

LYNNWOOD PUBLIC FACILITIES DISTRICT
BOARD MEETING MINUTES
February 2, 2016

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 (excused absence)
Mike Echelbarger (excused absence)
Lynn Melby (via phone)
Sonja Springer (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 Interim GM & Finance Director
David Kleitsch, City of Lynnwood
Councilmember Shirley Sutton, City of Lynnwood

C. MINUTES

Board Member Fuller moved, seconded by Board Member Melby, to approve the January 5, 2016 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 Melby, to approve the Accounts Payable Report in the amount of \$130,418.66. Motion passed, unanimously.

F. BUSINESS ITEMS

1. PRELIMINARY DEVELOPMENT SCHEDULE

This agenda item was moved to a Special Meeting scheduled for February 8, 2016 at 9:00 am.

2. FINANCIAL STATEMENTS

ED Dull presented the financial statements for December 2015, and presented an unaudited summary of 2015 financials. ED Dull then discussed the PFD's current cash position and an analysis of each of the PFD's revenues and expenses.

The LCC is surpassing virtually all initial expectations established when the facility opened in 2005. In 2015, for the third consecutive year, the facility did not require a subsidy to support its operations; instead, the Convention Center generated net income of \$319,061.

The Convention Plaza net income was 6% below budget for the year. Lease revenue was slightly under budget due to an unbudgeted concession to one tenant. Operating expenses were 6% under budget. A combination of unbudgeted commission payments and higher than anticipated legal fees caused non-operating expenses to exceed budget by \$30,726. Overall, the Plaza had a good year. Silver Platters is a good long-term tenant.

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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Olympus Spa exercised their first ten-year option, and two smaller tenants moved into office space above Chuck E Cheese.

PFD administration expenses for 2015 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 2015 were \$191,065, far less than the budget of \$1,736,630. The budget contained a "place holder" of \$1,500,000 for site improvement work. Just \$80,000 of this total was spent in 2015, primarily for architect and planning expenses.

3. CONVENTION CENTER REPORT

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

- Net subsidy for December was \$53,738, which was \$1,044 more than budget.
- December guest feedback surveys scored an average of 4.4 without Food and Beverage or Parking. Food and Beverage scored a 3.9. Guest surveys had a return rate of 23%. (10/44) YTD guest feedback surveys scored an average of 4.8 without Food and Beverage or Parking. Food and Beverage scored a 4.5.
- For the month of December, the Convention Center generated an estimated 360 room nights and approximately \$800,000 in direct and indirect economic impact.
- December 2015 saw more events over last year and compared to budget. The increased revenue compared to budget can be contributed to an unbudgeted convention in December in addition to an increase in meetings. Same time last year had more banquets (holiday parties) contributing to a higher check average and revenue.

4. SMG 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. INVESTMENT POLICY RESOLUTION

In 2005, the PFD entered into an interlocal agreement with the City of Lynnwood in order to allow the City to invest PFD funds on the PFD's behalf. The agreement called for the City to invest surplus funds of the PFD pursuant to the investment policies of the City, established in City Resolution 2001-14. In the past decade, this agreement was used solely to allow the City to invest, on the PFD's behalf, the "\$1 million Contingency Reserve Fund" in money market funds.

Last year, the PFD worked with Mike Bailey (who acted as a consultant to the PFD) to develop its own investment and fund balance policy. This policy has recently been reviewed by Board Member Fuller and by Sonja Springer, the PFD's Treasurer and ex-officio Board Member.

The proposed investment policy will apply to all PFD funds, including the General Fund, the Contingency Reserve Fund, the Repair Replacement Renewal Fund (the "3-R Fund"), the Convention Plaza Capital Reserve Fund, Special Revenue Funds, and Debt Service Funds.

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The policy calls for investing funds in a manner which provides for: safety of principal; availability of fund when they are needed; and, best investment return. Funds will be invested in accordance with the Revised Code of Washington, the BARS manual and the policies contained in the resolution.

Motion made by Board Member Fuller, seconded by Board Member Melby, to adopt Resolution 16-01, establishing an investment policy as amended with language suggested by PFD attorney. Motion passed, unanimously.

G. EXECUTIVE DIRECTOR'S REPORT

Late in the day, on January 26, the House Finance Committee sent HB 2296 to the Rules Committee with a do-pass recommendation. The voice vote was unanimous. The bill extends the PFD sales tax rebate by 15 years. A hearing was conducted on January 15. ED Dull testified, with the PFD's lobbyist, and representatives from Kitsap County, Cowlitz County, Longview and Tri-Cities. After many years of trying to get a bill out of the Finance Committee, this is great news. Timing of further action is unknown at this time; ED Dull will provide updates to the Board on a regular basis during the remainder of this short legislative session.

The State Auditor will begin their audit the middle of March in order to accommodate the City of Lynnwood's audit schedule.

H. OLD BUSINESS/NEW BUSINESS

None

I. EXECUTIVE SESSION

None

J. ADJOURN

The meeting adjourned at 7:10 pm.

George Sherwin, Chairman