

Minutes

Washington State Convention Center  
Public Facilities District

Regular Meeting of the Board of Directors  
May 19, 2015

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, Level 3, of the Convention Center.

MEETING ATTENDANCE

Board Directors in Attendance

Frank K. Finneran, Chair  
Deryl Brown-Archie, Vice Chair  
Robert J. Flowers  
David Freiboth  
Susana Gonzalez-Murillo  
Jerry Hillis  
J. Terry McLaughlin  
Craig Schafer  
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

Executive Chef Jose Luis Chavez, ARAMARK  
Dawn Wells, ARAMARK  
Dawn Wheeler, ARAMARK  
Becky Bogard, Bogard & Johnson, LLC (by teleconference)  
Matthew R. Hendricks, Hendricks - Bennett, PLLC  
Tom Burgess, LMN Architects  
Chris Eseman, LMN Architects  
Mark Reddington, LMN Architects  
B. Gerald Johnson, Pacifica Law Group  
Matt Griffin, Pine Street Group  
Crystal Ng, Pine Street Group  
Matt Rosauer, Pine Street Group  
Chad Bystrom, PSAV  
Kris Cromwell, Visit Seattle  
Rob Hampton, Visit Seattle  
Tom Norwalk, Visit Seattle  
Patrick Smyton, Visit Seattle

Visitors

Mannohan S. (Shawn) Virk, Romio's Pizza

Staff in Attendance

|                 |                     |
|-----------------|---------------------|
| Daniel Johnson  | Tamara Mc Donald    |
| Michael McQuade | Kathleen Smith      |
| Paul Smith      | Lorrie Starkweather |
| Ron Yorita      |                     |

## II. APPROVAL OF MINUTES

### March 24, 2015 Regular WSCC PFD Board Meeting

Mr. Schafer made a motion to approve the minutes of the March 24, 2015 Regular Board meeting as presented. Mr. Flowers seconded and the motion was carried by the unanimous affirmative vote of all Directors present.

## III. PUBLIC COMMENTS

There were no public comments.

## IV. CHAIRMAN'S REPORT

### A. 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

Ms. Brown-Archie made a motion to approve the Consent Agenda as presented. Mr. Hillis seconded and the motion was carried by the unanimous affirmative vote of all Directors present.

## VI. PFD COMMITTEE REPORTS

### A. Addition Committee

#### 1. Update Report:

Mr. Finneran requested Mr. Griffin and Mr. Rosauer provide the board with an update on the Addition Project. Mr. Griffin spoke to the project schedule, entitlement process, and provided an update on the status of land acquisition. Mr. Rosauer spoke to process and design. Mr. Reddington provided an update on design work to date. Concept Phase is now complete and studies have been conducted regarding marketing analysis, benchmarks of other convention center venues, urban framework analysis including retail and street level activities. Mr. Finneran advised that the Addition Committee has approved moving from the Concept Phase to Schematics Phase.

#### 2. Review/Approve Interlocal Agreement for Independent Financial Feasibility Study between WSCC and the Washington State Department of Commerce, and Ratify President/CEO's Prior Execution of the Agreement

Mr. Finneran advised that the Addition Committee had discussed the Interlocal Agreement between WSCC and the Washington State Department of Commerce at the April 28, 2015 Addition Committee meeting, and were informed that the WSCC President/CEO would sign the agreement subject to the subsequent full Board ratification in order to keep the Department of Commerce on schedule for starting its process for selecting its consultants to do the study.

Mr. Hillis made a motion to approve the Interlocal Agreement for Independent Financial Feasibility Study between WSCC and the Washington State Department of Commerce, and to ratify the WSCC President/CEO's prior execution of the Agreement. Mr. McLaughlin seconded and the motion was carried by the unanimous affirmative vote of all Directors present.

### B. Government Affairs Committee

#### 1. Update

Ms. Brown-Archie advised that the Government Affairs Committee met today. One of the topics of discussion was the National Conference of State Legislatures 2015 Legislative Summit being held at the WSCC August 2 – 6, 2015. Ms. Brown-Archie and Ms. Bogard extended an invitation to the Board members to a reception to be held in conjunction with the launch of the WSCC juried art exhibit "HARVEST: The Bounty of Washington."

#### 2. Consultant Update Reports

Ms. Brown-Archie advised that consultant update reports from the team of Ms. Bogard and Mr. Boyd and from Mr. Webster were contained within the Board packets.

C. Finance Committee

1. Auditor Report

Mr. Flowers reported that the Finance Committee had met on April 29, 2015 to review a presentation of the Auditor's Report. In April 2015, Miller & Miller, P.S., completed an audit of WSCC financial statements through December 31 for 2014 and 2013. Miller & Miller reported no findings in the audit and did not recommend any significant changes be made to WSCC accounting procedures. By consensus, the WSCC Board of Directors approved the Financial Statements and Independent Auditor's Report for the years ended December 31, 2014 and 2013 as contained in their documentation.

2. Investment Report

Mr. Flowers advised that the Finance Committee reviewed the 2014 first quarter report on the WSCC (no PFD) portfolio of investments currently managed by Government Portfolio Advisors. There were no surprises or concerns.

VI. VISIT SEATTLE & WSCC Sales Reports

A. Visit Seattle Destination Overview

Mr. Norwalk advised that Visit Seattle recently released their new website (visit the website at [www.visitseattle.org](http://www.visitseattle.org)).

Smith Travel Research report for April 2015 YTD provides comparisons for revenue per available room (RevPAR), average daily room rate (ADR) and occupancy variances for hotels in Seattle and six major west coast cities with convention centers. Downtown Seattle finished April with occupancy rate of 86.5%, up 9.6% from the same period in 2014; RevPAR increased 21.4% and ADR had an increase of 10.8% as compared to the same period last year. Seattle outpaced our competitive set realizing a 9.5% change in occupancy numbers over the same month last year. San Francisco and San Diego remain in the lead in all three categories within the west coast competitive set year-to-date. Seattle numbers continued to track strongly with the five other cities in the group.

B. Visit Seattle Sales Report

Visit Seattle WSCC sales production for the month of April 2015 was 166.33% of goal and for Hotel was 104.66% of goal. 2015 year-to-date room night production through April is at 121.11% of goal and for Hotel is at 85.09% of goal. Visit Seattle top-line revenue for WSCC bookings for April YTD totaled \$2,540,134.

Mr. Hampton explained that 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. The loss of economic impact for April 2015 for lost WSCC business has been estimated at nearly \$20,531,075 due to lack of Convention Center space already booked and no dates available for additional business that could meet in Seattle.

Waived business is event business that 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. For April 2015, 1 group fell into the waived business category, with an associated loss of 14,945 in hotel room bookings, a loss of 4,200 event attendees, and an estimated loss of \$14,590,800 in overall economic impact for the region.

C. WSCC Sales Report

Mr. McQuade reported that for April YTD, WSCC Sales staff top-line rent revenue totaled \$97,360 and projected net rent totaled \$67,390 for Convention Center contracted bookings. Groups hosted in April 2015 realized 1,045 in hotel room bookings, with 8,379 event attendees, and an estimated \$656,184 in top-line revenues.

During April, WSCC Sales staff booked 32 new events into the Center to infill around convention business booked by Visit Seattle. Cumulatively, these 32 WSCC booked events represent over 20,975 in estimated attendance, 664 associated room nights, and combined topline revenues of over \$527,566 for rent, food & beverage, parking and subcontractor services.

VII. PRESIDENT'S REPORT

A. WSCC Billboards, WSCC Retail Space, and Honda Property Update

Mr. Blosser advised that two billboard structures with new messaging were installed at Boren & Olive Streets on property that WSCC owns for the Addition Project. The sign faces are permitted for on premise messaging which enables WSCC to provide messaging in our neighborhood.

The retail space on Level 1, formerly Moby's Restaurant, is now being utilized as in-house space. WSCC and ARAMARK have found this space to be of benefit to our clients, specifically Microsoft TechReady – who

utilized the space for crew meals, and during Emerald City Comicon the space was utilized as a food outlet/beer garden. WSCC use of this space for food & beverage purposes for these events assisted in revenue creation for the Center. Mr. Blosser advised that further discussions will be held with the Facility Committee regarding the retail space within the facility.

Mr. Blosser advised that WSCC has entered into a short-term lease agreement with ZIRX On-Demand Parking to utilize a portion of the properties purchased by WSCC and referred to as the Honda Properties. WSCC has fenced off the buildings on the property to minimize the possibility of damage and graffiti to the property, and is working in cooperation with WSDOT and METRO to clean up the area under Boren and Pine and I-5.

B. Introduction of Mr. Paul Smith, Information Systems Director

Mr. Blosser introduced Mr. Paul Smith, WSCC's new Information Systems Director for WSCC. Mr. Smith replaces Mr. Neal Oshiro who retired from WSCC in April. The Board welcomed Mr. Smith to the organization.

C. Electronic Board and Board Committee Documentation

Mr. Blosser introduced Mr. Smith and Ms. Starkweather to update the Board on a system for the creation of electronic board and board committee documentation. A taskforce consisting of Ms. Willanger, Mr. Johnson, Ms. Starkweather and Mr. Smith reviewed information and were provided demonstrations on possible electronic solutions. The program that the group recommends best fits the needs of the WSCC Board and staff is BoardBook®. A brief presentation of the electronic board packets was provided to those in attendance. Mr. Blosser advised that with the Board's approval, the system will be purchased and the electronic board packets will be initiated at the July Board meeting. Mr. Finneran asked the Directors if there were any questions or concerns, and hearing none, advised that staff could move forward with this new paperless, electronic program.

VIII. STAFF REPORTS

A. WSCC Parking Report

Mr. Firth reported that parking revenues for April 2015 were down 13% from the revenues reported in April 2014; and April YTD revenues were down 10% from the same period in 2014, 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.

B. Food Service Report

Ms. Wheeler reported total sales for April 2015 were down 26% from forecast, however up \$93,521 from prior year. Total costs for April 2015 were .04% lower than forecast. April 2015 total WSCC profit was up \$83,246 over prior year, however \$137,476 less than forecast. Year-to-date sales are \$195,546 over forecast and \$450,991 over prior year. Food service return to WSCC year-to-date is up \$127,762 from forecast and up \$545,629 from prior year. ARAMARK continues to focus on the Food Management and Labor Management programs during Fiscal Year 2015 with the goal of continued positive results.

IX. FINANCIAL REPORT

Mr. Firth reported that year-to-date April 2015 total operating revenues were up 3.1%. For the month of April 2015, Food Service revenues were under budget by 20%. Retail revenue was down 10%, and the Marketing Tax was down 4.6%. Building Rent revenue was up 17% for the month of April 2015.

Operating expenses for April 2015 were under budget for the month by 2.2%; and the corresponding sales were down 3.6%. Staff continues to conservatively manage expenses in FY2015.

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 April 2015 were \$2,075,838.

Year-to-date the operating surplus through April totaled \$672,251. Operating loss for April 2015 was \$83,770. Non-Operating Revenues year-to-date through April 2015, for regular and additional lodging taxes, totaled \$17,571,032. Non-Operating Revenues for the month of April were \$4,350,741, down 4.9% from budget. Non-Operating Expenses year-to-date through April 2015, which includes transfer of additional lodging tax, debt service, capital improvement projects and the addition budget, totaled \$4,879,521, under budget by 17.7%. Non-Operating Expenses during the month for transfer of additional lodging tax, debt service, capital improvement projects, and expansion budget totaled \$2,803,682, under budget by 11.6%.

Mr. Firth advised that the forecast for the 2015 fiscal year continues to track positively for WSCC.

ADJOURNMENT

Mr. Flowers moved to adjourn the May 19, 2015 Board meeting at 3:07 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.