. Dashen & Associates

C. MINUTES

Board Member Fuller moved, seconded by Board Member Melby, to approve the February 3, 2015 Board Meeting Minutes as presented. Motion passed, unanimously.

D. ANNOUNCEMENTS, ORAL AND WRITTEN COMMUNICATIONS

E. CONSENT AGENDA

Board Member Olsen moved, seconded by Board Member Echelbarger, to approve the Accounts Payable Report in the amount of \$77,999.06. Motion passed, unanimously.

F. BUSINESS ITEMS

1. CONVENTION CENTER AUDIT REPORT

Becky Mackenstadt of Vine Dahlen PLLC presented the LCC's audited financial statement report. Becky stated that they are issuing an unqualified opinion on the LCC's special purpose statements. There were no recommendations for changes.

2. BOND REFUNDING REVIEW

ED Dull introduced Alan Dashen and Scott Bauer of A. Dashen & Associates. Alan gave a summary of the debt structure and the sources used to pay each of the debt series. Scott presented the Board some information regarding the current bond market and interest rates. Scott also presented the projected saving amounts for each of the series (Revenue

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Bonds and Sales Tax Bonds.) Total cash savings is projected to be a little more than \$3 million. ED Dull then when through some of the nuances of the debt covenants with the Board and reviewed the cash flow statement that is included in the offering statement.

3. FINANCIAL STATEMENTS

ED Dull presented the financial statements for January 2015.

Sales tax revenue received in late February reflects retail sales in the City of Lynnwood during the month of December, 2014. Sales tax receipts generated within the City of Lynnwood were up 8.9% from a year ago. Year to date, sales tax revenue is now up 9.4% from a year ago.

Although the Convention Center's bottom line was less than budget, first quarter projections are strong. The facility expects to finish the first quarter with gross income \$35,000 more than budget and an estimated bottom line of \$20,000, which is approximately \$31,000 better than budget. Attendance for the month was 5,802. There were 765 hotel room nights generated by business in the facility during the month.

Lease revenue is higher than anticipated, since Verdant stayed on a month longer than anticipated. Hancock Fabrics is in the process of closing 6 stores in the region, including the one in the Convention Plaza. The 2015 adopted budget anticipated that Hancock Fabrics would remain through the year.

4. CONVENTION CENTER REPORT

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

- Net loss for January was \$70,884, which was \$5,073 more than budget.
- The average score for January customer comment cards was 4.8 out of 5 for all areas of service (excluding parking, food quality and food service). Food & Beverage received a 4.8 out of 5.0 with a return rate of 45% (13/29).
- Convention Center events have generated an estimated \$1 million in direct and indirect economic impact.
- As forecasted, January did not meet budget. Despite a similar number of events and event days as budget and STLY, events were smaller in size and in overall spending.

5. TENTH YEAR ANNIVERSARY CELEBRATION

The Lynnwood Convention Center will be ten years old on April 30, 2015. GM Mykel and ED Dull discussed various options with the Board meeting about celebrating this anniversary. The census of the Board was to do a small reception at a later date this fall.

6. SMG INCENTIVE FEE

This item was discussed in Executive Session.

G. EXECUTIVE DIRECTOR'S REPORT

PFD Board Member Mike Echelbarger and ED Dull met with 21st District Representatives Strom Peterson and Lillian Ortiz-Self, and with 21st District Senator Marko

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Lias on Monday, February 23. Board Member Echelbarger is also on the Board of the State Association of Public Facilities Districts. The meeting was brief but productive. The general sense of the group is that PFDs should ask for a sales tax rebate extension after the State addresses education funding and before the legislation will require a fiscal note. Fiscal notes are required if legislation will have an impact on the State budget within the next four years. Since most PFDs in the State will lose their sales tax rebate in the period 2022-2026, legislation to extend the rebate should be considered by the Legislature in 2017 or 2018.

ED Dull hosted a lunch at the Convention Center for his peers in Snohomish County – Joe McIalwain from Edmonds, Bonnie Hilory from the Future of Flight and Rick Comeau from Everett. They discussed a host of issues, including a likely decision by the County Executive’s Office to allow PFDs to apply for “large fund” lodging tax funds for one-time capital projects.

H. OLD BUSINESS/NEW BUSINESS

None

I. EXECUTIVE SESSION

The Board went into Executive Session at 8:12pm for 20 minutes as authorized by RCW42.30.110(1) (d) to discuss matters on the performance of a publicly bid contract. At 8:32pm, the Board came out to extend for 5 minutes. The Board came out of Executive Session at 8:37pm.

Board Member Fuller moved, seconded by Board Member Olsen, to pass a motion to agree to pay 100% of the incentive fee as discussed in Executive Session to SMG, pending the final audit report. Motion passed, unanimously.

J. ADJOURN

The meeting adjourned at 8:37pm.

George Sherwin, Chairman