

Minutes

Washington State Convention Center
Public Facilities District

Regular Meeting of the Board of Directors
March 22, 2016

I. CALL TO ORDER

Frank K. Finneran, Board Chairman, convened a regular meeting of the Washington State Convention Center Public Facilities District (WSCC) at 2:00 p.m., in Room 303, of the Convention Center.

MEETING ATTENDANCE

Board Directors in Attendance

Frank K. Finneran, Chair
Deryl Brown-Archie
Nicole Grant
Jerry Hillis
J. Terry McLaughlin
Craig Schafer
Karen Wong (by teleconference)

Board Directors Absent

Robert Flowers
Susana Gonzalez-Murillo

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

Melinda Altamirano, ARAMARK
Keith Hedrick, ARAMARK
Jose Luis Chavez, ARAMARK
Becky Bogard, Bogard & Johnson, LLC (by teleconference)
Terry McCann, EA Engineering, Science & Technology, Inc., PBC
Matthew Hendricks, Hendricks - Bennett, PLLC
Matt Griffin, Pine Street Group
Matt Rosauer, Pine Street Group
Jane Lewis Pine Street Group
Mike Meyers, PSAV
Mike Swenson, Transpo Group
Tom Norwalk, Visit Seattle
Rob Hampton, Visit Seattle
Kelly Saling, Visit Seattle
Kris Cromwell, Visit Seattle
Patrick Smyton, Visit Seattle
Nick Hawley, Visit Seattle
Hannah Martin, Visit Seattle

Visitors

Julien Loh, Ceis Bayne East Strategic
Brett Earnest, Clark Construction
Holly Golden, Hillis Clark Martin & Peterson
Charles Fournier, Long International
April Mackoff, McCullough Hill Leary, PS
Ed Hartwell, Skanska-Hunt
Curt Burks, Skanska-Hunt
Sherilyn Anderson, Wells Fargo

Staff in Attendance

Krista Daniel	Daniel Johnson
Tamara Mc Donald	Michael McQuade
Michael Murphy	Kathleen Smith
Paul Smith	Lorrie Starkweather
Susnios Tesfaye	

II. APPROVAL OF MINUTES

January 26, 2016 WSCC PFD Regular Board Meeting; February 17, 2016 WSCC PFD Special Board Meeting; and March 4, 2016 WSCC PFD Special Board Meeting

Mr. Hillis made a motion to approve the minutes of the January 26, 2016 Regular Board meeting, the February 17, 2016 Special Board meeting, and the March 4, 2016 Special Board meeting as presented. Mr. McLaughlin seconded and the motion was carried by the unanimous affirmative vote of all Directors present, in person and by teleconference.

III. PUBLIC COMMENTS

There were no public comments.

IV. CHAIRMAN'S REPORT

A. Change of date for July 26, 2016 Regular Meeting to Tuesday, July 19, 2016, at 2:00 p.m.

Mr. Finneran advised that the 2016 Official Meeting Schedule for the WSCC Board was approved by Resolution # 2015-14. Due to event activities in the facility, the Board has rescheduled the July 26, 2016 Board meeting to Tuesday, July 19, 2016. As per Resolution #2015-14, the District Board can change the date and time of a regular meeting by motion at any other regular scheduled or special meeting.

Mr. Schafer made a motion to approve the date change for the July 26, 2016 Board meeting to Tuesday, July 19, 2016. Mr. Hillis seconded and the motion was carried by the unanimous affirmative vote of all Directors present, in person and by teleconference.

B. WSCC Board 2016 Strategic Planning Retreat

Mr. Finneran advised that staff has begun the planning process for the Strategic Planning Retreat to be held Tuesday, November 1 and Wednesday, November 2, 2016. These dates were previously confirmed with the Directors, and the meetings will take place at the Seattle Marriott Waterfront. By consensus, the Directors were unanimous in their agreement to these dates and location for the 2016 Strategic Planning Retreat

C. Consent Agenda

Mr. Finneran presented the Consent Agenda to the Board. The following action items and informational reports had been sent to the Board for review prior to today's meeting:

Action Items:

1. Ratification of Additional Facility Project Contract List
2. Approval of Additional Facility Project Draw Schedule Payment

Informational Items:

1. WSCC Sales Productivity Report
2. WSCC Monthly Expenditures Auditing Officer Certification
3. Benefits Committee – 2015 Summary Report

Ms. Grant made a motion to approve the Consent Agenda as presented. Ms. Brown-Archie seconded and the motion was carried by the unanimous affirmative vote of all Directors present, both in person and via teleconference.

V. PFD COMMITTEE REPORTS

A. Addition Committee

1. Update Report

Mr. Finneran reported that the Addition Committee met this morning and reviewed the normal course of items having to do with the various features of the project. Mr. Finneran requested Mr. Griffin provide the board with an update on the Addition Project. Mr. Griffin spoke to the project schedule, including a status update regarding the land and the entitlements, a revision to the budget line items, and contracts. Mr. Finneran advised that the budget total did not change; but revisions to some of the line item amounts and a reduction in the contingency amount were made.

Mr. Rosauer reported that LMN Architects continues to refine the schematic drawings, getting to a baseline of manageable quality that works for the convention center. The team continues to break out quality that can be added later with timing which will be reviewed with the convention center. Mr. Rosauer advised that updates on the exterior and interior design will be progressing from mid-April through the summer. Mr. Griffin stated that public discussions about the Addition project continue on an ongoing basis to ensure the whole community understands the project.

2. EIS Update

Mr. Griffin introduced Ms. Lewis, who is heading up the EIS entitlement work on the project. Ms. Lewis advised that the publication of the Environmental Impact Study (EIS) is a big step on the entitlements process. As part of the State Environmental Policy Act (SEPA), there is a requirement to analyze the potential environmental impacts related to the project. We have been working on the EIS for most of 2015 and just published the draft document on February 26, 2016. A public comment period is currently under way and will conclude April 11, 2016. A public meeting is scheduled for March 29, 2016, to provide an opportunity for the public to provide their comments directly about the EIS, with the EIS process coming to conclusion late summer/early fall.

Ms. Lewis introduced Mr. McCann (EA Engineering, Science & Technology, Inc., PBC) and Mr. Swenson (Transpo Group) to provide an overview of the contents of the report, the EIS alternatives, development summary, transportation analysis overview, and potential mitigation.

B. Facility Committee

1. Project Updates

Mr. Hillis advised that discussions are continuing regarding the Level One renovations project with the goal of keeping the existing building competitive with the marketplace. Staff is preparing cost estimates for review by the Facility Committee. The Committee met for a third time with our consultants, Green Rubino, regarding the Naming of the Facilities Project. Staff and legal counsel are conducting research with respect to the legalities surrounding a potential change to the parent name and any needed steps within the Ordinance creating the Public Facilities District prior to securing final recommendations for the building names.

C. Finance Committee

1. Establishing a Credit Card Usage Policy for District Officials and Employees, Resolution # 2016-6

A RESOLUTION of the Board of Directors of the Washington State Convention Center Public Facilities District ("District") establishing a credit card usage policy for District officials and employees.

Mr. McLaughlin advised that the Finance Committee reviewed the Credit Card Usage Policy at its meeting on March 2, 2016, along with the procedure that staff has put together. This policy and the subsequent procedure were created as per recommendations by the State Auditor during the last report, and are in addition to the existing travel and non-travel expense policy. The Finance Committee has approved the new Credit Card Usage Policy and recommends passage of Resolution # 2016-6.

Mr. McLaughlin made a motion to approve Resolution # 2016-6, approving the establishment of a credit card usage policy for District officials and employees. Mr. Hillis seconded and the motion was carried by the unanimous affirmative vote of all Directors present, both in person and via teleconference.

D. Art Committee

1. GiveBIG 2016 (May 3, 2016) Reminder

Ms. Wong provided an update on the WSCC Art Foundation and the upcoming GiveBIG 2016 event. The WSCC Art Foundation invites the Directors to support the wonderful public art galleries at the WSCC. A wide variety of artwork is available for everyone in the community to enjoy, free of charge, every day of the week at the Convention Center's convenient location, 705 Pike Street in downtown Seattle. Make a tax-deductible donation to the WSCC Art Foundation during this year's GiveBIG fund drive. Donations made from midnight to midnight on May 3rd through The Seattle Foundation are eligible for partial matching funds.

E. Government Affairs Committee

1. Update

Ms. Brown-Archie reported that the Government Affairs Committee met today. Topics of discussion included the current legislative climate, key dates, and expectations or concerns to follow in the next legislative session.

Consultant Update Report

Ms. Brown-Archie advised that the consultant update report from Ms. Bogard is contained within the Board packets.

VI. VISIT SEATTLE & WSCC Sales Reports

A. Visit Seattle Destination Overview

Mr. Norwalk advised that a second competitive set has been created to include seven additional cities: Geographical competitors - Phoenix, Los Angeles; Cities with unique or multiple convention centers/inventory - Boston, Atlanta, Houston; and Cities that have emerged as competitors despite their distance from Seattle - Austin and Nashville.

Smith Travel Research report for February 2016 YTD provides comparisons for revenue per available room (RevPAR), average daily room rate (ADR) and occupancy variances for hotels in Seattle, San Francisco Market Street, Los Angeles CBD, Vancouver Downtown, Atlanta CBD, Nashville CBD, Portland Central City, Phoenix Central, Austin CBD, Bellevue-Eastside, San Diego CBD, Boston CBD/Airport, Salt Lake City, Denver Downtown and Houston CBD. Downtown Seattle finished February with an occupancy rate of 76%, down .3% from the same period in 2015; RevPAR dropped 2.0% and ADR had a decrease of 1.7% as compared to the same period last year. In February 2016, San Francisco topped the competitive set with an ADR of \$286.35. Downtown Seattle and Seattle TIA ADR's (\$166.71 and \$159.28) finished the month in the ninth and tenth spots. Year to-date, San Francisco remains in the lead in the categories of Occupancy, Average Room Rate, and RevPar. Seattle numbers continued to track strongly with the fourteen other cities in the group.

Mr. Norwalk introduced Mr. Nick Hawley. Mr. Hawley recently joined Visit Seattle as the Director of Marketing.

Mr. Norwalk reported that February was Seattle Museum Month. Guests of the Seattle TIA hotels were able to receive 50% off admission to 40 participating cultural institutions. The 19th annual Taste Washington is being held March 31 to April 3, 2016 at CenturyLink Event Center. This will mark the fifth year of Visit Seattle's involvement in Taste Washington. Mr. Norwalk provided an update on the *Clipper Around the World* schedule. It is estimated that the yacht will be in Seattle between April 15 and 28.

B. Visit Seattle Sales Report

Visit Seattle WSCC sales production for the month of February 2016 was 64.79% of goal and for Hotel was 86.20% of goal. 2016 year-to-date room night production through February is at 98.93% of goal and for Hotel is at 59.53% of goal.

Mr. Hampton reviewed year-to-date WSCC lost and waived room nights. Year-to-date; 75,858 room nights were lost (business bid on, but was not awarded) and 72,227 room nights were waived (business that wanted Seattle to bid, but we were unable to bid for various reasons)

Lost opportunities:

- LinkedIn – September 2017:
3,500 delegates, 7,555 room nights, \$6.4 million economic impact
- National Association of Black Accountants – June 2019:
1,200 delegates, 4,400 room nights, \$3.5 million economic impact

Waived opportunities:

- Best Buy, Inc. – October 2018:
2,500 delegates, 7,610 room nights, \$7 million economic impact
- American Chemical Society – August 2024:
15,000 delegates, 24,450 room nights, \$51 million economic impact

C. WSCC Sales Report

Mr. McQuade reported that for February YTD, WSCC & Visit Seattle Sales staff combined top-line rent totaled \$630,848 for Convention Center contracted bookings. Groups hosted in February 2016 realized 3,083 in hotel room bookings, with 59,205 event attendees, and an estimated \$1,369,082 in top-line revenues.

During February, WSCC Sales staff booked 36 new events into the Center to infill around convention business booked by Visit Seattle. Cumulatively, these 36 WSCC booked events represent over 207,008 in estimated attendance, 8,939 associated room nights, and combined topline revenues of over \$2,675,895 for rent, food & beverage, parking and subcontractor services.

VIII. PRESIDENT'S REPORT

A. Review of Performance-based Compensation Process

Mr. Blosser advised that 2015 year-end performance reviews for all non-represented staff were completed in February and finalized with individual staff members who were reviewed for their performance ratings for the year. Mr. Blosser approved increases for all non-represented staff per their performance-based scores and all

increases fall within the approved 4% budget line item for 2016. Increases were effective March 1, 2016, and employees will receive the monies on their March 25th paycheck.

B. Taste Washington

Mr. Blosser advised that WSCC and ARAMARK will again be participating in the Taste Washington trade show event being held April 2 & April 3, 2016. This event provides a great opportunity to talk to attendees about our meeting capabilities and to promote the Center and our operations, as well as showcase WSCC's culinary expertise and use of locally grown products. Thank you to our ARAMARK team and the WSCC Sales team for their efforts to showcase the WSCC space. It is a good opportunity to get our name known in the local community and to support Visit Seattle.

VIII. STAFF REPORTS

A. WSCC Parking Report

Mr. Tesfaye reported that parking revenues for February 2016 were up 15% from the revenues reported in February 2015; and February YTD revenues were up 3% from the same period in 2015, mainly due to the event mix in the building. WSCC's monthly parking for the main garage is currently at full capacity. There is a small wait-list for both garages.

The Chairman requested Mr. Tesfaye review the current trends with the other parking facilities in the area, in particular the transient vs monthly parking numbers, to see where WSCC compares with their peers. Mr. Tesfaye will report back to the Board at the May meeting.

B. Food Service Report

Ms. Altamirano reported total sales for February 2016 were up \$62,795 from forecast and up \$1,558,436 over prior year. Total costs for February 2016 were lower than forecast. February 2016 total WSCC PFD profit was up \$468,132 over prior year and \$86,324 better than forecast. Anecdotally, Ms. Altamirano advised that February 2016 was the second best month ARAMARK has seen in their history at the WSCC. Year-to-date sales are \$263,448 below forecast and \$433,264 below prior year. Food service return to WSCC PFD year-to-date is down \$312,706 from forecast and down \$756,885 from prior year. Ms. Altamirano advised that the food and beverage retail sales during the NW Flower and Garden Show saw an increase of 31.7% over the previous year. ARAMARK continues to focus on the Food Management and Labor Management programs during Fiscal Year 2016 with the goal of continued positive results. Fiscal Year 2016 is tracking to see good results as well.

X. FINANCIAL REPORT

Mr. Firth reported that the format for the financial report has been revised to isolate the Marketing Revenues and Expenses from the Operating and Non-Operating categories.

Year-to-date February 2016 total operating revenues were down 3.6% compared to the same period in 2015, and under budget by 3%. For the month of February 2016, Food Service revenues were ahead of budget by 1.8%. Retail revenue was down 18%, Building Rent revenue was below budget by 24%, Parking revenue was ahead of budget by 14%, and Facility Services were ahead of budget by 29% for the month of February 2016.

Operating expenses for February 2016 were over budget for the month by 11%; and the corresponding sales were up 2.6%. Staff continues to conservatively manage expenses in FY2016. Year-to-date the operating surplus through February totaled \$81,598. Operating surplus for February 2016 was \$1,086,486, an increase of 136% over the same period in 2015.

Year-to-date February 2016 total Marketing revenues were up 6.2% compared to the same period in 2015, however under budget by 8.7%. For the month of February 2016, marketing revenues were below budget by 13.5%. Marketing expenses for year-to-date 2016 totaled \$1,250,948, below budget by 8.7%. For the month of February 2016, marketing expenses totaled \$565,525, below budget by 13.5%, however 6% over February 2015. Year-to-date the marketing surplus through February totaled \$203,643, below budget by 8.7%. Marketing surplus for February was \$92,062, an increase of 6% over the same period in 2015.

In 2013, the Board authorized a funding mechanism to support efforts necessary to explore expansion feasibility, now called Addition Budget. Addition Project Fund expenditures for February 2016 were \$4,509,786.

Non-Operating Revenues year-to-date through February 2016, for regular and additional lodging taxes, totaled \$9,402,538. Non-Operating Revenues for the month of February was \$4,296,712, down 8.7% from budget. Non-Operating Expenses year-to-date through February 2016, which includes transfer of additional lodging tax, debt service, capital improvement projects and the addition budget, totaled \$15,618,057, under budget by 17.6%. Non-Operating Expenses during the month for transfer of additional lodging tax, debt service, capital improvement projects, and addition budget totaled \$4,509,786, under budget by 37.2%.

Mr. Firth advised that the forecast for the 2016 fiscal year is tracking positively for WSCC.

XI. EXECUTIVE SESSION

The Chairman announced that the Board of Directors would hold an Executive Session for fifteen (15) minutes consistent with RCW.42.30.110 (1) (i) as permitted by the Open Public Meetings Act. The purpose of the Executive Session was to discuss with legal counsel representing the agency matters relating to agency litigation. In addition to the Board members present (Finneran, Brown-Archie, McLaughlin, Schafer, Hillis, Grant– in person; Wong – by conference call), attendance at the Executive Session included Mr. Hendricks, Mr. Blosser, Mr. Griffin, Mr. Rosauer, Ms. Lewis, and Mr. Murphy. The Executive Session commenced at 3:30 p.m. and concluded at 3:45 p.m. at which time the open meeting reconvened.

ADJOURNMENT

Mr. Hillis moved to adjourn the March 22, 2016 Board meeting at 3:47 p.m. Ms. Brown-Archie seconded and the motion was carried by the unanimous affirmative vote of all Directors present, both in person and via teleconference.