

Minutes

Washington State Convention Center
Public Facilities District

Regular Meeting of the Board of Directors
July 23, 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 2:01 p.m. in Administrative Boardroom, Level 5 of the Convention Center.

MEETING ATTENDANCE

Board Directors in Attendance

Frank K. Finneran, Chairman
Deryl Brown-Archie, Vice Chair
Rick Bender
Robert J. Flowers
Jerry Hillis
J. Terry McLaughlin

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
Rebecca Bogard, Bogard & Johnson LLC
Tom Norwalk, Marco Bloemendaal and Kris Cromwell, Visit Seattle
Steve Kiely, Dawn Wheeler and Leighla Nadri, ARAMARK.
Jim Snook, CCPI
Steve Fitzpatrick, GES
Tim McCabe, PSAV

Visitors

Stefan Moritz, UNITE HERE Local 8
John Edwards
Tony Spinrad

Staff in Attendance

Michael McQuade	Ron Yorita
Krista Daniel	Marsha Rambert
Daniel Johnson	Susnios Tesfaye
Dennis Galloway	Brad Kolodzaike
Kathleen Smith	Lorrie Starkweather

II. APPROVAL OF MINUTES

A. May 28, 2013 Regular WSCC PFD Board Meeting

Mr. Bender made a motion to approve the minutes of the May 28, 2013 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. Retreat Dates and Format

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 2014. The Board will meet for one half day on Tuesday, November 5, 2013, plus one full day on Wednesday, November 6, 2013. The retreat will be held at the Fairmont Olympic Hotel in Seattle, Washington. The regular Board meeting is scheduled for Tuesday, November 26, 2013, 2:00 p.m., at the Washington State Convention Center.

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. WSCC Sales Productivity Report
2. WSCC Monthly Expenditures Auditing Officer Certification
3. WSCC Outreach Report, Quarter 2 – Fiscal Year 2013

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.

V. PFD COMMITTEE REPORTS

A. Expansion Committee

1. Update Report:

The Expansion Committee met today and staff provided an update on the work being conducted by LMN Architects and CSL International with respect to their draft feasibility reports on the Convention Place Station Alternative Site.

B. Marketing Committee

1. Update Report:

The Marketing Committee met today and staff provided a proposal for the creation of a new Revenue Manager position at Visit Seattle to work with the sales teams at WSCC and Visit Seattle and establish revenue model criteria for valuing new business, discipline to the sales process and establishing weighted measurements for types of future business to help better yield dates. The new position reports to the President/CEO of the WSCC and to the President/CEO of Visit Seattle, with funding to be provided by both entities. The job description is currently under review by the Committee, with the job posting expected within the next two months.

2. Expenditure of Reserve Funds for Sales Efforts, Resolution 2013-14

A RESOLUTION approving the transfer of up to \$45,000 from the Reserves line item to the Marketing Services line item.

It was determined that moving forward with the new staffing to help define the sales processes to bring convention business to the City of Seattle and to the Washington State Convention Center, which benefits the Center as well as meets the mission of the District, would require the transfer of monies from the Reserve line item to the Marketing Services line item.

Mr. Flowers made a motion to approve Resolution 2013-14, approving the transfer of up to \$45,000 from the Reserves line item to the Marketing Services line item. Mr. Hillis seconded and the motion was carried by the unanimous affirmative vote of all Directors present.

VI. VISIT SEATTLE & WSCC Sales Reports

A. Visit Seattle Destination Overview

Mr. Norwalk reported Smith Travel Research comparisons for revenue per available room (RevPAR), average daily room rate (ADR) and occupancy variance for June 2013 for hotels in Seattle and six major west coast cities with convention centers. Seattle was close to the top range within the group for June 2013 with year-over-year variance for occupancy increased by 0.9%, RevPAR was up 10.4% and ADR was up 9.2%, as compared to the same period in 2012. San Francisco and Portland hotels remain very busy while maintaining slightly lower rates. San Francisco hotels again continue to lead the market in all categories within the Convention Center's competitive set.

Seattle Hotel Association's 7th Annual Industry Outlook Symposium was held June 17, 2013 at the Grand Hyatt Hotel. A variety of presenters provided data defining short-term trends which assist the hotel community in the development of annual budgets, to support assumptions on potential demand in defined market segments, and assist with possible sales strategies. Market segments discussed were Group Meetings, Leisure, and Corporate Travel. Chris Krause from PKF provided an update to the group. PKF is forecasting a 6.0% increase in RevPAR for the Seattle city hotels, which is 3.5% lower than the 2012 RevPAR numbers. Historical data from 1998 showed significant ADR growth due to the economic climate. With the current economic climate slowly showing recovery, the 2013 forecast continues to be lower than our peak RevPAR of 1998.

Mr. Norwalk provided copies of the Downtown Seattle Association (DSA) Pike-Pine Strategic Assessment "Evaluating Downtown Seattle's Urban Core" booklet to the board, and congratulated the DSA task force for their hard work to highlight the issues in the Pike-Pine corridor, and their efforts to enhance attractiveness and the overall urban pedestrian experience.

B. WSCC and Visit Seattle Sales Reports

Mr. McQuade and Mr. Bloemendaal reported on Convention Center sales. Visit Seattle sales production for the Seattle office for June 2013 reached 205.36% 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 June for all Seattle-area venues reached 166.14% of goal for the month, and 129.56% of goal year-to-date.

Visit Seattle's WSCC Productivity for 2013 is up 108% (109,549 room nights / 20 groups / 97,000 attendees) year-to-date from the same period in 2012 (56,761 room nights / 28 groups / 93,000 attendees). Top line revenues are up 5% as a result of this increase in attendance and room nights. 2013 has shown a significant increase in the number of medical conferences/conventions and these groups are proving to be top sources of food and beverage revenues. The teams are continuing to reach out to these groups for future business.

In June, the Washington, DC, Visit Seattle satellite office reached 170.66% of year-to-date booking goal for WSCC events. The Midwest office reached 111.99% of year-to-date booking goal for WSCC. During June, Visit Seattle staff added five major events to the books for years 2014 and 2015, with combined attendance forecast at 9,250. These five events are anticipated to generate an estimated \$17 million in economic impact for Washington State.

In June, WSCC staff booked forty new events into the Center for dates through March 2015, with a cumulative total of over 31,800 in estimated attendance, combined topline rent and food & beverage revenue of \$464,000, and over 6,000 room nights to infill around convention business booked by Visit Seattle.

Mr. Bloemendaal 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. Regionally, the loss of economic impact for lost WSCC business year-to-date through June 2013 has been estimated at \$415,744,540. 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. The overall economic impact for waived WSCC business YTD through June has been estimated at \$291,683,500.

VII. PRESIDENT'S REPORT

A. Mid-year Operating Goals Report

The Board approved the WSCC PFD 2013 Operating Goals at the November 20, 2012 Board meeting. Mr. Blosser provided a mid-year assessment report on progress for the thirteen goals approved for 2013. Overall, staff is on target to meet or exceed this year's operating goals by the end of fiscal year 2013.

The Operating Goals Committee will meet prior to the November 2013 Board retreat to identify operating goals for fiscal year 2014. 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 2014 Operating Goals may take place at the November 26, 2013 Board meeting.

B. 2012 Annual Report Update

Mr. Blosser advised the Board that the 2012 Annual Report is in the works, and due to the inclusion of the 25th Anniversary events and recent staff changes, the report will be ready for review in the next month. Future reports will be released in May/June.

C. Retail Report – First 6 Months

There are 20 retail spaces associated with the Convention Center. Currently, 19 of these spaces are rented. The Center is on target to meet budget for rental revenues. Staff are working with WSCC retail broker, Paul Chiles, to develop long-term strategies for tenancies.

VIII. STAFF REPORTS

A. WSCC Parking Report

Mr. Tesfaye reported that parking rates were down in June 2013 as compared to June 2012, primarily due to the difference in event mix for the month, and fewer local parkers. In past years, Washington Dental Association held their convention at WSCC in June, which boosted monthly revenues. However WSDA made the decision to move their event to Bellevue. Though the main Convention Center Garage continues to have a waiting list for monthly parking, WSCC is offering monthly parking to new customers in Freeway Park Garage.

B. ARAMARK Food Service Report

Ms. Wheeler introduced ARAMARK's new Human Resources Manager, Ms. Leighla Nadri. Ms. Nadri's first day at WSCC was July 22nd. Ms. Jessica Bennett has been appointed to the position of Banquet Manager, a promotion from her role as Banquet Captain.

Ms. Wheeler reported top-line food service revenues of \$1,361,904 for June 2013, up \$345,356 over top-line revenues for the same period last year. Net revenue to the WSCC in June 2013 totaled \$527,857, up \$225,146 over net revenues for the same period last year.

IX. FINANCIAL REPORT

Mr. Firth reported that operating revenues for June 2013 were up 21.7% as compared to the same period last year and up 11.6% from budget for the month. Food service revenues for June 2013 were up 34% over the same period last year.

Operating expenses for June 2013 were up 11.4% compared to June 2012 however the corresponding sales were up 21%. Staff is continuing to conservatively manage expenses. Operating expenses year-to-date through June 2013 are similar to January through June 2012.

In 2012, the Board authorized a funding mechanism to support capital improvement projects necessary to keep the Convention Center in quality condition. In June 2013, Capital Improvement Project Fund expenditures totaled \$88,741.

Operating surplus for June 2013 was \$140,664. Year-to-date the operating surplus through June totaled \$312,956. Revenues for the next few months are anticipated to be stronger. Non-Operating Revenues for June 2013, for regular and additional lodging taxes, totaled \$3,949,839 which includes the unrealized (non-cash) investment loss of \$(203,440). Non-Operating Expenses during the month, for transfer of additional lodging tax and debt service, totaled \$3,513,162.

X. ADJOURNMENT

Mr. Flowers moved to adjourn the July 23, 2013 Board meeting at 3:40 p.m. Ms. Brown-Archie seconded and the motion was carried by the unanimous affirmative vote of all Directors present.