

Minutes

Washington State Convention Center  
Public Facilities District

Regular Meeting of the Board of Directors  
March 20, 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 2:02 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  
Jerome L. Hillis  
Susana Gonzalez-Murillo  
J. Terry McLaughlin

Board Directors Absent

Harry G. Sladich  
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  
Tom Norwalk, Jerri Lane, Kris Cromwell and Lori Magaro, Seattle's Convention & Visitors Bureau  
Rebecca Bogard, Bogard & Johnson LLC  
Fred Eoff, SDM Advisors Inc.  
Steve Kiely and Dawn Wheeler, Chef Jose Chavez, Matt Shea, Mayra Melka-Baldwin, Alex Shroff and Jules Miller, ARAMARK.  
Rel Minucciani, Global Experience Specialists (GES)

Guests

Lucas Franco, Unite Here! Local 8

Staff in Attendance

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

III. APPROVAL OF MINUTES

- A. February 21, 2012 Regular WSCC PFD Board Meeting  
February 29, 2012 Special WSCC PFD Board Meeting

Mr. Bender moved to approve the minutes of the February 21, 2012 regular Board meeting and the February 29, 2012 special Board meeting. Mr. Hillis 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. The WSCC PFD Board of Directors recognized ARAMARK staff at the Convention Center for their performance in February 2012, where topline food service revenues of nearly \$3.4 million set a record at the Washington State Convention Center. The Board acknowledged both food sales and outstanding service by ARAMARK staff.

Several February events were highlighted for the Board. The Dubai-based airline, Emirates Air, launched their Seattle to Dubai service with a red-and-gold-themed gala in The Conference Center, with extraordinary food and exceptional service provided by ARAMARK. Also in February, ARAMARK provided roughly 11,000 meals per day for four days while serving breakfast, lunch and dinner to approximately 6,700 attendees of a high tech event.

B. The Chairman proposed date changes for the April, June and October 2012 Board meetings.

Mr. Hillis moved to approve regular Board meeting dates April 24, 2012, June 19, 2012, and October 23, 2012, as proposed. Ms. Brown-Archie seconded and the motion was carried by the unanimous affirmative vote of all Directors present.

C. In July 2010, the Washington State Convention Center made a transition from state nonprofit corporation to public facilities district within King County. The WSCC nonprofit corporation Board carried forward and become the WSCC Public Facilities District Board of Directors. At that time, initial terms for the PFD Board were set at two or four year lengths and, as a result, four Board member terms are set to expire July 30, 2012.

The Washington State Governor, the King County Executive, and the Mayor of Seattle each hold appointing authority for three positions on the nine-member WSCC PFD Board. Board members have been apprised of their term expiration dates and of which appointing authority has responsibility for their position. The four Board members whose terms end in 2012 were advised to contact their appointing authority if they have interest in pursuing future service on the WSCC PFD Board. All service is voluntary and fulfillment of each position is at the discretion of the associated appointing authority. Going forward, all terms will be four-year terms.

D. 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.

The Consent Agenda was accepted by Board consensus.

#### VI. PFD COMMITTEE REPORTS

A. Government Affairs Committee

Ms. Bogard presented a summary of recent legislative matters relevant to WSCC and to public facilities districts throughout Washington State. Senate Bill 5984, introduced in response to the Wenatchee Public Facilities District bond default, was signed by the Governor on March 1, 2012. The bill requires an independent financial feasibility review to be conducted by the State Department of Commerce prior to any of the following events: the formation of a public facilities district, the issuance of any indebtedness by a public facilities district, or the long-term lease, purchase, or development of a facility.

The costs of the independent financial review must be borne by the PFD or the local government proposing the formation of the PFD. Upon completion, the independent financial review would be submitted to the State Treasurer, State Auditor, the PFD, participating local governments, and appropriate committees of the State Legislature. The independent financial review of debt issuances by a PFD is not required if the PFD is refinancing existing debt. The WSCC Government Affairs Committee will seek further information on how this bill may impact future actions by existing public facilities districts.

B. Future Expansion Committee

WSCC executive staff met recently with representatives of King County to continue discussions relating to the potential expansion of the Convention Center. The county does not currently have project-management level staff available to work with WSCC on the preliminary planning steps that would be required if expansion of the Convention Center is to move forward. The Expansion Committee will work with county staff to identify a course of action that would make it feasible for the county to commence working with WSCC to advance the project. Additional meetings are planned with county staff again this month to begin reviewing site acquisition options and related costs.

C. Benefits Committee

RESOLUTION 2012-3

A RESOLUTION of the Washington State Convention Center Public Facilities District Appointing Benefits Committee as Plan Administrator for the WSCC Retirement Savings Plan and the WSCC Retirement Contribution Plan

Subsequent to the Convention Center's transition to public facilities district, WSCC PFD was required to appoint a Plan Administrator for the non-represented employee Retirement Savings and Contribution Plans. It was recommended that the WSCC PFD Benefits Committee serve as administrator of the retirement plans. The Board of Directors maintains the authority to define the Benefits Committee operational charter. The authority to appoint, monitor and remove Benefits Committee members has been delegated to the WSCC PFD President / CEO.

Mr. Hillis moved to approve Resolution No. 2012-3, appointing the WSCC PFD Benefits Committee as the Plan Administrator for the employee 401(a) Plan and delegated to them all fiduciary duties, responsibilities and authority as defined in the Resolution with regard to the investment options offered under the 457(b) Plan. Ms. Gonzalez-Murillo seconded and the motion was carried by the unanimous affirmative vote of all Directors present.

VII. SEATTLE'S CONVENTION & VISITORS BUREAU REPORT

Mr. Norwalk provided a brief review of the SCVB's Annual Meeting "Tourism Outlook 2012", held at the Westin Seattle Hotel February 29, 2012. The meeting featured a keynote address by Mr. Peter Greenberg, CBS News Travel Editor. County Executive Dow Constantine presented the 2012 Tourism Ambassador of the Year Award to Mr. Jayme Gustilo, a 20-year veteran of the Seattle Center Monorail who has served 8.5 million guests and logged 165,000 monorail trips.

At the SCVB Annual Meeting it was reported that in 2011, 9.9 million travelers spent \$5.9 billion while visiting Seattle and King County, an increase of 6.6% over 2010. In 2011, city and county visitors paid \$463 million in state and local taxes; about 95.0% of which were sales or excise taxes on goods and services purchased by visitors. In 2011, jobs in King County supported by travel spending increased to 51,000, up 7.0% from 2010.

Smith Travel Research provides the SCVB with a comparison of revenue per available room (RevPAR), average daily room rate (ADR) and occupancy variance for hotels in Seattle and six major west coast cities with convention centers. Overall variance for Seattle year-over-year for January 2012 is up over the same period last year, with RevPAR up 11.4%, ADR up 3.8%, and occupancy up 7.3%. Figures for February 2012 were not yet available.

Sales production in February for the Bureau's Seattle office reached 23.48% of WSCC goal and 122.61% of hotel booking goal for the month. Year-to-date, the Washington, DC, satellite office is at 129.01% of WSCC goal and the Midwest office is at 97.75% of WSCC goal through February 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. Year-to-date, January through February 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 \$73,619,356 in overall economic impact for the Seattle region.

Waived business is event business that SCVB did not pursue because there were absolutely no viable date options available to offer to the group. The regional loss of economic impact for waived business year-to-date through February 2012 is estimated at \$71,955,650.

## VIII. PRESIDENT'S REPORT

### A. Board of Directors Annual Public Disclosure Form

WSSC legal counsel conducted a review of public disclosure requirements for the Convention Center Board of Directors following the transition from nonprofit corporation to public facilities district. It was determined that the WSSC PFD Board continues to be defined as a state board in the Revised Code of Washington (RCW), and therefore Board members are obligated to file public disclosure forms with the Washington State Public Disclosure Commission. The Board was advised that the filing date for public disclosure forms is April 17, 2012.

### B. Staff Satisfaction Stakeholder Survey

Since 1997 the Convention Center has commissioned a survey every few years to determine employee satisfaction with key areas of service and to determine overall employee job satisfaction. Comparing results for December 2011 with those reported in May 2008, the 2011 survey showed many positive changes in employee attitudes across all aspects of business.

In comparing the 2008 and 2011 surveys, employee ratings of agreement increased significantly for nine attribute statements made about WSSC management and supervisors, customer service, teamwork and company aims and policies. Mean ratings increased significantly for eight out of the ten areas of Convention Center business performance being evaluated. It is noteworthy that when comparing the two surveys there were no significant decreases in ratings of agreement or decreases in mean ratings given for any areas surveyed.

The WSSC PFD Employee Survey Executive Summary was accepted by Board consensus. Convention Center management was asked to provide an update to the Board later in the year of any changes that are made as a result of the survey.

### C. Parking Rates Review Update

The WSSC PFD Parking Department made an evaluation of the current parking price structure for the Convention Center. Parking providers in the Seattle downtown core have been experiencing a softening of the parking market over the last few years. Along with a shift in driving patterns and an unprecedented increase in transit ridership, the economy has stayed neutral and gas prices have continued to rise.

While business has slumped for most downtown parking providers, event parking has been strong enough in the last few months to keep WSSC parking revenues up slightly. It is anticipated that the event mix over the next few months will not bring as many parkers to the Convention Center, and combining this with daily commuter parking that is down slightly and monthly parking and smart card revenues just holding steady, staff made a recommendation not to make any parking rate changes at this time. Parking staff will review area parking rates again in three months.

### D. LEED Certification and Capital Project Update

Developed by the U.S. Green Building Council, the Leadership in Energy and Environmental Design (LEED) is a suite of rating systems for the design, construction and operation of high performance green buildings. Following WSSC purchase of the former Museum of History and Industry (MOHAI) space, the interior space was remodeled into The Conference Center and received a LEED Silver rating. WSSC PFD staff are seeking to make upgrades to the Convention Center facility to meet a LEED Silver standard for operations and maintenance.

A three-year project to upgrade lighting, fabrics and interiors in the Convention Center is underway. Staff will meet with the Board Facility Committee to discuss options for exterior upgrades, which are included in the Capital Project Budget. It is anticipated that Convention Center upgrades will be completed by the 2013 project deadline.

## IX. STAFF REPORTS

### A. WSSC Parking Report

Mr. Tesfaye reported that parking revenues for February 2012 were up approximately 1.0% as compared to the same period last year. Though the event mix for February 2012 was not as strong for parking revenues when compared to February 2011, the number of monthly parkers remains steady. Monthly spaces are available in Freeway Park garage but there continues to be a waiting list for the main Convention Center garage.

## B. WSCC Sales Report

Mr. McQuade introduced Mr. Dennis Galloway, new Convention Center Sales Manager. Mr. Galloway has an extensive background in hospitality sales and marketing, and served as part of the event management team at the opening of the Lynnwood Convention Center.

In February 2012, WSCC sales staff reached 96.5% of the topline rent goal for events booked within the year 2012. The number of events booked during this year for events to be held at WSCC during this year reached 77.0% of goal. Overall for February 2012, new WSCC bookings added represent \$133,733 in rent and \$451,662 in food and beverage sales for the Convention Center. As of February 2012, 209 events have confirmed or contracted to use The Conference Center, representing over \$1,696,000 in rent for TCC space.

WSCC seeks feedback from event attendees on their event experience. Attendee response was overwhelmingly positive following a recent high-tech conference held at the Convention Center. As part of their evaluation, attendees gave ARAMARK the highest possible rating for food and food service.

## C. ARAMARK Food Service Report

Mr. Kiely reported that ARAMARK at the Convention Center posted record breaking food service revenues for February 2012. Topline food service revenues for February totaled \$3,383,056, which was up from early projections for the month. Year-to-date, ARAMARK revenues are up approximately 8.0% over the same period last year. WSCC PFD profit for February 2012 totaled \$1,423,127, up roughly 4.0% over forecasts.

ARAMARK staff frequently prepares meals to meet special dietary restrictions. In February 2012 during one 5-day event with 6,700 attendees, in addition to standard meals ARAMARK staff produced over 700 special meals per day to accommodate vegetarian, vegan, kosher, halal, gluten-free and other special dietary requests.

## X. FINANCIAL REPORT

Mr. Firth reported that operating revenues for February 2012 totaled \$5,123,354, up 1.8% over budget for the month and up 21.3% as compared to February 2011. Along with strong food service revenues, due in most part to the event mix during the month, facility services for electrical, audio visual, and telecommunications were up 22.3% in February 2012 as compared to the same period last year.

Operating expenses for February 2012 totaled \$4,043,640, which was up 3.4% over budget and up 17.1% as compared to the same period last year. Maintenance and repairs for February 2012 were up 25.8% over February 2011 primarily due to escalator repairs. Supply costs for February 2012 were up 20.0% as compared to the same period last year, in part due to the purchase of general items such as light bulbs, compostable trash liners and paper products.

Operating Surplus for February 2012 totaled \$1,079,714, up 39.8% over February 2011. Year-to-date Operating Surplus is \$465,121, up 24.7% over the same period last year. Non-Operating Revenues for February, for regular and additional lodging taxes, totaled \$3,073,767. Non-Operating Expenses during the month, for transfer of additional lodging tax and debt service, totaled \$1,746,945.

## XI. ADJOURNMENT

Mr. Hillis moved to adjourn the March 20, 2012 Board meeting at 4:05 p.m. Mr. Flowers seconded and the motion was carried by the unanimous affirmative vote of all Directors present.