

Minutes

Washington State Convention Center  
Public Facilities District

Regular Meeting of the Board of Directors  
January 22, 2013

I. CALL TO ORDER

Frank K. Finneran, Board Chairman, convened a regular meeting of the Washington State Convention Center Public Facilities District (WSSC PFD) at 2:03 p.m. in Room 303 of the Convention Center.

II. ATTENDANCE

Board Directors in Attendance

Frank K. Finneran, Chairman  
Deryl Brown-Archie, Vice Chair  
Rick Bender  
Robert J. Flowers  
Susana Gonzalez-Murillo (via teleconference)  
J. Terry McLaughlin  
Christopher Sullivan  
Karen Wong (via teleconference)

Board Directors Absent

Jerry 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 (via teleconference)  
Matthew R. Hendricks, Hendricks - Bennett, PLLC  
Tom Norwalk and Marco Bloemendaal, Seattle's Convention & Visitors Bureau  
Mark Hoelsing, Reggie White, Dawn Wheeler, Matt Shea and Naomi Taylor, ARAMARK.  
Fred Eoff, SDM Advisors, Inc.  
Jim Snook, CCPI

Visitors

Stefan Moritz, UNITE HERE Local 8

Staff in Attendance

Ron Yorita                      Michael McQuade  
Krista Daniel                  Daniel Johnson  
Susnios Tesfaye              Lorrie Starkweather  
Kathleen Smith

III. APPROVAL OF MINUTES

A. December 18, 2012 Regular WSSC PFD Board Meeting

Mr. Flowers made a motion to approve the minutes of the December 18, 2012 Board meeting as presented.  
Mr. McLaughlin seconded and the motion was carried by the unanimous affirmative vote of all Directors present.

IV. PUBLIC COMMENTS

There were no public comments.

V. CHAIRMAN'S REPORT

A. 25<sup>TH</sup> Anniversary Task Force

The Board was advised about a number of WSCC 25<sup>th</sup> Anniversary activities that have been proposed by the Anniversary Task Force. It is anticipated that there will be several celebratory functions held at the Convention Center the week of June 17 through June 21, 2013. Events proposed include a "Thank You" reception and dinner on June 18, for stakeholders who have participated in the Convention Center's past 25 years.

The Art Committee is working to coordinate a project with 25<sup>th</sup> Anniversary events, an exhibition that highlights a locally renowned collection of cookie jars. The exhibition would be paired with the publication of a cookbook with cookie recipes contributed by local celebrity chefs and others.

The Board agreed by consensus that the 25<sup>th</sup> Anniversary Task Force should move forward with proposed plans.

B. Board Terms

Board member Mr. Christopher Sullivan will be leaving the WSCC Board of Directors. Mr. Sullivan is ending his tenure as General Manager of the Seattle Marriott Waterfront and taking a new position in San Francisco. The Board thanked Mr. Sullivan for his contributions to the WSCC Board and for his service as Chair of the Marketing Committee.

C. Consent Agenda

Mr. Finneran presented the Consent Agenda to the Board. No action items were included and the following informational reports had been sent to the Board for review prior to today's meeting:

1. Seattle's Convention & Visitors Bureau Productivity Report
2. WSCC Monthly Expenditures Auditing Officer Certification
3. End of Year Retail Report

Ms. Brown-Archie made a motion to approve the Consent Agenda as presented. Mr. Flowers seconded and the motion was carried by the unanimous affirmative vote of all Directors present.

VI. PFD COMMITTEE REPORTS

A. Finance Committee

1. Investment Update Year End 2012 Financials

The Finance Committee reviewed the WSCC portfolio of investments currently managed by Davidson Fixed Income Management and made a number of recommendations to Davidson. Finance Committee members will meet again with Davidson representatives in the next few months, and report back Investment Program developments at a future Board meeting. Interested Board members were invited to join the Finance Committee for the future meeting with Davidson representatives.

2. Revised Policy for Procurement – Resolution 2013-3

A RESOLUTION revising the Procurement Policy for the Washington State Convention Center Public Facilities District superseding Resolution 2010-3

3. Revised Policy for Operating Budget – Resolution 2013-4

A RESOLUTION revising the Operating Budget Policy for the Washington State Convention Center Public Facilities District superseding Resolution 2010-3

The Operating Budget Policy presented at today's meeting included a change from the materials mailed to the Board prior to the meeting. The correction was noted and accepted by the Board.

4. Policy for Travel – Resolution 2013-5

A RESOLUTION approving a Travel Policy for the Washington State Convention Center Public Facilities District

5. Policy for Non-Travel Meals and Incidental Business Expenses – Resolution 2013-6

A RESOLUTION approving a Non-Travel Meals and Incidental Business Expenses Policy for the Washington State Convention Center Public Facilities District

Mr. Flowers made a motion to approve and adopt the following resolutions: Resolution 2013-3, Resolution 2013-4, Resolution 2013-5, and Resolution 2013-6, as presented at today's meeting. Mr. McLaughlin seconded and the motion was carried by the unanimous affirmative vote of all Directors present.

B. Goals Committee

1. Completion of Operating Goals 2012 – Resolution 2013-1

A RESOLUTION Approving Recommendation Of The Operating Goals Committee Regarding Completion of the 2012 Goals for the Washington State Convention Center Public Facilities District

The Board feels that it is in the best interests of WSCC to adopt annual operating goals and to review end of the calendar year performance for those goals. The Board Goals Committee determined that all goals for fiscal year 2012 have been completed or are moving forward as anticipated. The Goals Committee recommended approval by the full Board.

Mr. Bender made a motion to adopt Resolution 2013-1, approving satisfactory completion of the 2012 Calendar Year Operating Goals. Ms. Brown-Archie seconded and the motion was carried by the unanimous affirmative vote of all Directors present.

C. Government Affairs Committee

1. Update

The Government Affairs Committee met to discuss a proposed policy statement on public facilities districts. Staff will prepare a draft for Committee review.

2. Consultant Report

Affordable workforce housing advocates are still working with language for a legislative bill that will concern redistribution of the King County 2% hotel tax credit in 2021. Language being prepared by the workforce housing coalition would allow the revenue stream to be bonded at this current time. Language relating to the tourism portion of the bill is already set.

D. Art Committee

1. Service Agreement WSCC Art Foundation and WSCC – Resolution 2013-2

A RESOLUTION by the Board of Directors of the Washington State Convention Center Public Facilities District ("District") adopting an Agreement for Services ("Services Agreement") with the Washington State Convention Center Art Foundation ("Art Foundation")

The Board Art Committee has amended the "Agreement for Services" that had been previously established between WSCC public nonprofit corporation and the WSCC Art Foundation, to ensure that the Art Foundation activities are consistent with the goals of WSCC Public Facilities District. The Services Agreement has been reviewed and accepted by the Art Foundation.

The "Agreement for Services" sent to the Board prior to today's meeting contained a clerical error that was noted and corrected in the document presented at today's meeting. The change was accepted by the Art Committee and Board.

Ms. Wong made a motion to adopt Resolution 2013-2 as presented at today's meeting, approving the Service Agreement between the WSCC Art Foundation and WSCC PFD. Mr. Flowers seconded and the motion was carried by the unanimous affirmative vote of all Directors present.

E. Outreach Committee

1. 2012 Year End Outreach Report

Along with outreach in sales and marketing, WSCC continues to support diversity when hiring staff, sending job postings to over 100 community-based organizations and newspapers. WSCC categorizes suppliers of goods and services by their minority and women-owned status and provides vendors in these categories with an opportunity to quote prices or participate in the process when bids are required.

ARAMARK continues to expand partnerships with Washington State farmers, ranchers, fishermen, winemakers and brewers, purchasing seasonal northwest food products and locally produced beverages whenever possible. Highlights of Convention Center accolades for 2012 include readers of *Northwest Meetings and Events*

magazine selecting WSCC as the Best Convention Venue in Washington for 2012. WSCC also received its fourth Washington Wine Commission "Washington Wine Award of Distinction", honoring WSCC and ARAMARK's commitment to the Washington wine industry.

F. Marketing Committee

1. Update to Confirm Resolution 2012-15

At the December 2012 Board meeting the Board passed Resolution 2012-15 approving Seattle's Convention & Visitors Bureau 2013 Annual Strategic Marketing Plan and 2013 Budget, with the caveat that the Marketing Committee take under further review the Visitors Bureau's annual 2013 goal for room nights booked for all future years. Following discussions between the WSCC Board Chairman, the Marketing Committee and SCVB staff, the Marketing Committee agreed to maintain the annual booking sales goals of 275,000 room nights as set forth in Resolution 2012-15.

Mr. Sullivan made a motion to maintain Seattle's Convention & Visitors Bureau operating goals for 2013 as approved on December 18, 2012, Resolution 2012-15 - Exhibit A, with the annual booking sales goals of 275,000 room nights. Mr. Flowers seconded and the motion was carried by the unanimous affirmative vote of all Directors present.

VII. SEATTLE'S CONVENTION & VISITORS BUREAU REPORT

Mr. Norwalk reported that Seattle's Convention and Visitors Bureau is in the process of transitioning to a new name and corporate identity, re-branding itself "Visit Seattle". The convention and visitors bureau ("CVB") has changed from a convention centric model to a broader, destination marketing organization ("DMO"). In its expanded destination marketing role, Seattle's Convention and Visitors Bureau has evolved to cover more consumer and leisure promotions, in addition to a continued focus on meetings and conventions. The Visit Seattle identity will better represent this expanded marketing model.

According to Smith Travel Research, the U.S. hotel industry overall reported decreases in all three key performance metrics during the week of Christmas – occupancy, revenue per available room (RevPAR) and average daily rate (ADR). In contrast, over Christmas week Seattle posted significant gains in two out of three categories, placing Seattle in the lead among the top 25 hotel markets with the largest increase in occupancy and RevPAR. Heading into the new year, several Seattle hotels are among the top 25 winners on the *TripAdvisor* website's annual "Travelers Choice" awards for 2013.

Sales production for the Bureau's Seattle office for December 2012 was strong, reaching 197.28% of room night monthly booking goal for WSCC events. The overall goal includes hotel rooms booked in association with events held at WSCC as well as events held at area hotels and other local venues. Overall, hotel room nights booked during December for all Seattle-area venues reached 142.29% of goal for the month. January through December 2012, the Seattle office reached 80.38% of overall booking goal for the year.

January through December 2013, the Washington, DC, satellite office reached 91.00% of booking goal for WSCC events. January through December, the Midwest office reached 90.16% of booking goal for WSCC events. During December Bureau staff added eight major events to the books for years 2013 through 2020, with combined attendance forecast at 17,900. These eight events are anticipated to generate an estimated \$43,786,700 in economic impact for the Seattle area.

Business can be lost because groups do not select Seattle for reasons that include lack of suitable dates, not enough convention space, hotel rates, or because they made a different city choice. Regionally, the loss of economic impact for lost business for December has been estimated at \$762,320,681. Waived business is event business that Bureau staff did not pursue primarily because there were no viable date options available to offer the group or because the Convention Center is not large enough to accommodate the group. Waived business for December 2012 has been estimated at \$693,993,399.

VIII. PRESIDENT'S REPORT

A. Motion to Approve ARAMARK Contract Extension

Following a Request for Proposal (RFP) process in July 2010, ARAMARK was awarded the management contract for exclusive catering services for the Convention Center. Under the terms of the agreement the period of performance terminates June 30, 2013, with one 2-year extension option. Based on exemplary management and

performance by ARAMARK's Convention Center food service team, the WSCC President recommended that the 2-year extension option be exercised.

Mr. Bender made a motion to approve a 2-year extension to the agreement establishing ARAMARK Sports and Entertainment Services as the exclusive catering service to the Washington State Convention Center Public Facilities District. Ms. Brown-Archie seconded and the motion was carried by the unanimous affirmative vote of all Directors present.

B. Motion to Approve Parking Rates

The most recent rate change to parking rates in the Convention Center Garage and Freeway Park Garage was approved by the Board in December 2010. In consideration of the Convention Center's location at the edge of downtown business, shopping and entertainment activity, WSCC has historically made gradual parking rate changes that have increased revenues without putting the Convention Center at a competitive disadvantage.

Following a comparison of daily and monthly rates for parking facilities located near the Convention Center, the WSCC President made a recommendation to implement moderate increases to WSCC parking rates beginning April 1, 2013. Proposed rate changes were mailed to the Board for review prior today's meeting.

Mr. McLaughlin made a motion to approve rate increases for monthly and hourly parking rates in the WSCC Garage and in Freeway Park Garage, as presented. Mr. Flowers seconded and the motion was carried by the unanimous affirmative vote of all Directors present.

IX. STAFF REPORTS

A. WSCC Parking Report

Mr. Tesfaye reported that though parking revenues for December 2012 were down compared to December 2011, parking revenues for the month were over budget by 10.5%. Parking revenues for January through December 2012 were up 2.8% as compared to the same period last year and 3.5% over budget for fiscal year 2012.

B. WSCC Sales Report

Mr. McQuade reported that during December 2012, Convention Center staff booked 16 events into current and future years. These events represent \$205,618 in projected top-line rent and \$98,950 in projected food and beverage sales for the Convention Center. Bookings for events to be held at WSCC during 2012 reached 134.7% of goal through December. Revenue projections for events booked by WSCC staff during fiscal year 2012, January through December, totaled \$2,768,396 for top-line rent and \$4,685,716 for food & beverage sales for the Convention Center.

As of December 2012, 264 events have confirmed or contracted to use The Conference Center since its opening in June 2010, representing over \$2,380,000 in rent for TCC space. In addition to offering space that is comparable to conference and ballroom space available in major Seattle area hotels, the addition of TCC has made it possible for WSCC to secure larger events such as the American Library Association's Mid-Winter Meetings for January 2013 and January 2019.

C. ARAMARK Food Service Report

Ms. Wheeler reported top-line food service revenues of \$354,632 for December 2012, with net to the WSCC of \$(87). December has historically been a month with few large events, and more recently food service revenues have been impacted by the decrease in spending for holiday parties and banquets.

Year-to-date through December, top-line revenues for ARAMARK totaled \$15,919,738. Food and beverage revenues were up from forecasts for fiscal year 2012 and up as compared to food service revenues for fiscal year 2011. ARAMARK staff participated in a children's book drive in December for the Neighborhood House High Point Promise Project, collecting 468 books for all ages and reading levels.

X. FINANCIAL REPORT

Mr. Firth reported that though operating revenues for December 2012 were down 2.4% as compared to the same period last year, they were up 10.0% over budget forecasts for the month. Year-to-date through December 2012, operating revenues were up 7.7% as compared to January through December 2011, and up 3.6% from budget for fiscal year 2012.

Operating expenses for December 2012 were down 6.2% as compared to the same period last year, and down 20.3% from budget forecasts for the month. Year-to-date through December 2012, expenses were down 3.1% from budget.

Operating loss for December was \$(416,034). Operating surplus for fiscal year 2012, January through December, was \$1,756,618, up 50.9% over fiscal year 2011. Non-Operating Revenues for December 2012, for regular and additional lodging taxes, totaled \$5,129,075. Non-Operating Expenses during the month, for transfer of additional lodging tax and debt service, totaled \$2,195,997.

XI. ADJOURNMENT

Mr. Flowers moved to adjourn the January 22, 2013 Board meeting at 3:59 p.m. Mr. McLaughlin seconded and the motion was carried by the unanimous affirmative vote of all Directors present.