

Minutes

Washington State Convention Center
Public Facilities District

Regular Meeting of the Board of Directors
April 24, 2012

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 2:02 p.m. in Room 303 of the Convention Center.

II. ATTENDANCE

Board Directors in Attendance

Frank K. Finneran, Chairman
Robert J. Flowers
Jerome L. Hillis
Susana Gonzalez-Murillo
Karen Wong

Board Directors Absent

Deryl Brown-Archie
Rick Bender
J. Terry McLaughlin
Harry G. Sladich

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 and Kris Cromwell, Seattle's Convention & Visitors Bureau
Rebecca Bogard, Bogard & Johnson LLC
Steve Kiely and Dawn Wheeler, ARAMARK.
Ms. Deanne Woodring, Davidson Fixed Income Management

Staff in Attendance

Ron Yorita	Michael McQuade
Daniel Johnson	Dennis Galloway
Brian Baum	Lorrie Starkweather
Kathleen Smith	

III. APPROVAL OF MINUTES

A. March 20, 2012 Regular WSSC PFD Board Meeting

Mr. Hillis moved to approve the minutes of the March 20, 2012 regular Board meeting. A typographical error in the minutes mailed to the Board had been noted and corrected in the minutes presented at the meeting. 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. WSCC PFD Board Prospectus

Following the Washington State Convention Center transition to public facilities district in 2010, initial terms for WSCC PFD Board members were set at two or four year lengths. As a result, four Board member terms are set to expire July 30, 2012.

A prospectus has been prepared for incoming Board members. Included in the prospectus is information on the Convention Center's purpose and mission, a copy of the bylaws that establish the Board and authorize management of the Center, and background information on the governing statutes within which the Board operates. Board members were invited to make recommendations for additional information or materials considered beneficial to a new Board Director.

B. 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. Quarterly Outreach Report
4. Government Affairs Consultant Report

Mr. Flowers moved to accept the Consent Agenda as presented. Ms. Gonzalez-Murillo seconded and the motion was carried by the unanimous affirmative vote of all Directors present.

VI. PFD COMMITTEE REPORTS

A. Future Expansion Committee

WSCC executive staff has continued to meet with representatives of King County to move forward with discussions relating to the potential expansion of the Convention Center. Currently under review is an exclusive Pre-Development Agreement for the King County Metro Transit Convention Place Property Station site at 9th Avenue and Pine Street.

In a proposal unrelated to WSCC expansion, a local Seattle area real estate developer has unveiled a plan for a combined arena / convention center project that would be located on Seattle's waterfront at Pier 46. The concept is patterned after developments in Vancouver, San Diego and Boston, and could include new hockey and basketball franchises. To gain insight into the waterfront concept, members of the WSCC PFD Board and WSCC executive staff will visit the Convention and Exhibition Center complex built on the waterfront in Boston, Massachusetts.

B. Finance Committee

Ms. Deanne Woodring, of Davidson Fixed Income Management, provided an update on the WSCC PFD Investment Program. The Board received a summary of the investment policy and strategy, as well as a brief overview of the investment portfolio. The WSCC Finance Committee will meet again with Davidson representatives in July 2012, to review Investment Program developments.

C. 25th Anniversary Task Force

The Washington State Convention Center will celebrate its 25th anniversary in June 2013. A task force of Board members and staff has begun developing a plan for publicizing WSCC local and statewide contributions over the past 25 years. First steps will include establishing an anniversary celebration budget, identifying state and local stakeholders, and generating ideas for celebratory events. Interested Board members were invited to participate and help identify ways to recognize past Convention Center accomplishments and communicate the vision for the Convention Center's next 25 years.

VII. SEATTLE'S CONVENTION & VISITORS BUREAU REPORT

Mr. Norwalk reported that during the past two years Seattle and Washington State led the nation in percentage growth of overseas visits. Delta Airlines and United Airlines have flights between Seattle and Tokyo's Narita airport, and in July 2012 All Nippon Airways (ANA) will begin air service between the two cities. Considering this an opportune time to promote the Seattle area as a tourist destination as well and a site for

meetings, SCVB staff partnered in March with representatives of local business and hospitality groups for a marketing trip to Osaka and Tokyo, Japan.

The 15th annual Taste Washington event, the nation's largest single-region wine and food event, was held in Seattle March 31 and April 1, 2012. As a result of a new partnership between Seattle's Convention Visitors Bureau and the Washington State Wine Commission, this year's event was produced by SCVB. Convention Center and ARAMARK staff joined with over 200 winemakers and some of the region's top restaurants to participate in the event, where ARAMARK Pastry Chef Alex Shroff's pastries received rave reviews from attendees.

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. Seattle remains near the top of the group for improved performance, and variance in March 2012 for all categories is up over the same period last year. Sales production in March for the Bureau's Seattle office reached 83.75% of WSCC goal and 273.28% of hotel booking goal for the month. Year-to-date, the Washington, DC, satellite office is at 137.32% of WSCC goal and the Midwest office is at 124.46% of WSCC goal through March 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 March 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 \$127,833,281 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 March 2012 is estimated at \$120,006,650.

VIII. PRESIDENT'S REPORT

A. Contract Amendment ARAMARK

An amendment will be made to the contract between WSCC PFD and ARAMARK to reflect a change in event billing procedures. Previously, WSCC and Convention Center subcontractors invoiced clients separately. Event invoicing will be consolidated under WSCC to streamline the payment process for clients. The amended ARAMARK contract is anticipated to be presented to the Board for approval at the May 15, 2012 meeting.

B. Washington Wine Award

The Washington State Convention Center received the "Washington Wine Award of Distinction" in March 2012. The Washington Wine Restaurant Awards were established in 2002 by the Washington Wine Commission to recognize restaurants that exhibit strong support of Washington wines and demonstrate high professional standards in wine service.

The only convention facility to win this prestigious award, WSCC has been the recipient four times. Judges for the awards evaluate a variety of criteria including wine list, service and staffing, overall wine philosophy, and dedication and commitment to the Washington wine industry.

C. Washington Tourism Alliance Summit

The Washington Tourism Alliance (WTA) held their 2012 Summit on April 5, 2012. Formed in 2011, the organization is made up of industry stakeholders whose mission is to market and sustain destination tourism for Washington State. Over 400 representatives from hotels, airlines, cruise lines, tour companies, restaurants, visitor bureaus and convention centers attended the summit, where short and long-term funding and tourism marketing strategies were discussed. WTA also released the 2012 Washington State Visitors Guide, which features regional maps, insider travel trips, itinerary suggestions and contact information for an array of standout local businesses and attractions.

IX. STAFF REPORTS

A. WSCC Parking Report

Parking revenues for March 2012 were up 11.8% from budget and 9.5% as compared to the same period last year. Event mix played a part in higher parking revenues for the month, with attendees of public shows and local event groups making strong use of the garage throughout the month.

B. WSCC Sales Report

Mr. McQuade reported that in March 2012, WSCC sales staff reached 98.4% 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 89.1% of goal. Overall for March 2012, new WSCC staff bookings added represents \$124,414 in rent and \$510,664 in food and beverage sales for the Convention Center. As of March 2012, 213 events have confirmed or contracted to use The Conference Center, representing over \$1,740,000 in rent for TCC space.

C. ARAMARK Food Service Report

Mr. Kiely reported strong top-line food service revenues of \$1,446,783 for March 2012. WSCC PFD profit for March totaled \$726,454. ARAMARK staff held labor costs down in March, yielding a WSCC profit margin of 50.3% for the month. Year-to-date, both top-line food service revenues and WSCC profit are up from the same period in 2011.

X. FINANCIAL REPORT

Mr. Firth reported that operating revenues for March 2012 totaled \$3,183,445, up 7.9% over budget for the month and up 42.0% as compared to March 2011. All revenue categories were up from budget, and only building rent and retail were down as compared to the same period last year. Operating expenses for March 2012 totaled \$2,785,922, which was down 6.9% from budget.

Operating Surplus for March 2012 totaled \$397,523, which was up from budget projections for the month. Year-to-date Operating Surplus is \$857,879. Non-Operating Revenues for March, for regular and additional lodging taxes, totaled \$3,133,265. Non-Operating Expenses during the month, for transfer of additional lodging tax and debt service, totaled \$1,743,912. The forecast for the second quarter of 2012 indicates revenues will come in 1.4% over budget.

X1. OTHER BUSINESS

Following a review of the Revised Code of Washington (RCW) in March 2012, WSCC PFD legal counsel advised Board members that they were obligated to continue filing public disclosure forms with the Washington State Public Disclosure Commission. Anticipating retirement of this obligation when WSCC PFD transitioned from a state nonprofit corporation to public facilities district, a requirement for Board members to complete an annual individual disclosure statement was written into the WSCC PFD bylaws approved in August 2010.

By consensus, the Board requested that WSCC legal counsel review the personal disclosure requirement in the bylaws to determine if it is necessary for the Board to continue to complete two separate annual disclosure statements. WSCC legal counsel will take this under review and respond at the May 15, 2012 Board meeting.

XII. ADJOURNMENT

Mr. Hillis moved to adjourn the April 24, 2012 Board meeting at 3:20 p.m. Mr. Flowers seconded and the motion was carried by the unanimous affirmative vote of all Directors present.