

**LYNNWOOD PUBLIC FACILITIES DISTRICT
BOARD MEETING MINUTES
November 17, 2020**

A. CALL TO ORDER

The meeting of the Lynnwood Public Facilities District was called to order at 6:00 p.m. by Board Chair Wally Webster II. The meeting took place electronically. A conference call number was published in the agenda to enable public participation.

Board Members Present

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

Others

Janet Pope, PFD Executive Director
Kim Koronko, PFD Finance Analyst
Matt Hendricks, PFD Attorney
Sara Blayne, LCC General Manager
David Kleitsch, City of Lynnwood
Tracey Morrison, LCC Finance Director

Board Members Excused

Rosario Reyes

B. APPROVAL OF AGENDA

Vice Chair Nordby moved, seconded by Board Member Simmonds, to approve the agenda as presented. Motion passed, unanimously.

C. ANNOUNCEMENTS & COMMUNICATIONS - None

D. BUSINESS ITEMS

1. 2021 Budget Presentation

ED Pope provided an overview of the 2021 budget, describing the process of working with the convention center on expectations, assumptions presented at the board retreat (0.9% increase in PFD salaries, no rent increases, stable hotel/motel tax, income streams stable with sales tax doing well, and lower bond interest), and receipt of the \$166,000 grant. She commented on the materials presented with past budgets, noting little information regarding changes made the proposed budget were reflected in the PFD Board minutes.

FA Koronko reviewed the proposed 2021 revenue for the PFD compared to 2020 and 2019, highlighting revenues that have been confirmed with Snohomish County, initial reduction in sales tax revenue in the early months of the pandemic but have returned to nearly 2019 levels, overall approach to the budget is based on 2019, amounts that can be more accurately calculated such as salaries and benefits, and amount included in miscellaneous revenue. She reviewed 2021 expenses, highlighting capital expenditures that include \$526,000 to replace the retaining wall (actual cost could be higher), software purchase and implementation, comparison of 2020 budgeted and projected revenues, salaries that include a .9% salary increase and budget for a third PFD employee to work 15-20 hours/week, reduced travel and meal expense (due to COVID), environmental remediation that will be funded by the grant, and legal fees.

Questions and comments included assumptions for hotel/motel tax and convention center revenues, whether the entire length of the retaining wall needed to be replaced, whether there is synergy in computer software and maintenance expenses between the PFD and convention center, a

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suggestion to consider integration when purchasing new software, the PFD and convention center sharing a financial platform, concern with using 2020 budget assumptions without knowing what they were based on, using 2020 actuals as the basis for 2021 projections, the budget providing authority for payments, including a footnote regarding the basis for numbers, current practice of the convention center submitting a memo to the PFD Board for expenditures 5% over budget, the need to develop a fiscal policies manual, fiscal practices in the convention center contract, internal PFD policies, a suggestion for the convention center to report percentage to total budget spent, and development of the P&L statement on an accrual basis.

FA Koronko reviewed the convention plaza budget, explaining the budget was prepared prior to Governor Inslee's most recent guidelines. She highlighted assumptions in rental income (Chuck E. Cheese will pay rent and other tenants will repay deferments), and individual convention plaza tenant leases.

Questions and comments followed regarding including more detail in the budget regarding what is included in CAM revenue, and impact on revenue if Chuck E. Cheese does not reopen.

GM Blayne referred to the four documents provided to board members: the budget narrative, budget details, sales and marketing, and capital and 3R which includes justification and estimated costs. She reviewed the year-over-year comparisons and breakdown by month, category department and line item. She highlighted estimated revenues of slightly under \$2 million with a bottom line deficit of \$672,595, efforts to keep the building busy, primary market, assumptions regarding future events, anticipation some Q2 bookings will cancel, 2021 budget compared to 2020 actuals, cost of goods, no salary increases in 2021, building maintenance and reduction in contingencies, increase in utilities due to COVID response, marketing expenses, and competition from other venues.

Questions and comments followed regarding concern Q1-Q4 bookings are overly aggressive, importance of marketing in 2020 and 2021, spending marketing dollars strategically so the return meets expectations, and focusing marketing on events that generate the most revenue to offset losses.

GM Blayne reviewed capital expenses and 3R, noting they are listed in order of priority. She highlighted the server replacement, AV system upgrade, building refresh, stage replacement, guest stairwell lighting, and patio furniture refresh.

Questions and comments followed regarding the \$103,000 pre-design consultation fee, providing the completely cost of the building refresh, and whether there were ways to reduce the cost of the server replacement.

Chair Webster encouraged board members to email questions to ED Pope prior to the next PFD Board meeting. Suggested changes included showing management fees as both a revenue and an expense,

Chair Webster commended ED Pope and FA Koronko for using historical processes/numbers to create this budget when neither were involved in prior budgets. He recommended once the 2021 budget is approved, they create budgets and reports using their accounting judgment and experience to best inform the board.

Discussion followed regarding potentially changing the date of the next meeting and it was agreed to meet on December 1st.

E. EXECUTIVE SESSION

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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The Board went into Executive Session at 7:44 p.m. for 10 minutes as authorized by RCW42.30.110(1)(b) regarding real estate matters and as authorized by RCW42.30.110(1)(d) to review the performance of a publicly bid contract. At 7:54, the executive session was extended for 10 minutes. The executive session was adjourned at 8:06 p.m. The meeting was reconvened at 8:06 p.m.

F. MISCELLANEOUS

Chair Webster relayed Governor Inslee's announcement banning indoor dining for two weeks. Two plaza tenants have inside dining so the ban may trigger rent deferral requests.

ADJOURNMENT

Meeting adjourned at 8:08 p.m.



Wally Webster II, Chair Board Member