

LYNNWOOD PUBLIC FACILITIES DISTRICT
BOARD MEETING MINUTES
November 1, 2011

A. CALL TO ORDER

The meeting of the Lynnwood Public Facilities District was called to order at 6:00 p.m. by Board Chair Mike Echelbarger at the Lynnwood Convention Center

B. Board Members Present

Mike Echelbarger, Chair
Bob Fuller, Vice Chair
George Sherwin, Secretary
(via phone)
Andy Olsen
Lynn Melby

Others

Grant Dull, Executive Director
Matt Hendricks, PFD Attorney
Greg Lowry, LCC General Manager
Tracey Morrison, LCC Director of Finance
Will Christison, LCC Director of Operations & Events
Councilmember Ed Dos Remedios, City of Lynnwood
David Kleitsch, City of Lynnwood
Allyson Jackson, SMG

Guests

Alan Dashen, Dashen and Associates
Scott Bauer, Dashen and Associates

C. MINUTES

The minutes of the October 4, 2011 meeting were corrected to show that Board Member Sherwin and David Kleitsch were both present.

Board member Olsen moved, seconded by Board member Melby, to approve the October 4, 2011 Board Meeting Minutes as corrected. Motion passed.

D. CONSENT AGENDA

Board member Melby moved, seconded by Board member Fuller, to approve the Accounts Payable report in the amount of \$79,954.74. Motion passed.

E. ANNOUNCEMENTS, ORAL AND WRITTEN COMMUNICATION

Executive Director Dull introduced Greg Lowry, the new General Manager of the Convention Center.

F. BUSINESS ITEMS

1. Long Term Financial Projections

Executive Director Dull also introduced Alan Dashen and Scott Bauer, with Dashen and Associates. State legislation was introduced in the 2011 session to extend the PFD sales tax rebate for an additional ten years. This legislation was not passed in 2011, but will be reintroduced in 2012. The legislation could allow the Lynnwood PFD to refinance its debt.

Alan Dashen began by reminding the Board that the PFD issued its debt six years ago. Rates have dropped a lot since then. Scott Bauer explained that a refunding of the PFD's existing debt might make sense in December, 2014. If the sales tax is extended ten years, the PFD could borrow about \$6.4 million (assuming current bond rate plus .5%).

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2. Financial Statements

Executive Director Dull presented the financial statements for September 2011. Sales tax generated in the month of October was down 1.2% from the prior year, the second consecutive month in which sales tax revenue has gone down. With mitigation, overall sales tax income to the PFD is up 3% year to date.

ED Dull stated that despite B&O tax payment to the Department of Revenue and despite projected shortfalls in tenant receipts, net income for the year is projected to be better than budget.

3. Convention Center Report

Director of Finance Morrison provided an overview of business for the month of September:

- September net income was \$32,692 better than budget;
- The average score for September customer comment cards was 4.88 out of 5; and,
- Indirect Expenses were under budget by about \$32,000, including \$13,000 in a laundry credit.

4. 2012 Budget

ED Dull reminded the Board that the budget is scheduled be adopted in December. Discussion ensued about sales tax mitigation and the likelihood that the State will limit the amount of mitigation in 2012.

5. Resolution to the State Legislature

ED Dull explained that the resolution was prepared as a consequence of the State-wide PFD meeting in Spokane earlier this year. The resolution puts the Lynnwood PFD on record supporting a fifteen year extension of the full amount of the sales tax rebate.

Motion was made by Board Member Fuller to adopt the Resolution as presented. Seconded by Board member Melby. Motion passed.

6. Resolution on Sales Tax Rebate

ED Dull explained that the State Department of Revenue has notified the Lynnwood PFD that it is eligible to increase its sales tax rebate to .036%. A resolution of the Board is necessary to implement the mitigation measure.

Motion to adopt the resolution as presented was made by Board Member Fuller and seconded by Board Member Sherwin. Motion passed.

7. State B&O Tax

The PFD has retained Deloitte Tax to represent the PFD in disputing the Department of Revenue's claim that the PFD owes B&O tax on certain costs of operation. Notice to DOR that the PFD wishes to contest the State's B&O assessment is due by November 10.

G. EXECUTIVE DIRECTOR'S REPORT

Executive Director Dull reported on the latest plans to address ground water and soil issues at the southeast corner of the Convention Center. The Real Estate Committee asked for report and briefing from the PFD's geotechnical consultant.

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H. EXECUTIVE SESSION

The Board went into Executive Session at 8:18 pm for ten minutes to discuss real estate and personnel matters. The Board extended the Executive session at 8:28 for ten minutes. The Board came out of Executive Session at 8:28 pm. No action was taken.

I. ADJOURN

The meeting adjourned at 8:39 pm.

Mike Echelbarger, Chairman