

Minutes

Washington State Convention Center  
Public Facilities District

Regular Meeting of the Board of Directors  
February 21, 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 2:00 p.m. in the Administrative Boardroom, 5<sup>th</sup> Floor, of the Convention Center.

II. ATTENDANCE

Board Directors in Attendance

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

Board Directors Absent

Susana Gonzalez-Murillo  
Karen Wong

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

Matthew R. Hendricks, Hendricks - Bennett, PLLC  
Jeri Lane, Seattle's Convention & Visitors Bureau  
Steve Kiely and Dawn Wheeler, ARAMARK.  
Steve Fitzpatrick, Global Experience Specialists (GES)

Staff in Attendance

Ron Yorita	Michael McQuade
Krista Daniel	Daniel Johnson
Brian Baum	Mary Pauly
Susnios Tesfaye	Lorrie Starkweather
Kathleen Smith	

III. APPROVAL OF MINUTES

A. January 17, 2012 Regular PFD Board Meeting

Mr. Bender moved to approve the minutes of the January 21, 2012 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

### A. Consent Agenda

Mr. Finneran presented the Consent Agenda to the Board. No action items were included, and the following informational reports had been mailed 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. Outreach Quarterly Report

Mr. Sladich moved to accept the Consent Agenda as presented. 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.

## VI. PFD COMMITTEE REPORTS

### A. Government Affairs Committee

Ms. Brown-Archie, Committee Chair, presented a summary of recent legislative matters relevant to WSCC and to public facilities districts throughout Washington State. Senate Bill 5984 was introduced during the Special State Legislative Session held in December 2011, though it did not pass out of committee. The bill would require an independent financial feasibility review before formation of a PFD or issuance of any PFD indebtedness, as well as prior to the long-term lease, purchase or development of a facility. Senate Bill 5984 has again been proposed in the state legislative session currently underway.

In 2010, the Washington State Convention Center made a transition from state nonprofit corporation to public facilities district within King County. While continuing to work closely with the state, the WSCC Government Affairs Committee has been expanding relationships with King County and with the City of Seattle. Events held at the Convention Center continue to generate strong financial contributions to the State of Washington, as well as to the local area economy, through sales tax collections derived from attendee hotel stays and purchases.

### B. Marketing Committee

Mr. Sladich, Committee Chair, presented a recap of recent committee discussions. The Marketing Committee has tasked staff to identify ways to increase marketing efforts and report back to the Committee later this year. Marketing efforts would include enhancing existing marketing tools with the first step to include the redesign of the WSCC website with work provided by Seattle's Convention & Visitors Bureau services. Future elements for a Marketing Program should include social media and developing additional collateral. Staff will also take under review options for expanding marketing service, such as increased promotional hosting and travel directed at strengthening contact between sales staff and clients.

The Washington State Convention Center will celebrate its 25<sup>th</sup> anniversary in June 2012. It was recommended that a 25<sup>th</sup> Anniversary Taskforce be formed to bring Board members and staff together to consider options for publicizing WSCC local and statewide contributions over the past 25 years. Mr. Sladich and Mr. Hillis volunteered to work with interested Board members and staff to develop a 25<sup>th</sup> Anniversary Plan.

### C. Benefits Committee

Mr. McLaughlin, Benefits Liaison, provided an update on committee discussions regarding non-represented employees retirement plans. Committee members are considering several options related to administration of the plan. It is anticipated that the committee will provide further information at the March 20, 2012 Board meeting.

## VII. SEATTLE'S CONVENTION & VISITORS BUREAU REPORT

Ms. Lane provided a comparison of revenue per available room (RevPAR), average daily room rate (ADR) and occupancy variance for December 2011 for hotels in Seattle and six major west coast cities with convention centers, as provided by Smith Travel Research. Overall variance for Seattle year-over-year for December 2011 is up over the same period last year, with RevPAR up 9.2%, ADR up 4.1%, and occupancy up 5.0%. Figures for January 2012 were not yet available.

Large national events held at the Convention Center have a significant impact on area hotels, particularly during peak event days. On January 30, 2012 during a major event at the Convention Center, RevPAR at Seattle

hotels was up 71.60% as compared to the same date last year when there was no significant event activity at the Convention Center.

Sales production in January for the Bureau's Seattle office reached 4.78% of WSCC goal and 96.75% of hotel booking goal for the month. Year-to-date, the Washington, DC, satellite office is at 184.87% of WSCC goal and the Midwest office is at 84.23% of WSCC goal through January 2012.

Lost business continues to include a significant number of groups where specific dates were not available at the Convention Center and the group could not reconcile their event with alternate available dates. For January 2012, groups that did 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, represent an estimated loss of roughly \$63,400,000 in overall economic impact for the Seattle region.

The loss of economic impact for waived business during January 2012 was estimated at \$12,300,000. Waived business is event business that SCVB did not pursue because there were no date options available for the groups.

## VIII. PRESIDENT'S REPORT

### A. RESOLUTION NO. 2012-2

A RESOLUTION rescinding Resolution 2011-9 – Parking Tax Policy

Resolution 2012-2 rescinds the parking tax policy approved by the Board on July 19, 2011. Resolution 2011-9 approved a tax levy of 10.0% on vehicles parking in the Convention Center and Freeway Park garages.

Mr. Sladich moved to approve Resolution No. 2012-2, rescinding Resolution 2011-9 – Parking Tax Policy. 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.

### B. Board of Directors Annual Ethics and Public Disclosure Forms

Prior to the Convention Center transition from a state nonprofit corporation to a public facilities district of King County, the Washington State Public Disclosure Commission (PDC) required WSCC Board Directors to fulfill certain annual reporting obligations. WSCC PFD legal counsel has taken under review public disclosure requirements for Board members of public facilities districts in Washington State. Further information will be provided to the Board at the March 20, 2012 Board meeting.

Board members were asked to complete and return the annual WSCC PFD ethics form by April 15, 2012.

## IX. STAFF REPORTS

### A. WSCC Parking Report

Mr. Tesfaye reported that parking revenues for January 2012 were up 7.0% as compared to the same period last year. Two events had significant impact on parking revenues in January, the Seattle Wedding Show and the Seattle Winter Gift Show. Attendance was up for the shows and feedback from the show vendors was positive.

### B. WSCC Sales Report

Mr. McQuade reported that in January 2012, WSCC sales staff reached 94.4% of the top-line rent goal for 2012 events booked. The number of events booked during this year for events to be held at WSCC during this year reached 63.3% of goal. Overall for January 2012, new WSCC bookings added represent \$1,220,840 in rent and \$862,663 in food and beverage sales for the Convention Center. As of January 2012, 205 events have confirmed or contracted to use The Conference Center, representing over \$1,621,000 in rent for TCC space.

Due to severe weather conditions in January, several small events cancelled and one larger event was postponed. Before the Seattle area experienced a major snowfall, Group Health Cooperative 2012 Leadership Conference had been anticipating roughly 900 attendees at their January 19, 2012 event. Group Health has been able to reschedule their Leadership Conference for March 2012.

WSCC is a sponsor of the Northwest Development Officers Association (NDOA) Winter and Spring 2012 Conferences. The NDOA Winter meeting was held at WSCC on January 25, 2012, with a sold-out attendance of nearly 500 northwest nonprofit fundraising professionals.

C. ARAMARK Food Service Report

Mr. Kiely reported that top-line food service revenues for January 2012 totaled \$274,061, which was in line with forecasts for the month. Product, labor and direct costs came in higher than food and beverage sales for January, resulting in a food service revenue loss of \$(121,744) for WSCC PFD. Projecting stronger food and beverage sales in February 2012, forecasts indicate top-line food service revenues could exceed \$3,000,000 for the month of February.

In March, ARMARK will begin developing a new menu for Convention Center clients. ARAMARK staff will propose new menu options, pricing schedules and redesigned marketing collateral for WSCC consideration. It is anticipated that the new menu will be available to clients beginning in June 2012.

X. FINANCIAL REPORT

Mr. Firth reported that while operating revenues for January 2012 totaled \$1,746,666, down 3.4% as compared to January 2011, overall, revenues were up 1.9% over budget. Parking, retail, and Hotel/Motel taxes all came in up over budget for the month.

Operating expenses for January 2012 totaled \$2,361,306, which was up 0.1% over budget and up 7.0% as compared to the same period last year. Though overall expenses were close to budget, expense line items over budget included employee benefits, marketing services, professional services, supplies, and utilities. Due to the event mix in January, forecasts had accurately projected an operating loss. Though with overall revenues up slightly from budget, the \$(614,640) operating loss was less than had been anticipated.

Non-Operating Revenues for January, for regular and additional lodging taxes, totaled \$3,828,955. Non-Operating Expenses during the month, for transfer of additional lodging tax and debt service, totaled \$1,925,959.

XI. OTHER BUSINESS

Historically, information packets have been forwarded to WSCC PFD Board members by mail prior to Board meetings. The Board agreed by consensus to have future meeting information forwarded to Board members via email. Packets will continue to be mailed to any Board member who does not have access to email or if it is determined that a paper copy of a document is preferred.

XII. ADJOURNMENT

Mr. McLaughlin moved to adjourn the February 21, 2012 Board meeting at 3:15 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.