

Minutes

Washington State Convention Center
Public Facilities District

Regular Meeting of the Board of Directors
May 15, 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 2:04 p.m. in Room 303 of the Convention Center.

II. ATTENDANCE

Board Directors in Attendance

Frank K. Finneran, Chairman
Deryl Brown-Archie
Rick Bender
Susana Gonzalez-Murillo
J. Terry McLaughlin
Karen Wong

Board Directors Absent

Robert J. Flowers
Jerome L. Hillis
Harry G. Sladich

Officers in Attendance

Jeffrey A. Blosser, President / CEO
Linda Willanger, Vice President of Administration / AGM

Consultants / Vendors in Attendance

Matthew R. Hendricks, Hendricks - Bennett, PLLC
Fred Eoff, SDM Advisors, Inc.
Steven C. Miller, Miller & Miller, P.S
Tom Norwalk and Kris Cromwell, Seattle's Convention & Visitors Bureau
Rebecca Bogard, Bogard & Johnson LLC
Steve Kiely, ARAMARK.

Visitors

Steve Fitzpatrick, GES
Jason Maji, Triumph Expo & Events, Inc.
Stefan Moritz, UNITE HERE Local 8

Staff in Attendance

Ron Yorita	Michael McQuade
Malcolm Wyer	Daniel Johnson
Mary Pauly	Susnios Tesfaye
Dennis Galloway	Lorrie Starkweather
Kathleen Smith	

III. APPROVAL OF MINUTES

A. April 24, 2012 Regular WSCC PFD Board Meeting

Mr. Bender moved to approve the minutes of the April 24, 2012 regular Board meeting. Ms. Gonzalez-Murillo 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. 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. Government Affairs Consultant Report

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

VI. PFD COMMITTEE REPORTS

A. Future Expansion Committee

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 proposed project resembles a concept that exists in Boston, Massachusetts. To gain insight into how a complex development like this might work, representatives of the Washington State Convention Center and Seattle's Convention & Visitors Bureau undertook a fact-finding trip to Boston to assess their recent convention center expansion.

The John B. Hynes Veterans Memorial Convention Center in Boston was built in 1988, and has 193,000 square feet of exhibit space. The Boston Convention & Exhibition Center (BCEC) was opened in 2004, with 516,000 square feet of exhibit space. With the addition of BCEC, in 2006 Boston made *Tradeshaw Week's* Annual Top Ten List of Leading Cities for the first time in 22 years, moving Boston into the top tier of convention destinations.

The staff of BCEC and the Hynes Convention Center was able to provide the small contingent from Seattle with a firsthand understanding of the challenges that confronted the city when building an expansion to the existing landlocked convention center. Though the facilities are only about 2 ½ miles apart, initial concerns that the BCEC would destroy the market for the Hynes Convention Center have so far proved unfounded. The smaller Hynes Convention Center has seen a nearly 10% growth in bookings in the past few years, in part because of its proximity to a number of major hotels.

B. Finance Committee

The Finance Committee and full Board have reviewed the "WSCC PFD Financial Statements and Independent Auditors' Report" for the periods July 19, 2010 through December 31, 2010 and January 1, 2011 through December 31, 2011, as prepared by Miller & Miller, P.S. The audit of the statement of net assets of WSCC PFD, and the related statements of revenues, expenses and changes in net assets, and cash flows for the specified periods were found to present fairly the financial position of the District in conformity with accounting principles generally accepted in the United States of America.

The WSCC PFD Board of Directors accepted the audit as presented.

C. Benefits Committee

WSCC receives an annual renewal bid for healthcare benefits for non-represented employees and the current contracts for medical, dental, vision and insurance for this group expire July 1, 2012. Within the Board's 2012 Operational Goals, staff was instructed to explore all possible avenues to reduce the cost of insurance coverage for Convention Center non-represented employees without substantial reductions in coverage benefits.

Benefits Committee members and the Board Benefits Liaisons asked the Convention Center insurance broker Kibble & Prentice to solicit bids from competing insurance carriers and trusts. Following a review of options presented by Kibble & Prentice, the Benefits Committee members and Board Liaisons made a recommendation to maintain the current plan for six months with no change to the employee participation contribution. Convention Center staff was directed to seek further information on the insurance companies and trust insurance programs proposed by Kibble & Prentice and report back to the Board at the September 18, 2012 Board meeting.

Mr. McLaughlin made a motion to accept the recommendation of the Board Benefits Committee and Board Benefits Liaisons to continue current healthcare benefits for non-represented employees and the current contracts for medical,

dental, vision and insurance through December 31, 2012. Ms. Brown-Archie seconded and the motion was carried by the unanimous affirmative vote of all Directors present.

VII. SEATTLE'S CONVENTION & VISITORS BUREAU REPORT

Mr. Norwalk announced that as of May 21, 2012, Mr. Marco Bloemendaal would be joining the staff of SCVB as Senior Vice President, Convention Sales and Services. Mr. Bloemendaal served most recently as Director of Convention Sales at Experience Columbus in Columbus, Ohio, where he led a 13-person sales team with satellite offices in Washington, D.C. and Chicago.

Fluent in Dutch, German and English, Mr. Bloemendaal also brings to Seattle an extensive history in international operations and sales. He served as Director of International Sales (North America) for Golden Tulip Hotels where he promoted 10 hotels located in Amsterdam and 62 properties in Europe, the Middle East and South Africa. In addition, Mr. Bloemendaal served as Director of Sales & Marketing at the Crowne Plaza Amsterdam-Schiphol and, prior to that, held sales positions at the Holiday Inn Amsterdam and Hotel Ibis Amsterdam Airport.

Sales production in April for the Bureau's Seattle office reached 17.76% of overall booking goal for the month and 65.74% overall booking goal year-to-date. No WSCC events were booked by the Seattle office in April. Year-to-date, the Washington, DC, satellite office is at 119.28% of WSCC goal and the Midwest office is at 137.00% of WSCC goal through April 2012.

Year-to-date, January through April 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 \$175,051,281 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 April 2012 is estimated at \$152,590,650.

Though feedback from event groups continues to be positive about their overall experience in Seattle, response from several groups has again been negative about aggressive panhandling on Seattle downtown city streets. SCVB staff are concerned that this could have an influence on conference decision makers when these groups are considering where to hold future events.

VIII. PRESIDENT'S REPORT

A. Discussion of Status of WSCC Non-Profit Corporation – Administrative Dissolution

Though the Washington State Convention Center has transitioned from a state nonprofit corporation to a public facilities district under King County, the nonprofit corporation has not been formally dissolved.

Following a review of dissolution options presented by WSCC legal counsel, the Board agreed by consensus to allow the entity's nonprofit corporation status with the Secretary of State's Office to lapse.

B. WSCC PFD 2011 Annual Report Update

Preparation is underway for release of the WSCC PFD 2011 Annual Report. It is anticipated that the report will be completed by July 2012.

C. Board of Directors Personal Disclosure Requirement Update

WSCC PFD Board is defined as a state board in the Revised Code of Washington (RCW). As such, WSCC Board members are required to complete a comprehensive annual public disclosure form for the State of Washington.

When the Convention Center transitioned to a public facilities district under King County in 2010, it had been anticipated that Board members would no longer be obligated to submit a state public disclosure form. Subsequently, the WSCC PFD Bylaws were written to include an alternate requirement that Board members submit an annual disclosure statement to WSCC.

Given that Board members continue to comply with the Washington State Public Disclosure Commission requirements, the Board requested that the WSCC PFD Bylaws be amended to remove the redundant annual disclosure obligation. General Counsel Matthew Hendricks will prepare the bylaws change for formal adoption at a future Board meeting.

Mr. McLaughlin made a motion to amend the WSCC PFD Bylaws to remove the individual annual disclosure statement requirement for members of the Board of Directors. Ms. Gonzalez-Murillo seconded and the motion was carried by the unanimous affirmative vote of all Directors present.

IX. STAFF REPORTS

A. WSCC Parking Report

Mr. Tesfaye reported that parking revenues for April 2012 were up approximately 12.5% as compared to the same period last year. There were several public shows with strong local attendance during the month. In addition, a significant number of vendors participating in a public tradeshow at the Convention Center were encouraged by event management to use Freeway Park Garage parking during the event.

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 reported that in April 2012, WSCC sales staff reached 99.5% 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 96.6% of goal. Overall for April 2012, new WSCC staff bookings added represents \$188,209 in rent and \$403,725 in food and beverage sales for the Convention Center. As of April 2012, 217 events have confirmed or contracted to use The Conference Center, representing over \$1,775,000 in rent for TCC space.

In June 2012, Convention Center sales staff will attend the Washington Society of Association Executives (WSAE) Annual Convention – “Game On: Ready, Set, Go!” in Vancouver, Washington. This event is the largest learning and networking event for Washington State’s association community. WSCC will sponsor a pre-convention Master Workshop at the event, held specifically for association professionals.

C. ARAMARK Food Service Report

Mr. Kiely reported top-line food service revenues of \$644,091 for April 2012. WSCC PFD profit for April totaled \$106,627. The event mix in April included several public shows that made use of retail food concessions. Along with labor costs for retail food sales being higher than labor costs for catering sales, food service revenues were impacted when concession sales at the public events did not meet expectations.

ARAMARK is launching a new initiative called *FastForward*. The goal of the initiative is to study and learn from operating practices identified throughout ARAMARK as the “One Best Way” for food production systems and processes that will most effectively meet the needs of clients and customers.

Mr. Eric J. Foss has been elected as the new Chief Executive Officer and President of ARAMARK. Prior to joining ARAMARK, Mr. Foss served as Chief Executive Officer of Pepsi Beverages Company, a division of PepsiCo.

X. FINANCIAL REPORT

In Mr. Firth’s absence, Mr. Blosser reported that revenues for April 2012 totaled \$2,222,292. Though revenues were down from forecasts by 6.19%, overall, revenues for the month were up 21.2% as compared to April 2011. Operating expenses for April 2012 totaled \$2,584,575, which was under forecasts by 1.7%.

Operating Loss for April 2012 totaled \$(362,283). Year-to-date, Operating Surplus through April 2012 is \$495,596. Operating Surplus year-to-date through April 2012 is up 218.7% over the same period last year. Non-Operating Revenues for April, for regular and additional lodging taxes, totaled \$3,389,948. Non-Operating Expenses during the month, for transfer of additional lodging tax and debt service, totaled \$1,791,207.

XII. ADJOURNMENT

Ms. Brown-Archie moved to adjourn the May 15, 2012 Board meeting at 3:57 p.m. Mr. McLaughlin seconded and the motion was carried by the unanimous affirmative vote of all Directors present.