

Minutes

Washington State Convention Center
Public Facilities District

Regular Meeting of the Board of Directors
March 26, 2013

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
Jerry Hillis
J. Terry McLaughlin
Karen Wong (via teleconference)

Board Directors Absent

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

Matthew R. Hendricks, Hendricks - Bennett, PLLC
Tom Norwalk and Marco Bloemendaal, Visit Seattle
Steve Kiely, Dawn Wheeler, Matt Shea and Naomi Taylor, ARAMARK.
Fred Eoff, SDM Advisors, Inc.
Steve Fitzpatrick, GES
Jim Snook, CCPI

Visitors

Stefan Moritz, UNITE HERE Local 8

Staff in Attendance

Michael McQuade	Krista Daniel
Daniel Johnson	Susnios Tesfaye
Dennis Galloway	Brad Kolodzaik
Lorrie Starkweather	Kathleen Smith

III. APPROVAL OF MINUTES

A. January 22, 2013 Regular WSCC PFD Board Meeting

Mr. Hillis made a motion to approve the minutes of the January 22, 2013 Board meeting as presented. Mr. Flowers 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. Executive Session

The Chairman announced that the Board of Directors would hold an Executive Session consistent with RCW 42.30.110(g) as permitted by the Open Public Meetings Act. The purpose of the Executive Session was to consider matters related to potential real estate acquisition and development. The Executive Session commenced at 2:08 p.m. and lasted thirty five minutes. In addition to all Board members present, attendance at the Executive Session included and Mr. Hendricks and Mr. Johnson.

B. Board Terms: Mr. J. Terry McLaughlin confirmed by King County Council

Mr. J. Terry McLaughlin was reappointed to the WSCC PFD Board of Directors by the King County Council for a four year term, effective March 2013.

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. Visit Seattle Productivity Report
2. WSCC Monthly Expenditures Auditing Officer Certification
3. Annual Benefits Committee Report
4. Government Relations Consultant Report

Mr. Bender 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. Expansion Committee

1. Update Report

The Expansion Committee met recently to consider several matters relating to the potential expansion of the Convention Center. The Committee presented their findings to the full Board.

Resolution 2013-11 was added to the agenda following today's Executive Session.

A RESOLUTION approving budget authority for tasks and expenditures to determine if an Expansion Project is feasible for the WSCC

It was determined that moving forward with the expansion project would require the retention of experts in various fields. This would include experts in areas such as real estate law, project feasibility and development, new convention space and facility scope assessment, as well as experts in the area of potential co-development values. Though King County plays an integral role in the feasibility study process as owner of property regarded as a primary site for potential expansion, project costs related to feasibility including engineering work, project management and legal needs were not included in the current King County budget. King County has requested reimbursement for certain costs related to the project.

Resolution 2013-11 proposes that the Board adopt revised project expenditure levels, increasing budget authority from \$500,000 to \$1,500,000 to pay for necessary expansion feasibility work, to assess the viability of the expansion and to reimburse certain projects costs that will be incurred by King County in this stage of the project.

Mr. Hillis made a motion to approve Resolution 2013-11, adopting revised expenditure levels for expansion feasibility costs, increasing budget authority from \$500,000 to \$1,500,000. Ms. Brown-Archie seconded and the motion was carried by the unanimous affirmative vote of all Directors present.

2. Expansion Budget Line Item Creation, Resolution 2013-10

A RESOLUTION revising the Operating Budget for the Washington State Convention Center Public Facilities District for Fiscal Year 2013 amending and superseding Resolution 2012-11

Work on Expansion Feasibility has begun and funds to complete this work need to be recognized in the operating budget for fiscal year 2013. Adding a line item to the 2013 Operating Budget for expansion funding allows the Board to have proper oversight of approved feasibility expenditures for the fiscal year.

Mr. Flowers made a motion to approve Resolution 2013-10, adopting the revised 2013 Operating Budget. Mr. Bender seconded and the motion was carried by the unanimous affirmative vote of all Directors present.

B. 25th Anniversary Task Force

1. Update Report

Convention Center meeting room writing pads and pens have been updated for 2013 with a 25th Anniversary logo created by Mr. Brian Baum, WSCC Public Relations Specialist. A pin bearing the Center's 25th Anniversary logo was distributed to staff of the Convention Center, ARAMARK, and Visit Seattle. In conjunction with several anniversary events planned by WSCC, the Board Art Committee is moving forward with arrangements for the exhibition of an extensive cookie jar collection belonging to a well-known local collector. The cookie jar exhibition will be paired with the publication of a cookbook with cookie recipes contributed by local celebrity chefs and others.

A special supplement will be included in the June 7, 2013 issue of the Puget Sound Business Journal, highlighting 25 years of Convention Center history. The feature supplement will emphasize the economic impact generated by Convention Center events and their attendees that benefits the local business community, city, county and the state of Washington.

C. Facility Committee

1. Update Report

The Facility Committee met to discuss current capital improvement projects, including those that were funded through bonds issued by WSCC in December 2010. Terms of the bond financing require that the capital improvement funds must be spent within three years or be subject to a penalty on any remaining portion. Project costs for several Board approved bond financed capital projects have been revised from estimates. In addition, it is anticipated that the project to convert the Convention Center Level One retail triangle to office space will be delayed beyond the three-year bond financing requirement.

The Facility Committee recommended that WSCC adopt a revised 2011- 2013 Bond Financed Capital Budget in order to proceed with projects in the remaining years of the bond financed Capital Plan. As part of the revised budget, funds designated for the triangle office conversion project will be reallocated to other projects for 2013. Funds for the conversion project will be reestablished at a later date.

2. Capital Budget Amendment Resolution 2013-9

A RESOLUTION by the Board Adopting a Revised 2011-2013 Capital Budget for the District and Authorizing the President/CEO to enter into Agreement(s) with the Apparent Successful Proposer(s) to proceed with these approved projects amending and superseding Resolution 2011-21

In November 2011, the Board approved a list of facilities maintenance and upgrade projects funded by bond financing and to be completed within three years. A revised budget was proposed by the Facilities Committee that includes some cost adjustments and will allow WSCC to comply with the three-year completion requirement.

Mr. Flowers made a motion to approve Resolution 2013-9, adopting the Revised 2011-2013 Capital Budget as presented. Ms. Brown-Archie seconded and the motion was carried by the unanimous affirmative vote of all Directors present.

3. Approve Revised 2013 Unrestricted Capital Budget

At the October 30, 2012 Board meeting, the Board of Directors approved a budgeting mechanism to achieve the Board goal of keeping the Convention Center facility in first-class condition. A dedicated reserve fund with an annual target amount of \$4,000,000 was established for capital improvements starting in 2013, with an annual increase based each year on the consumer price index (CPI).

Mr. Barnes presented to the Board a Revised Unrestricted Reserve Capital Projects Budget for 2013. The Facility Committee recommended that the Board approve the revised budget and proposed capital projects for 2013.

Mr. McLaughlin made a motion to approve the Revised 2013 Unrestricted Reserve Capital Projects Budget and the 2013 Capital Projects list as presented. Mr. Flowers seconded and the motion was carried by the unanimous affirmative vote of all Directors present.

D. Benefits Committee

1. Wellness Program policy and Resolution 2013-7

A RESOLUTION establishing an Employee Wellness Program and Policy for the Washington State Convention Center Public Facilities District

In October 2012, the Board approved a recommendation by the WSCC Benefits Committee to provide non-represented employees with medical coverage through the Association of Washington Cities (AWC) Employee Benefit Trust. WSCC non-represented employees enrolled in AWC Trust health benefits beginning in January 2013.

As an approved non-city, WSCC must adhere to the AWC Trust's wellness philosophy and adopt a wellness policy in support of employee health. The Trust's requirements stipulate that the program offer opportunities for employees to optimize their health and well-being, and that WSCC encourage employees to participate. WSCC employees who do not receive AWC Trust benefits would be encouraged and allowed to participate in wellness events but would not be eligible to receive AWC funded incentive awards..

Mr. McLaughlin made a motion to approve Resolution 2013-7, establishing a WSCC employee Wellness Program and Policy. Ms. Brown-Archie seconded and the motion was carried by the unanimous affirmative vote of all Directors present.

VII. VISIT SEATTLE

Mr. Norwalk reported that feedback on the transition to the new name and corporate identity "Visit Seattle" has been very positive. Visit Seattle reflects the evolution from Convention and Visitors Bureau (CVB) to a destination marketing organization (DMO) with an expanded marketing model. Visit Seattle will play a broader role in consumer and leisure promotions, in addition to a continued focus on meetings and conventions. Primary areas of focus will include creating a strong Seattle brand awareness, stimulating demand for a broad spectrum of tourism industry partners, and providing measurable economic impact to the Pacific Northwest region.

Overnight visitor volumes in Seattle and King County were strong in 2012, with an increase of 2.9% to 10.2 million. This broke the 10 million mark for the first time ever, according to the annual Economic Impacts of Travel, 2012. Travelers in 2012 paid \$479 million in state and local taxes (up 5.7% over 2011); about 95.0% of these taxes were sales or excise taxes on goods and services purchased by visitors. Tourism impact numbers indicate that incremental travel and tourism growth is continuing and that greater growth in these areas is anticipated for Seattle and King County in 2013.

Smith Travel Research provided a comparison of revenue per available room (RevPAR), average daily room rate (ADR) and occupancy variance for February 2013 for hotels in Seattle and six major west coast cities with convention centers. Variance for Seattle year-over-year indicates in February 2013 occupancy was up 2.8%, RevPAR was up 4.2% and ADR up 1.4%, as compared to the same period in 2012.

Visit Seattle Sales Report

Mr. Bloemendaal reported that Visit Seattle sales production for the Seattle office for February 2013 reached 47.89% of room night monthly booking goal for WSCC events. The overall booking goal includes hotel rooms booked for events held at area hotels and other local venues as well as those booked in association with events held at WSCC. Overall, hotel room nights booked during February for all Seattle-area venues reached 67.83% of goal for the month, and 67.75% of goal year-to-date.

The Washington, DC, Visit Seattle satellite office reached 245.95% of year-to-date booking goal for WSCC events. The Midwest office reached 209.43% of year-to-date booking goal for WSCC. During February, Visit Seattle staff added two major events to the books for years 2013 and 2019, with combined attendance forecast at 6,500. These two events are anticipated to generate an estimated \$12.5 million 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 WSCC business for February 2013 has been estimated at \$143,166,700. Waived business is event business that Visit Seattle 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 WSCC business for February has been estimated at \$118,558,150.

WSCC Sales Report

Mr. McQuade reported that during February 2013, Convention Center staff booked 30 events into current and future years. These events represent \$131,583 in projected topline rent and \$253,090 in projected topline food & beverage sales for the Convention Center.

Events booked during February for 2013 reached 449.2% of goal for the month. Bookings for events to be held at WSCC during 2013 reached 98.4% of overall top-line rent goal for fiscal year 2013. Events that have confirmed or contracted to use The Conference Center since its opening in June 2010 through February 2013 represent over \$2,458,000 in rent for TCC space.

VIII. PRESIDENT'S REPORT

A. Approval of Labor Agreement, Resolution 2013-8

A RESOLUTION by the Board for Ratification of the Collective Bargaining Agreement by and between the Washington State Convention Center Public Facilities District ("District") and the Washington State Convention Center Public Facilities District Labor Council ("WSCCLC")

Representatives of the WSCC Labor Council and WSCC staff began negotiations on the WSCC / WSCCLC Labor Agreement prior to the expiration of the most recent agreement on July 31, 2012. On March 11, 2013, the WSCCLC notified WSCC that the negotiated Collective Bargaining Agreement and appendices had been accepted. It was recommended by WSCC staff that the Board ratify the Collective Bargaining Agreement as mailed to them for review prior to today's meeting.

Mr. Bender made a motion to approve Resolution 2013-8, ratifying the WSCC / WSCCLC Labor Agreement and authorizing the WSCC President / CEO to sign the Agreement dated August 1, 2012 through July 31, 2016.

Ms. Brown-Archie seconded and the motion was carried by the unanimous affirmative vote of all Directors present.

B. Washington State Wine Award

WSCC has received the 2013 Award of Distinction from the Washington Wine Commission. The Wine Commission established the Washington State Wine Awards in 2002 as a way to recognize industry leaders that exhibit strong support of Washington wines and high professional standards in wine service. This is the fifth year that WSCC has achieved the Award of Distinction in recognition and appreciation for WSCC and Aramark's promotion, education and sales of Washington wines.

C. Taste of Washington – Marketing Event Participation

WSCC and Aramark worked together to staff an exhibitor booth at the 16th annual Taste Washington event that was held this past weekend. Produced by Visit Seattle, Taste Washington is the largest single-region wine and food event in the United States, and this year more than 3,000 wine and food enthusiasts attended the event. Along with learning about opportunities for holding successful events at the Convention Center, visitors to the WSCC booth were able to enjoy treats prepared by Aramark Pastry Chef Alex Shroff.

IX. STAFF REPORTS

A. WSCC Parking Report

Mr. Tesfaye reported that parking revenues for February 2013 were down compared to the same period last year, due in most part to a difference in event mix and a lower number of transient parkers. An increase in monthly and daily parking rates for the Convention Center Garage and Freeway Park Garage will go into effect April 1, 2013. It has been two years since WSCC last raised parking rates.

B. ARAMARK Food Service Report

Mr. Kiely reported top-line food service revenues of \$2,319,348 for February 2013, down \$1,063,708 from top-line revenues for the same period last year. Net revenue to the WSCC in February 2013 totaled \$808,622, down roughly \$600,000 from net revenues for the same period last year. Two groups that held major events at the Convention Center in February 2012 returned in February 2013, yielding similar revenues in both years. However, February 2012 included three added events that together generated over \$1M in additional top-line food service revenues for the month.

Year-to-date through February 2013, top-line revenues for ARAMARK totaled \$3,223,439. YTD net revenue to WSCC through February totaled \$1,058,000. On February 12, 2013, ARAMARK celebrated their partnerships with their clients. Mr. Eric Foss, Chief Executive Officer and President of ARAMARK, expressed appreciation to clients and recognized successful business relationships such as the one between ARAMARK and WSCC.

X. FINANCIAL REPORT

Mr. Firth reported that operating revenues for February 2013 were down 22.5% as compared to the same period last year and down 7.2 from budget forecasts for the month. Year-to-date through February 2013, operating revenues were down 0.7% as compared to January through February 2012.

Operating expenses for February 2013 were down 12.8% as compared to the same period last year and down 0.8% from budget forecasts for the month. Year-to-date through February 2013, expenses were down 1.1% as compared to January through February 2012. Though expenditures for maintenance and repair for February 2013 were down 38.2% from budget and down 29.4% as compared to February 2012, early indications suggest that escalator repair expenses incurred in March will offset February savings.

Operating surplus for February was \$440,224. Operating surplus year-to-date totaled \$484,449, up 5.2% over the same period last year. Non-Operating Revenues for February 2013, for regular and additional lodging taxes, totaled \$3,670,996. Non-Operating Expenses during the month, for transfer of additional lodging tax and debt service, totaled \$2,426,548.

XI. ADJOURNMENT

Mr. McLaughlin moved to adjourn the March 26, 2013 Board meeting at 4:02 p.m. Mr. Flowers seconded and the motion was carried by the unanimous affirmative vote of all Directors present.