

Minutes

Washington State Convention Center  
Public Facilities District

Regular Meeting of the Board of Directors  
January 17, 2012

I. CALL TO ORDER

Frank K. Finneran, Board Chairman, convened a regular meeting of the Washington State Convention Center Public Facilities District (WSCC PFD) at 2:05 p.m. in Room 303 of the Convention Center.

II. ATTENDANCE

Board Directors in Attendance

Frank K. Finneran, Chairman  
Deryl Brown-Archie, Vice Chair (via telephone conference)  
Rick Bender (via telephone conference)  
Robert J. Flowers  
J. Terry McLaughlin  
Harry G. Sladich (via telephone conference)  
Karen Wong (via telephone conference)

Board Directors Absent

Susana Gonzalez-Murillo  
Jerome L. Hillis

Officers in Attendance

Jeffrey A. Blosser, President / CEO  
Linda Willanger, Vice President of Administration / AGM  
Ed Barnes, Vice President of Operations  
Chip Firth, Director of Finance and Administration / CFO

Consultants / Vendors in Attendance

Rebecca Bogard, Bogard & Johnson LLC  
Matthew R. Hendricks, Hendricks - Bennett, PLLC  
Tom Norwalk and Kris Cromwell, Seattle's Convention & Visitors Bureau  
Steve Kiely, ARAMARK.  
Fred Eoff, SDM Advisors Inc.  
Steven C. Miller, Miller & Miller, P.S.

Visitors

Lucas Franco, UNITE HERE Local 8

Staff in Attendance

Ron Yorita	Michael McQuade
Krista Daniel	Daniel Johnson
Brian Baum	Lorrie Starkweather
Kathleen Smith	

III. APPROVAL OF MINUTES

A. December 20, 2011 Regular PFD Board Meeting

Mr. McLaughlin moved to approve the minutes of the December 20, 2011 Board meeting. Mr. Flowers seconded and the motion was carried by the unanimous affirmative vote of all Directors present in person and by way of teleconference.

IV. PUBLIC COMMENTS

There were no public comments.

## V. CHAIRMAN'S REPORT

Due to concern over severe weather conditions, the Board agreed by consensus to forego verbal presentations of several reports. Staff and Seattle's Convention and Visitors reports for December 2011 were moved to the Consent Agenda.

### A. Association of Washington State Public Facilities Districts

Representatives of public facilities districts within the State of Washington have proposed forming a voluntary association that would serve the best interests of the members as well as the interests of those who make use of or benefit from the member PFD's services. Representatives of the PFDs met recently through a conference at WSCC to discuss governance issues and identify expectations for the association. The Board will receive an update at the February 21, 2012 Board meeting on the status of an Interlocal Agreement being formulated between participating PFDs.

### B. Ratification of Benefits Budget Increase for December 2011

At the December 20, 2011 Board meeting, the Board acknowledged by consensus approval for an increase in the non-represented employee benefits budget that was necessary in order to pay employee benefits for December. The increase was required because year-to-date November benefits expenses exceeded the Board approved budget. The increase was primarily due to a change in the method for accruing vacation wages, and, conversely, salaries and wages expense were proportionately below budget. The adjustment in the benefits budget had little to no effect on the bottom line. A motion to approve was required to ratify the change in the budget.

Mr. Flowers made a motion to approve the benefits budget increase for non-represented employees as proposed at the December 20, 2011 Board meeting. Mr. McLaughlin seconded and the motion was carried by the unanimous affirmative vote of all Directors present, in person and by way of teleconference.

### C. Consent Agenda

Mr. Finneran presented the Consent Agenda to the Board. No action items were included. All Consent Agenda reports were distributed to the Board prior to or following today's meeting.

1. Seattle's Convention & Visitors Bureau Productivity Report
2. WSCC Monthly Expenditures Auditing Officer Certification.
3. WSCC Parking Report
4. WSCC Sales Report
5. ARAMARK Food Service Report
6. SCVB Sales Report

The Consent Agenda was accepted by Board consensus.

## VI. PFD COMMITTEE REPORTS

### A. Government Affairs Committee

Ms. Becky Bogard provided a report on matters relevant to Washington State public facilities districts. Several bills have been proposed in the current Washington State Legislative Session in response to the Greater Wenatchee Regional Events Center Public Facilities District debt crisis. House Bills 2539 and 2458 reflect provisions relating to sales and use taxes by public facilities districts and regional centers. Though not directly impacting WSCC, if enacted the bills could have an impact other PFDs around the state.

Senate Bill 5984 had been introduced during the Special Legislative Session held in December 2011. The bill would have required a financial feasibility review by an independent reviewer when a PFD is formed, or when a PFD issues securities or enters into any long term lease or development. SB 5984 did not pass, but similar legislation is again under consideration during the current legislative session.

### B. Finance Committee

The Finance Committee met earlier today to review the process for completing the 2011 WSCC PFD financial audit. Planning procedures for the audit and internal control testing were completed in December 2011. A draft "Opinion on the Financial Statements" is anticipated to be available for review by the Board Finance Committee in May 2012.

C. Marketing Committee

RESOLUTION NO. 2012-1

A RESOLUTION of the Board of Directors of the Washington State Convention Center Public Facilities District (the "District") approving the 2012 Annual Strategic Marketing Plan and 2012 Annual Budget with Seattle's Convention and Visitors Bureau, and approving the District's Sales Plan for District staff

In December 2011, the Board Marketing Committee requested that Seattle's Convention and Visitors Bureau staff make specific modifications to their proposed Marketing Plan and Scope of Work for fiscal year 2012. The Marketing Committee also requested that WSCC sales staff finalize their proposed Sales Plan and goals for 2012. Following review of the SCVB and WSCC plans, the Marketing Committee made a recommendation to the Board to approve the 2012 sales and marketing plans as presented.

Mr. Flowers moved to approve Resolution No. 2012-1, approving the 2012 Annual Strategic Marketing Plan and 2012 Annual Budget with Seattle's Convention and Visitors Bureau, and approving the District's Sales Plan for District staff. Mr. McLaughlin seconded and the motion was carried by the unanimous affirmative vote of all Directors present in person and by way of teleconference.

D. Future Expansion Committee

Mr. Eoff provided a brief update on local hotel tax revenue streams relative to their impact on potential future expansion of the Convention Center. Based on certain assumptions founded on hotel tax revenue stream projections and current market conditions, it was recommended that WSCC PFD begin the preliminary planning steps required if expansion of the Convention Center is to move forward.

The Board Future Expansion Committee recommended that the WSCC President be authorized to expend up to \$100,000 to initiate the early planning steps required for any expansion of the Convention Center, which may include feasibility studies, construction cost estimates, and review of site acquisition options. WSCC PFD Budget Policy allows the Board, Chairman or President / CEO to propose an expenditure not anticipated in the budget cycle. Such expenditures must be approved with a majority vote of the Board of Directors, and once approved the budget modified to add new funding to the appropriate budget line item.

Mr. Bender moved to authorize the WSCC PFD President / CEO to expend up to but not more than \$100,000 of capital funds to begin the preliminary measures required prior to any Board decision to move forward with the Convention Center expansion process. Ms. Brown-Archie seconded and the motion was carried by the unanimous affirmative vote of all Directors present in person and by way of teleconference.

VII. PRESIDENT'S REPORT

A. Audio Visual Services Contract

Anticipating the end of the current preferred audio visual services contract, a Request for Proposal (RFP) had been issued for a subcontractor to provide audio visual services to Convention Center clients. Three firms responded and PSAV Presentation Services was selected as the successful proposer. The contract for the existing contractor, Audio Visual Factory, was extended through February 2012 to help provide a smooth transition. It was requested that the Board authorize the President / CEO to negotiate and execute a contract with PSAV, to begin March 1, 2012.

Mr. McLaughlin moved to authorize the WSCC PFD President / CEO to negotiate and execute a contract for audio visual services with PSAV Presentation Services. Mr. Flowers seconded and the motion was carried by the unanimous affirmative vote of all Directors present in person and by way of teleconference.

B. Renovation Communication Plan

WSCC is working with SCVB marketing staff to develop a Communications Plan to publicize to the local business community and to meeting industry organizations information about Convention Center facility renovations and upgrades now in progress. In addition to press releases to business and hospitality media, staff will notify interested parties through electronic-mail and provide links to digital versions of completed renovations and those underway.

### C. Ungerboeck Event Management Software

Beginning January 1, 2012, WSCC PFD staff began using the Ungerboeck Event Business Management System to record event and financial data. In the past, Convention Center staff and contractors used several different software programs to record data for event management, sales, finance, and catering. Ungerboeck software provides a comprehensive event management system that replaces separate programs with a fully integrated system, efficiently uniting all components of the event and financial processes together in one program.

### D. Parking Rates Review

WSCC staff are in the process of reviewing parking rates for the Convention Center Garage and for Freeway Park Garage. It is anticipated that the review will be completed by or before the March 20, 2012 Board meeting, at which time staff will make a recommendation to the Board on rate adjustments.

## VIII. FINANCIAL REPORT

Mr. Firth reported that operating revenues for December 2011 totaled \$1,970,341. Several events held at the Convention Center in December produced stronger than historically typical revenues for the month. Though overall revenues for December were down 7.0% from budget, revenues were up 85.75% as compared to the same period last year.

Operating expenses for December totaled \$2,495,146, which was down from budget 5.4% and down 6.3% as compared to the same period last year. Though most expenses were below budget for the month, there were several exceptions. Professional Services was up from budget due to accounting services that were added in preparation for completing the 2011 WSCC PFD financial audit. Supplies were up due in most part to restocking operating supplies and supplies directly related to event use, such as logo pens and tablets. Food service expenses were up, with higher labor and product costs for the month.

The operating loss for December was \$(524,805). Non-Operating Revenues for December, for regular and additional lodging taxes, totaled \$4,169,514. Non-Operating Expenses during the month, for transfer of additional lodging tax and debt service, totaled \$2,545,916. Quarterly revenue forecasts for 2012 indicate overall revenues will be down slightly from target budget and up 13.3% over revenues for 2011.

## IX. OTHER BUSINESS

Mr. Sladich, Chair of the Board Marketing Committee, brought forward a strategic hospitality marketing proposal. The Washington Tourism Alliance (WTA) was created in February 2011 following the announced closure of the Washington State Tourism office at the end of the 2009-2011 biennium. WTA has partnered with other tourism industry organizations such as Washington Lodging Association (WLA), Washington Restaurant Association (WRA), and the Washington State Destination Marketing Organizations Association (WSDMO), to promote the travel, tourism and hospitality industries of Washington State.

The WSCC PFD Board is familiar with WTA's long-term strategy for promoting state destination tourism. Noting that WTA's national tourism advocacy and marketing services would be beneficial to WSCC's marketing and sales goals, the Marketing Committee recommended that \$25,000 be allocated toward WTA marketing efforts.

Mr. Sladich made a motion to approve a \$25,000 allocation to the Washington State Tourism Alliance for marketing of statewide tourism and hospitality. Mr. Flowers seconded and the motion was carried by the unanimous affirmative vote of all Directors present in person and by way of teleconference.

## X. ADJOURNMENT

Mr. McLaughlin moved to adjourn the January 17, 2012 Board meeting at 2:55 p.m. Mr. Flowers seconded and the motion was carried by the unanimous affirmative vote of all Directors present in person and by way telephone conference.