

LYNNWOOD PUBLIC FACILITIES DISTRICT
BOARD MEETING MINUTES
December 5, 2017

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
Andy Olsen, Vice Chair (ex. absence)
Lynn Melby, Secretary (via phone)
Wally Webster II
Rosario Reyes
Sonja Springer, 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 Shannon Sessions (ex. absence)

C. MINUTES

Board Member Reyes moved, seconded by Board Member Melby, to approve the November 7, 2017 minutes as presented. Motion passed, unanimously.

D. ANNOUNCEMENTS, ORAL AND WRITTEN COMMUNICATIONS

None

E. CONSENT AGENDA

Board Member Melby moved, seconded by Board Member Webster, to approve the Accounts Payable Report in the amount of \$103,354.22. Motion passed, unanimously.

F. BUSINESS ITEMS

1. FINANCIAL STATEMENTS

ED Dull presented the financial statements for October 2017. Net income for the month of October was \$440,567 (before depreciation), the budget projected net income of \$328,780.

Sales tax revenue received in late November reflects retail sales in the City of Lynnwood during the month of September 2017. Sales tax receipts generated within the City of Lynnwood were up 3.1% from one year ago. Year to date, sales tax revenue is now up 1.1% from one year ago.

The Convention Center had another "best month ever" in October. Year to date, the Convention Center is now well ahead of budget.

Convention Plaza net income for the month of October was \$49,999, slightly under budget of \$56,510. CAM fees for the month were about \$5,000 higher than budget due to timing of storm water maintenance.

PFD overhead expenses were under budget for the month, and are expected to be under budget for the year.

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2. CONVENTION CENTER REPORT

GM Blayne provided an overview of business for the month of October:

- The net income for the month of October was \$191,784.
- October guest feedback surveys scored an average of 4.7 without parking. Food and Beverage scored a 4.4. Audio Visual scored a 4.3.
- For the month of October, the Convention Center generated an estimated 2,916 room nights and approximately \$3.46 million in direct and indirect economic impact.

3. 2017 BUDGET AMENDMENT

The Convention Center is enjoying another successful year. Both revenue and expenses will exceed budget. In order to provide the Convention Center with expenditure authority to pay expenses a budget amendment is necessary.

Motion made by Board Member Reyes, seconded by Board Member Webster to approve an increase in the Convention Center's 2017 direct expense budget in the amount of \$92,357. Motion passed, unanimously.

4. 2018 BUDGET

ED Dull presented an overview of the proposed 2018 Budget, and clarified that the Board is being asked to approve a summary level budget. The Budget notebook includes the details that support the summary level budget. The Real Estate Committee, Budget & Finance Committee, and the Personnel Committee have each reviewed portions of the budget in great detail over the last two months.

Many changes have been made and are included in the final document. One of the largest changes is due to the unexpected loss of a church who will not be meeting at the Convention Center in 2018. Traditionally, Sundays are the least utilized day for convention centers. However, specific sales efforts will be made to absorb the loss of such a large revenue generating client. The Board requested that the LCC staff keep them informed and updated on their efforts of how it is replacing the loss of business.

The LCC also provided the Board with an updated Five-Year Projection. The LCC projected that 2018 would end with a net operating income of \$53,070. The projection, unlike the budget does not consider a vacancy factor for salaries. For this reason, the Board agreed that they would like to approve the indirect expenses at the projection amount instead of the budget amount.

Motion made by Board Member Webster, seconded by Board Member Reyes, to adopt the 2018 Budget as presented with the exception of the LCC expense line changed to the projected amount of \$3,679,271. Motion passed, unanimously.

5. FIVE YEAR PROJECTION

One of the Board-adopted 2017 goals for the LCC is for SMG to update its five-year projections. GM Blayne presented the updated five-year projection to the Board.

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G. EXECUTIVE DIRECTOR'S REPORT

The SCLA, in an email vote, has endorsed a proposal to increase the TPA (Tourism Promotion Area) rate from \$1/room to \$2/room. The funds (as much as \$1.5M/year) will be used to build a facility for sports events. ED Dull has expressed several concerns about the facility in phone calls and emails to Tom Teigen (Snohomish County Director of Parks and Tourism) and to Shawn Walker (360 Hotel Group), who are leading the effort to the new facility.

Board Member Lynn Melby, GM Blayne and ED Dull have retained the services of Ann Grahn-Morgan, a former art teacher and gallery director, to replace the Schack Art Center as curator of art in the Convention Center. An Art Committee meeting is scheduled for December 6. The next Art Reception is scheduled for the evening of February 21.

Board Member Webster completed the required OPMA training provided by the Board legal counsel Matt Hendricks on 11/21/17.

H. OLD BUSINESS/NEW BUSINESS

None

I. EXECUTIVE SESSION

The Board went into Executive Session at 7:43 pm for 5 minutes as authorized by RCW 42.30.110(1) (b) to discuss lease of real estate. The Board came out of Executive Session at 7:48 pm to extend for an additional 5 minutes. At, 7:53 the Board came out of Executive Session.

Motion made by Board Member Webster, seconded by Board Member Rosario, to authorize the Executive Director to sign a lease with Kona Kitchen as discussed with minor modifications being approved by the Real Estate Committee. Motion passed unanimously.

J. ADJOURN

The meeting adjourned at 7:55 pm.

George Sherwin, Chairman