

Minutes

Washington State Convention Center  
Public Facilities District

Regular Meeting of the Board of Directors  
July 17, 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 2:00 p.m. in Room 211 of the Convention Center.

II. ATTENDANCE

Board Directors in Attendance

Frank K. Finneran, Chairman  
Deryl Brown-Archie, Vice Chair  
Rick Bender  
Robert J. Flowers  
Susana Gonzalez-Murillo  
Jerome L. Hillis  
J. Terry McLaughlin  
Karen Wong

Board Directors Absent

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

Rebecca Bogard, Bogard & Johnson LLC  
Joseph P. Bennett, Hendricks - Bennett, PLLC  
Tom Norwalk, Marco Bloemendaal and Kris Cromwell, Seattle's Convention & Visitors Bureau  
Reggie Davis, Steve Kiely, Dawn Wheeler and Victor Bukowski, ARAMARK.

Visitors

Steve Fitzpatrick, GES  
Stefan Moritz and Lucas Franco, UNITE HERE Local 8

Staff in Attendance

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

III. APPROVAL OF MINUTES

A. June 19, 2012 Regular PFD Board Meeting

Mr. Flowers moved to approve the minutes of the June 19 2012 Board meeting. Mr. Hillis 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. Board of Directors Retreat

The Board will hold a working retreat to establish the Washington State Convention Center Public Facilities District Operating Goals & Objectives and Budget for fiscal year 2013. The Board will meet for one half day on October 29, 2012, plus one full day on October 30, 2012. The retreat will be held at the Woodmark Hotel in Kirkland, Washington.

The regular Board meeting scheduled for October 23, 2012 will move to October 30, 2012 immediately following the retreat, and is expected to conclude by or before 5:00 p.m.

Ms. Brown-Archie made a motion to reschedule the October 2012 Board meeting, moving the meeting from 2:00 p.m. on October 23, 2012 to immediately following the Board of Directors Retreat on October 30, 2012. Mr. Bender seconded and the motion was carried by the unanimous affirmative vote of all Directors present.

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. Operating Goals Mid-Year Report with Second Quarter Outreach Report

By consensus, the Board agreed to move the Operating Goals Mid-Year Report and Second Quarter Outreach Report from the Consent Agenda for presentation under Committee Reports.

Mr. Bender moved to accept the Consent Agenda items Seattle's Convention & Visitors Bureau Productivity Report and WSCC Monthly Expenditures Auditing Officer Certification as presented. Mr. Flowers seconded and the motion was carried by the unanimous affirmative vote of all Directors present.

VI. PFD COMMITTEE REPORTS

A. Operating Goals Committee

The Board approved the WSCC PFD 2012 Operating Goals at the October 18, 2011 Board meeting. WSCC staff provided a mid-year assessment report on progress for the thirteen goals approved for 2012. Overall, staff is on target to meet or exceed this year's operating goals by the end of fiscal year 2012.

The Operating Goals Committee will meet prior to the October 2012 Board retreat to identify operating goals for fiscal year 2013. The operating goals identified and recommended by the Goals Committee will be brought before the full Board during the retreat, for review and discussion. Approval of the WSCC PFD 2013 Operating Goals may take place at the October 30, 2012 Board meeting.

B. Future Expansion Committee

WSCC executive staff are continuing with the preliminary planning steps necessary to move forward with expansion of the Convention Center. WSCC has issued a Request for Qualifications (RFQ) for appraisal services to evaluate sites under consideration for expansion. It is anticipated that the first property for appraisal would be the King County Metro Transit Convention Place Property Station site at 9<sup>th</sup> Avenue. Additional site options may be included in the appraisal process.

C. Finance Committee

In April 2012, following review by the WSCC Finance Committee, the Board received a report from Davidson Fixed Income Management on the investment policy and strategy for the Convention Center's investment portfolio. The Finance Committee met with Davidson representative Ms. Woodring in July 2012, to review Investment Program developments.

WSCC has issued a Request for Qualifications (RFQ) for a Financial Advisor. The Financial Advisor will assist with financial planning related to future Convention Center expansion.

D. Facility Committee

The three-year project to upgrade Convention Center lighting, fabrics and interiors is progressing as anticipated. The project to convert the Level One retail triangle to office space has been delayed. WSCC staff has been unable to meet with representatives of the City of Seattle due to a City Council schedule that is busy with other projects through the end of the year. WSCC is anticipating that the Level One conversion project will be brought before the Seattle City Council in early 2013.

An adjustment to the Capital Project Budget will be brought before the Board for approval at a future Board meeting, to address moving major expenditures for the triangle remodel from 2012 to the Capital Budget for 2013.

E. Task Force 25th Anniversary

Members of the Anniversary Task Force met prior to today's meeting to continue the process of identifying potential events and promotional ideas associated with a celebration of the Washington State Convention Center's 25<sup>th</sup> Anniversary. It is anticipated that WSCC will sponsor several anniversary events in June 2013, along with producing related promotional print articles. The Task Force will present their ideas at the Board retreat in October 2012, to give Board members a chance to comment or suggest additional ideas prior to establishing a celebration budget.

F. Government Affairs Committee

The appointment terms for four WSCC PFD Board members were set to expire in July 2012. Ms. Bogard reported that Seattle Mayor Mike McGinn has reappointed Ms. Karen Wong to the WSCC PFD Board of Directors through July 2016. Appointments for the three additional Board positions have not yet been confirmed.

VII. SEATTLE'S CONVENTION & VISITORS BUREAU REPORT

Mr. Norwalk introduced Mr. Marco Bloemendaal, SCVB Senior Vice President, Convention Sales and Services. Mr. Bloemendaal joined the Bureau staff in May 2012. Fluent in Dutch, German and English, Mr. Bloemendaal brings to Seattle an extensive history in international operations and sales.

The Visitors Bureau has launched an exciting new website: 2daysinseattle.com. The website is an insider's guide to Seattle, specifically written by outsiders who are experts in food, wine, arts and culture. The site highlights for visitors the "hot spots" and "hidden treasures" of Seattle.

Destination Marketing Association International (DMAI) held their 2012 Annual Conference at the Washington State Convention Center July 16 – 18, 2012. Over 1,300 professionals attended the event, representing 14 countries, making the 2012 Conference in Seattle a record-breaking year for DMAI.

Sales production for the Bureau's Seattle office picked up in June 2012, reaching 110.50% of overall booking goal for the month. Year-to-date, the Washington, DC, satellite office is at 104.62% of WSCC goal and the Midwest office is at 111.07% of WSCC goal through June 2012.

Year-to-date, January through June 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 \$374,814,781 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 June 2012 is estimated at \$270,112,555.

VIII. PRESIDENT'S REPORT

A. ARAMARK Contract Amendment

Mr. Blosser presented an amendment to the food and beverage catering contract between WSCC PFD and ARAMARK. In January 2012, WSCC made the transition to the Ungerboeck Event Business Management System for recording event and financial data. Previously, WSCC and Convention Center subcontractors invoiced clients separately. The Ungerboeck system has given WSCC the opportunity to better serve customers through using a single contract and invoicing process for events. The resulting modification in accounting procedures has made it necessary to implement amendments to those subcontractor contracts that require formal agreement changes.

Mr. Hillis moved to approve the First Amendment to the Contract for Exclusive Food & Beverage Catering Services between WSCC PFD and ARAMARK Sports and Entertainment Services, LLC, as presented. Mr. McLaughlin seconded and the motion was carried by the unanimous affirmative vote of all Directors present.

B. Retail Mid-Year Report

There are 21 retail spaces associated with the Convention Center. Currently, 19 of the spaces are rented. WSCC initiated a one-year contract with retail broker Paul Chiles of Chiles & Company to act as exclusive leasing agent for the vacant retail spaces.

C. Web Casting Preferred Vendor Update

WSCC issued a Request for Proposal (RFP) for preferred webcasting services for the Convention Center. The successful proposer was BroadcastUrban Internetworks Inc. BroadcastUrban offers a full suite of in-house webcast and web design services, providing webcast technicians who work on-site to stream meetings to a client's website or to an event audience. All equipment is provided by BroadcastUrban and offering this service to Convention Center clients would not require WSCC to make a capital investment.

Ms. Gonzalez-Murillo moved to authorize the WSCC PFD President to enter into a three-year revenue-share contract between WSCC PFD and BroadcastUrban Internetworks Inc. Mr. Bender seconded and the motion was carried by the unanimous affirmative vote of all Directors present.

D. All Staff Summer Picnic

WSCC held a summer picnic for staff on July 10, 2012. The turnout for the picnic included families of Convention Center employees and Convention Center subcontractors. Mr. Blosser thanked ARAMARK staff for preparing picnic fare for approximately 300 people. Compliments also went to staff and the WSCC Employee Relations Committee for planning and staging the event, which included a silent auction and entertaining games for children.

IX. STAFF REPORTS

A. WSCC Parking Report

Mr. Tesfaye reported that parking revenues for June 2012 were up approximately 9.0% as compared to the same period last year. Several events brought in local parking customers during June, including the Pacific NW Dental Conference and the 2012 Every Building Conference & Expo.

Monthly parking in the main Convention Center Garage and in Freeway Park Garage remains stable, with cancellations generally offset by new parking customers.

B. WSCC Sales Report

Mr. McQuade reported that WSCC sales staff exceeded their 2012 booking pace goal for tentative bookings for June 2012. The top line rent for events booked to be held at WSCC during this year reached 116.8% of goal. Overall for June 2012, WSCC staff bookings added represents \$76,833 in rent and \$129,810 in food and beverage sales for the Convention Center. As of June 2012, 235 events have confirmed or contracted to use The Conference Center since its opening in June 2010, representing over \$1,860,000 in rent for TCC space.

Feedback on several local events held at the Convention Center in June was exceptionally positive. Compliments came in for an event that included transforming Convention Center Exhibit Halls into multiple theme-décor areas, with soft seating, and featuring a variety of activities and entertainment. This event group, as well as several others during the month, gave ARAMARK especially high marks for food and beverage preparation and service.

C. ARAMARK Food Service Report

Mr. Kiely reported top-line food service revenues of \$1,016,548 for June 2012. WSCC PFD profit for June totaled \$302,711. Year-to-date top-line food service revenues through June are up more than 20.0% over the same period last year. It is anticipated that food and beverage revenues will be strong for July 2012.

Mr. Kiely introduced Mr. Victor Bukowski, who has been working with food service staff at the Convention Center as part of ARAMARK's Manager in Training (MIT) program. MIT is a professional

development program that teaches new technical skills and offers ARAMARK employees an opportunity to chart a career path into supervisory and management positions.

#### X. FINANCIAL REPORT

Mr. Firth reported that revenues for June 2012 totaled \$2,558,981, which was below budget forecasts by 4.2%. Year-to-date through June, revenues were up over budget by 3.0% and up 19.7% as compared to the same period last year.

Operating expenses for June 2012 totaled \$2,668,088, which was under budget forecast for anticipated expenses by 10.0%. Expenses for June 2012 were up 6.6% as compared to June 2011, in part this was the result of credits received for supplies and materials during June 2011. Year-to-date through June 2012, expenses were up over budget by 2.2% and up 10.5% as compared to the same period last year.

Operating Loss for June 2012 was \$(109,107), as compared to a budget forecast of \$(292,634) for June. Year-to-date, Operating Surplus January through June 2012 is \$638,855, up 28.1% over budget forecast for the six month period. This compares with a year-to-date Operating Loss of \$(663,995) for January through June 2011.

Non-Operating Revenues for June 2012, for regular and additional lodging taxes, totaled \$3,926,610. Non-Operating Expenses during the month, for transfer of additional lodging tax and debt service, totaled \$1,936,819.

#### X1. OTHER BUSINESS

Mr. Baum reported that CBS Eye Too Productions undertook a daylong video shoot in the Convention Center as part of the finale for their production "Best of the Road". Departing from Washington, DC, in June and ending up in Seattle on July 15, the show took viewers to the best small towns in the United States as voted for in an online poll. The complete show is scheduled to premiere on the Travel Channel on Wednesday, July 25, 2012.

#### XII. ADJOURNMENT

Ms. Brown-Archie moved to adjourn the July 17, 2012 Board meeting at 3:46 p.m. Mr. Flowers seconded and the motion was carried by the unanimous affirmative vote of all Directors present.