

LYNNWOOD PUBLIC FACILITIES DISTRICT
BOARD MEETING MINUTES
June 2, 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
Art Cineza (ex-Officio)(excused absence)

Others

Grant Dull, PFD Executive Director
Judy Powell, PFD Finance Analyst
Matt Hendricks, PFD Attorney
Sara Blayne, LCC General Manager
Tracey Morrison, LCC Director of Finance
Bruce Collier, LCC Director of Events and F & B
David Kleitsch, City of Lynnwood
Councilmember Ruth Ross, City of Lynnwood

Guests

Alan Dashen, A.Dashen & Associates
Bill Tonkin, Foster Pepper

C. MINUTES

Board Member Fuller moved, seconded by Board Member Olsen, to approve the May 5, 2015 Board Meeting Minutes as presented. Motion passed, unanimously.

D. ANNOUNCEMENTS, ORAL AND WRITTEN COMMUNICATIONS

None

E. CONSENT AGENDA

Board Member Melby moved, seconded by Board Member Fuller, to approve the Accounts Payable Report in the amount of \$84,626.23. Motion passed, unanimously.

F. BUSINESS ITEMS

1. FINANCIAL STATEMENTS

ED Dull presented the financial statements for April 2015.

The financial statements show debt issuance costs of \$133,062, with the total cost for the refunding of the Revenue Bonds totaling \$190,790.03.

Convention Center net income in April was \$71,484, significantly better than budget of \$13,205. Attendance for the month was 12,368. There were approximately 1,944 hotel room nights generated by business in the facility during the month.

Most tenants paid rent for the month of April in a timely manner. A new tenant – Silver Platters – has signed a lease for the space formerly occupied by Hancock Fabrics.

PFD office expenses were \$26,686, compared to budget of \$32,714. The cost of environmental remediation is now capitalized as long as the land is being prepared for sale and the cost of the clean-up does not exceed its fair market value.

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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2. CONVENTION CENTER REPORT

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

- Net income for April was \$71,484, which was \$58,279 better than budget.
- The average score for April customer comment cards was 4.9 out of 5 for all areas of service (excluding parking, food quality and food service). Food & Beverage received 4.3 out of 5.0 with a return rate of 33% (14/41).
- Convention Center events have generated an estimated \$2.4 million in direct and indirect economic impact.
- April was a positive month overall. Through solid sales efforts and close management of expenses, we ended the month in good position and are continuing to improve the bottom line.

3. SALES TAX REFUNDING BOND

Piper Jaffray (underwriter) and Alan Dashen (Financial Advisor) worked to refund the PFD's 2005 Revenue Bonds and the PFD's 2004 Sales Tax Bonds, Series B in April. The Revenue Bonds were refunded on April 1, 2015, resulting in debt service savings to the PFD. However, there was no significant interest in the Sale Tax Bonds and the Sales Tax Bonds were not sold in April.

With the inability to sell the Sales Tax Bonds in the bond market, Piper Jaffray proposed a private placement sale through their private placement desk. This desk routinely contacts hundreds of commercial banks nationally that are looking for tax-exempt debt.

On May 13, 2015 Pinnacle Public Finance, a BankUnited Company, provided a term sheet for a privately placed refunding option.

Subsequently, representatives of the PFD, Piper Jaffray, A. Dashen & Associates, and Foster Pepper have refined the term sheet and now recommend that the PFD refund its current Sales Tax Bonds, Series B with a municipal loan structured as a ten-year note/bond.

Board Member Fuller moved, seconded by Board Member Echelbarger, to approve Resolution 15-03, which provides for the refunding of the District's outstanding Sales Tax Bonds, Series B. The Motion was approved unanimously.

4. TEN YEAR ANNIVERSARY PARTY

The Board and staff discussed and confirmed the celebration of the Convention Center's ten year anniversary celebration, to be held on Wednesday, September 9, 2015. This event will be invitation only. The ten year anniversary will also be celebrated as part of the September 22nd Art reception, which will be open to the general public.

5. SITE DEVELOPMENT PLANNING

This item was moved to discussion in executive session.

6. WASHINGTON TOURISM ALLIANCE

PFD Board Member Andy Olsen is the Vice Chair of the Washington Tourism Alliance (WTA). The WTA has been working with the legislature and businesses throughout the State

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to craft a sustainable funding structure to promote tourism in the State of Washington. Board Member Olsen and Becky Bogard, lobbyist for the WRA, made a presentation at the recent annual meeting of the Washington State Association of Public Facilities Districts. Board Member Olsen provided a similar presentation to the PFD Board.

G. EXECUTIVE DIRECTOR'S REPORT

The PFD has submitted annual financial statements to the Washington State Auditor's Office.

The annual meeting of the Washington State Association of Public Facilities Districts occurred on Monday, May 18 at the Hilton Vancouver Hotel and Convention Center in Vancouver Washington. Twelve PFDs were represented (about 50% of the State total). The Lynnwood PFD was represented by Mike Echelbarger (Mike is an Association Board Member), Andy Olsen and ED Dull.

H. OLD BUSINESS/NEW BUSINESS

None

I. EXECUTIVE SESSION

The Board went into Executive Session at 7:35pm for 20 minutes as authorized by RCW42.30.110(1) (c) to discuss real estate matters. At 7:55pm, the Board came out to extend for 10 minutes. The Board came out of Executive Session at 8:05pm. No action was taken.

J. ADJOURN

The meeting adjourned at 8:05pm.

George Sherwin, Chairman