

Minutes

Washington State Convention Center
Public Facilities District

Regular Meeting of the Board of Directors
August 21, 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
J. Terry McLaughlin
Harry G. Sladich
Karen Wong

Board Directors Absent

Jerry Hillis

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
Matthew R. Hendricks, Hendricks - Bennett, PLLC
Fred Eoff, SDM Advisors, Inc.
Tom Norwalk, Marco Bloemendaal and Kris Cromwell, Seattle's Convention & Visitors Bureau
Reggie Davis, Steve Kiely and Dawn Wheeler, ARAMARK.

Visitors

Stefan Moritz, 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. July 17, 2012 Regular PFD Board Meeting

The minutes sent to the Board had stated that Mr. Hillis attended the July meeting via telephone conference, whereas Mr. Hillis attended the meeting in person. The error had been corrected in the minutes presented at today's meeting.

Mr. Bender moved to approve the minutes of the July 17, 2012 Board meeting as presented. Mr. McLaughlin 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. Expansion Feasibility / Due Diligence Process - Motion

WSCC issued a Request for Proposal (RFP) for appraisal services to evaluate sites under consideration for expansion, and a firm has now been selected from the companies that submitted proposals. The WSCC PFD President has the authority to enter into a contract with the successful proposer once an agreement between the two parties is reached.

At the January 17, 2012 Board meeting, the WSCC President was authorized to expend up to \$100,000 to initiate the early planning steps required for any expansion of the Convention Center. Though expenditures to this date total less than \$50,000, it is anticipated that the next steps involved in working through expansion feasibility will add costs beyond the approved \$100,000 limit. The Board was asked to approve an additional \$240,000 to cover the estimated costs for the pre-development phase of the project. WSCC management was asked to provide a monthly update on expansion feasibility expenditures.

Mr. Flowers made a motion to increase the authorization to the President/CEO for the necessary expenditure of capital funds related to the due diligence process for facility expansion by the amount of \$240,000, to a revised total of \$340,000. Ms. Gonzalez-Murillo 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

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

VI. PFD COMMITTEE REPORTS

A. Finance Committee

WSCC received three proposals in response to a Request for Qualifications (RFQ) for Financial Advisory Services. Following review of the proposals, the Board Finance Committee identified SDM Advisors as the successful proposer and recommended approval by the full Board.

Mr. Flowers made a motion to authorize the WSCC President / CEO to negotiate a contract with the apparent successful proposer SDM Advisors to serve in the position of WSCC Financial Advisor. Mr. Sladich seconded and the motion was carried by the unanimous affirmative vote of all Directors present.

B. Facility Committee

The Facility Committee met earlier today to review preliminary interior wayfinding and meeting room signage designs. It is anticipated that design work will be finalized and signs installed prior to the end of 2012.

WSCC issued bonds in December 2010 to finance capital improvements to the Convention Center. These capital improvements included signage, building interior and restroom upgrades, along with projects that include converting the Convention Center Level One retail triangle to office space. The Board's original intention was to have all bond-funded projects completed within three years.

Conversion of the triangle space requires approval by the Seattle City Council, and WSCC has been informed that there may not be an opportunity for the City Council to review the triangle conversion project until March or April 2013. There is concern that if reviewed and approved at that time, completion of the triangle conversion project will extend beyond the December 2013 bond expenditure deadline. The Board requested that WSCC staff bring back to the Board information on interest-rate penalties that would apply if the triangle project extends beyond December 2013.

C. Art Committee

The Art Committee met with nine members of the Convention Center's Art Advisors group to review and jury Rotating Art Proposals for years 2013 and 2014. Seventeen proposals were submitted, representing a broad range of artistic styles and media. Selections were made for quarterly exhibits that will be display on Level 2 of the Galleria through 2014.

Working with Convention Center staff, the Art Committee is preparing a two-year work plan for the art program, to establish a budget for expenses related to such things as art operations, art security and art activities. The Art Committee is also interested in identifying ways to include an art program component in the Convention Center's 25th Anniversary celebration in June 2013.

D. Government Affairs Committee

The appointment terms for four WSCC PFD Board members expired in July 2012. One of the four Board members, Ms. Karen Wong, has been reappointed to the WSCC PFD Board by the Mayor of Seattle. The King County Executive and Washington State Governor have appointing authority for the three remaining Board positions. It is anticipated that decisions on the three remaining appointments will come within the next few months.

WSCC PFD will take part in the Association of Washington State Public Facilities Districts Conference that will be held in Longview, WA, October 17 – 18, 2012. The Association was formed in October 2011 as a voluntary association to provide support to state PFD's, and to enhance the exchange of information, delivery of services, and development of capital improvements in ways to best serve the interests of the PFD members, their guests, licensees and residents.

VII. SEATTLE'S CONVENTION & VISITORS BUREAU REPORT

Mr. Norwalk reported that Seattle hotels have seen steady growth in both occupancy and rates over the past year, with occupancy reaching near peak numbers for the summer weekends. Seattle's Visitors Bureau continues to work with the City of Seattle and tourism groups to help develop new destination tourism campaigns and to promote programs that enhance the visitor experience in Seattle. In September the Visitor's Bureau will meet with their client Advisory Board to discuss topics that include Convention Center expansion and improvements to city wayfinding signage in downtown Seattle.

Sales production for the Bureau's Seattle office for July 2012 was substantially short of goal, reaching 26.94% of room night booking goal for WSCC events. Overall goal includes hotel room bookings for events held at WSCC and at area hotels and other local venues, which reached 59.62% of goal for the month. Year-to-date, the Seattle office is at 69.80% of overall booking goal.

Year-to-date, the Washington, DC, satellite office is at 100.30% of WSCC goal and the Midwest office is at 108.50% of WSCC goal through July 2012. A strong focus for Bureau staff is pursuing commitments from events that are still in tentative status, which in total represent roughly 250,000 future hotel room nights.

Year-to-date, January through July 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 July 2012 is estimated at \$319,184,455.

VIII. PRESIDENT'S REPORT

A. Insurance / Benefits Update

The WSCC Board's 2012 Operational Goals included instructions for staff to explore all possible avenues to reduce the cost of insurance coverage for Convention Center non-represented employees, without substantial reductions in coverage benefits. In an effort to expand options for non-represented employee healthcare programs, WSCC PFD is seeking to join the Association of Washington Cities (AWC) Employee Benefit Trust.

The AWC Employee Benefit Trust provides its members with information on quality benefit programs and insurance services, technical assistance, member education, and advocacy. Convention Center staff will provide the Board with further information on insurance companies and trust insurance program options at the October 2012

Board retreat. The WSCC Board expressed appreciation to the City of Brier, Washington, for sponsoring the Convention Center's application to the AWC Employee Benefit Trust.

B. Annual Report 2011

The Board was presented with the final version of the WSCC PFD 2011 Annual Report. An "email blast" will announce release of the report to Convention Center stakeholders and friends, with a link to an electronic version of the document. There will also be a link to the report on the WSCC website.

C. Staff Performance Review Process

WSCC has restructured the system for providing performance reviews to WSCC non-represented employees. Previously, staff performance was reviewed once a year in 19 categories, with ratings based 80% on general performance and 20% on operating goals. The restructured review system is more straightforward, with 7 key performance components. The new system will include a mid-year performance discussion as well as an annual performance review, and be based 90% on performance and 10% on goals.

D. Board Retreat Update

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 retreat will be held at the Woodmark Hotel in Kirkland, Washington. The Board will meet from 1:00 p.m. to 5:00 p.m. on October 29, 2012, and 8:30 a.m. to 4:00 p.m. on October 30, 2012. A brief Board meeting will immediately follow the retreat at 4:00 p.m. on October 30, 2012, where action may be taken on decisions made during the retreat.

IX. STAFF REPORTS

A. WSCC Parking Report

Mr. Tesfaye reported that parking revenues for July 2012 were up 3.5% over budget and 3.5% over revenues for the same period last year. Parking revenues received a boost from several events held at the Convention Center in July that had strong local attendance, as well as national and international attendees.

B. WSCC Sales Report

Mr. McQuade reported that WSCC sales staff exceeded their 2012 booking pace goal for tentative bookings for July 2012. The top line rent for events booked to be held at WSCC during this year reached 132.7% of goal. Overall for July 2012, WSCC staff bookings added represents \$376,925 in rent and \$469,623 in food and beverage sales for the Convention Center. As of July 2012, 242 events have confirmed or contracted to use The Conference Center since its opening in June 2010, representing over \$1,968,000 in rent for TCC space.

In July 2012, Washington Biotechnology & Biomedical Association (WBBA) held Life Science Innovation Northwest 2012 at the Convention Center for the second year. Currently the largest life science conference in the Pacific Northwest, attendance at the WBBA event was up slightly over forecasts. Attendance included guests and delegations from 24 states, along with international representatives from Japan, France, Denmark, India, Canada, Italy, China, United Kingdom and Mexico.

C. ARAMARK Food Service Report

Mr. Kiely reported top-line food service revenues of \$2,518,334 for July 2012. WSCC PFD profit for July totaled \$1,421,797, which included a percentage of ARAMARK's annual national volume discount for products. ARAMARK at the Convention Center is developing a Capital Food & Beverage Plan for the next 5 years that will include a comprehensive analysis of sales data and evaluation of capital equipment.

A returning high tech event was held several weeks earlier in July this year as compared to summer of 2011, which in part generated higher food and beverage revenues for July 2012 as compared to the same period last year. Successfully meeting food service requirements for this 6-day technical event takes extraordinary efforts from ARAMARK staff, who served roughly 40,000 meals and over 13,000 sandwiches and box lunches to nearly 7,000 national and international event attendees.

X. FINANCIAL REPORT

Mr. Firth reported that revenues for July 2012 totaled \$4,018,921, which was below budget forecasts by 1.4%. Year-to-date through July, revenues were up over budget by 2.1% and up 14.9% as compared to the same period last year.

Operating expenses for July 2012 totaled \$3,175,585, which was under budget forecast for anticipated expenses by 9.6%. Year-to-date through July, expenses were up over budget by 2.5% and up 6.9% as compared to the same period last year.

Operating Surplus for July 2012 was \$843,336, as compared to a budget forecast of \$562,783. Year-to-date, Operating Surplus January through July 2012 is \$1,482,191, down 2.4% from budget forecast for the seven month period. This compares with a year-to-date Operating Loss of \$(44,759) for January through July 2011.

Non-Operating Revenues for July 2012, for regular and additional lodging taxes, totaled \$4,748,416. Non-Operating Expenses during the month, for transfer of additional lodging tax and debt service, totaled \$2,124,877.

X1. ADJOURNMENT

Mr. Bender moved to adjourn the August 21, 2012 Board meeting at 3:42 p.m. Mr. Flowers seconded and the motion was carried by the unanimous affirmative vote of all Directors present.