

LYNNWOOD PUBLIC FACILITIES DISTRICT  
BOARD MEETING MINUTES  
February 7, 2017

**A. CALL TO ORDER**

The meeting of the Lynnwood Public Facilities District was called to order at 6:00 p.m. by Board Member Andy Olsen at the Lynnwood Convention Center.

**B. Board Members Present**

George Sherwin (via phone)  
Bob Fuller, Vice Chair (via phone)  
Andy Olsen, Chair  
Lynn Melby  
Rosario Reyes  
Sonja Springer, Treasurer (ex-officio)

**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  
Tracey Thornton, LCC Sales Director  
Chris Pilkey, LCC Operations Director  
Kathy LeMaster, LCC Events Director  
David Kleitsch, City of Lynnwood  
Councilmember Shannon Sessions, City of Lynnwood

**Guest**

Doug Swan, DSA  
Mike Echelbarger

---

**C. MINUTES**

Board Member Melby moved, seconded by Board Member Fuller, to approve the January 10, 2017 Board Meeting Minutes as presented. Motion passed, unanimously.

**D. ANNOUNCEMENTS, ORAL AND WRITTEN COMMUNICATIONS**

None

**E. CONSENT AGENDA**

Board Member Fuller moved, seconded by Board Member Sherwin, to approve the Accounts Payable Report in the amount of \$245,128.78. Motion passed, unanimously.

**F. BUSINESS ITEMS**

**1. SITE DEVELOPMENT UPDATE**

ED Dull and the PFD's Project Manager, Doug Swan reviewed three different interim site development scenarios regarding the environmental clean-up with the Board. The Board decided to further explore all three scenarios with the PFD's architects and geo-technical specialists. The Board plans to review results of this work at a Board Retreat sometime this spring.

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.

February 7, 2017

LYNNWOOD PUBLIC FACILITIES DISTRICT  
BOARD MEETING MINUTES  
February 7, 2017

**2. FINANCIAL STATEMENTS**

ED Dull presented the financial statements for December 2016, and presented an unaudited summary of 2016 financials. ED Dull then discussed the PFD's current cash position and an analysis of each of the PFD's revenues and expenses.

In 2016, for the fourth consecutive year, the facility did not require a subsidy to support its operations; instead, the Convention Center generated net income of \$258,568.

The Convention Plaza net income was equal to budget for the year. Lease revenue was slightly over budget due to the addition of several tenants. Operating expenses were under budget. A combination of unbudgeted commission payments and higher than anticipated legal fees caused non-operating expenses to exceed budget by \$12,272.

PFD administration expenses for 2016 were 8% below budget. Throughout the history of the PFD, the annual growth of PFD administrative expenses has been less than three percent.

Capital and project expenses in 2016 were slightly less than the original budget. Work began on the Silver Platters project and consulting expenses related to the cleanup of the dry cleaner site exceeded last year's initial budget.

Due to a lack of grant funding, the Convention Center elected not to upgrade the upper and lower concourse lighting. Some of these savings were applied to a project to upgrade the A/V in the smaller meeting rooms and to repair a leaking pipe in the Convention Center.

**3. CONVENTION CENTER REPORT**

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

- The net income for the month of December was \$980.
- December guest feedback surveys scored an average of 4.6 without Parking. Food and Beverage scored a 4.5. Audio visual scored 4.4.
- For the month of December, the Convention Center generated an estimated 576 room nights and approximately \$1,166,076 in direct and indirect economic impact.

**4. CONVENTION CENTER GOALS REPORT**

GM Sara Blayne presented SMG's year-end report on specific operating goals which were assigned by the Board to SMG. Ten percent (10%) of SMG's annual incentive fee of \$120,000 is based on SMG's ability to complete these goals and objectives.

**5. CONVENTION CENTER FIVE YEAR PLAN**

In September 2015, the PFD adopted 2016 goals for SMG as part of the annual planning process. The financial goal was to update the five-year financial plan to reflect the period 2017–2022. GM Blayne presented the plan to the Board.

In November of 2012 a Five-Year Financial plan was presented to the PFD as well. In this projection, 2017 was expected to end the year with a net deficit of \$92,972. The 2017 Budget presented to the Board in October has a year-end net income of \$124,525, a positive variance of \$212,497. The past five-years have seen incredible growth in revenue while costs and labor have run lean.

The overall goal in 2018-2022 Five-Year Plan is to present growth in the business

LYNNWOOD PUBLIC FACILITIES DISTRICT  
BOARD MEETING MINUTES  
February 7, 2017

through key Sales and Marketing Strategies while evaluating the true potential of the building as it currently stands; such as no headquarter hotel and no increase in parking. Additionally, 2016 has seen some big changes to labor laws that will impact the LCC's Cost of Goods in future years. Lastly, as the building starts to age, additional maintenance costs will need to be calculated to maintain the building in its current state and within the expectation of the guests.

**G. EXECUTIVE DIRECTOR'S REPORT**

The County PFD met on January 26<sup>th</sup> (the Board meets quarterly). The Tier II Distribution amount for Lynnwood in 2017 will be \$109,037. The 2017 Lynnwood PFD Budget assumed the Tier II Distribution amount would be \$79,895.

Slater Insurance School wishes to extend their lease. Motion made by Board Member Melby, seconded by Board Member Reyes, to authorize Executive Director to execute a lease amendment with Slater Insurance School as presented. Motion passed, unanimously.

**H. EXECUTIVE SESSION**

None

**I. ADJOURN**

The meeting adjourned at 7:35 pm.

---

George Sherwin, Chairman