

Minutes

Washington State Convention Center  
Public Facilities District

Regular Meeting of the Board of Directors  
September 18, 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 2:02 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  
Jerry Hillis  
J. Terry McLaughlin  
Christopher Sullivan  
Karen Wong

Board Directors Absent

Robert J. Flowers  
Susana Gonzalez-Murillo

Board Director Emeritus in Attendance

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  
Matthew R. Hendricks, Hendricks - Bennett, PLLC  
Tom Norwalk, Marco Bloemendaal and Kris Cromwell, Seattle's Convention & Visitors Bureau  
Steve Kiely, Dawn Wheeler and Dawn Smith, ARAMARK.  
Jim Snook, Smart City Networks/CCPI

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. August 21, 2012 Regular PFD Board Meeting

Mr. Sladich moved to approve the minutes of the August 21, 2012 Board meeting as presented. Ms. Brown-Archie 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 Terms Update

1. Board of Directors Reappointment – Ms. Susana Gonzalez-Murillo

Ms. Susana Gonzalez-Murillo was reappointed to the WSCC PFD Board of Directors by the Washington State Governor for a four year term, effective September 2012.

2. Appreciation for Service, Mr. Harry Sladich – Resolution 2012-4

RESOLUTION 2012-4

A RESOLUTION by the Washington State Convention Center Public Facilities District Board of Directors Recognizing the Service of Harry G. Sladich

The WSCC PFD Board appointment term for Mr. Harry G. Sladich has expired. Mr. Sladich has been a member of the Convention Center Board for over three years, serving on several Board Committees and acting as Chair of the Board Marketing Committee. The Board expressed their appreciation to Mr. Sladich for his contribution in leadership and his dedicated service to the Convention Center and its Board of Directors. Having served as Chair of the Marketing Committee during strategic planning for 2013, the Board requested that Mr. Sladich participate in the October Board of Directors retreat.

Ms. Brown-Archie moved to approve Resolution No. 2012-4, in recognition of the contributions made by Mr. Harry G. Sladich during his tenure on the Washington State Convention Center Public Facilities District Board of Directors. Mr. Hillis seconded and the motion was carried by the unanimous affirmative vote of all Directors present.

3. Board of Directors Appointment – Mr. Christopher Sullivan

Mr. Christopher Sullivan was appointed to the WSCC PFD Board of Directors by the Washington State Governor for a four year term, effective September 2012. Mr. Sullivan has been with Marriott International for nearly 29 years and is currently General Manager of the Seattle Marriott Waterfront hotel. The Board welcomed Mr. Sullivan and expressed appreciation for his willingness to serve as a member of the WSCC PFD Board of Directors.

B. Due to a travel schedule, Mr. Finneran, Board Chairman, may be difficult to contact during several weeks of October 2012. To make certain the work of the WSCC Board of Directors would not be impeded if Mr. Finneran was unreachable a motion was proposed to reaffirm delegation of authority during this time period, with duties of the Chair delegated to the Vice-Chair, Ms. Brown-Archie, and Signing Authority delegated to the Chair of the Board Finance Committee, Mr. Flowers.

Mr. Hillis made a motion to authorize the Board Vice-Chair to perform all of the duties of the Chair from October 1 to October 23, 2012, pursuant to District By-Laws, Article III, Section 3.1; and to delegate Signing Authority for expenditures over \$100,000 to the Chair of the Finance Committee from October 1 to October 23, 2012, as outlined in the PFD Operating Policy Budget Resolution 2010-19, dated December 14, 2010. Mr. Bender seconded and the motion was carried by the unanimous affirmative vote of all Directors present.

C. 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

Mr. Hillis moved to 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

The Board Future Expansion Committee has begun to address with King County various complications associated with potential development of the King County Metro Transit Convention Place Station site at 9<sup>th</sup> Avenue for expansion of the Convention Center. WSCC has scheduled a Design Charette meeting to bring professionals

who have expertise in areas such as architectural design, transportation solutions, capital investment, and real estate development together with WSCC and King County staff. The firm of Kidder Mathews has been contracted to begin an appraisal process for the King County Metro site and for several neighboring land parcels that may be available for inclusion in an expansion project.

#### B. Facility Committee

The Facility Committee met earlier today to review progress on proposed and ongoing capital projects. WSCC staff has been working with Zimmer Gunsul Frasca Architects LLP (ZGF), an award-winning architectural, planning, and design firm, to refine proposed upgrades to streetscapes adjoining the Convention Center. The Facility Committee has given staff and architects a directive to pursue a Northwest theme for the upgrades, and once finalized, staff will begin discussions on the project with the City of Seattle Department of Planning and Development and Department of Transportation.

The Facility Committee also commenced a discussion on drafting a policy that would address capital improvement requirements in future years, now that the Convention Center has become a public facilities district. The Board agreed by consensus to take up for discussion at the October 2012 Board retreat a proposal for a dedicated reserve fund for capital improvements.

#### C. Art Committee

Following on the transition from nonprofit corporation to public facilities district, the Art Committee has taken under review documents that define the relationship between the Convention Center and the WSCC Art Foundation. The Committee is reviewing Foundation Articles of Incorporation and bylaws to make certain they are compatible with the WSCC PFD. The Art Foundation is also in the process of replacing Foundation Board members whose terms have expired.

#### D. Marketing Committee

The Marketing Committee met earlier today to begin evaluating results and goal outcomes for the Visitors Bureau 2012 Annual Strategic Marketing Plan, as well evaluating goal results for the WSCC sales staff 2012 Sales Plan. Both plans were implemented in January 2012. The Committee also continued discussions of sales and marketing strategies, with related budgets, for fiscal year 2013. Committee recommendations under discussion for 2013 include an enhanced Convention Center website with an associated website administrator position. Also proposed is a new staff position that will primarily focus on marketing and outreach. Additional details will be provided at the Board of Directors retreat in October 2012.

#### E. Government Affairs Committee

Within state legislation recently passed, there is a provision relating to the King County 2% hotel tax credit that will establish a redistribution of the funds effective 2021. In addition to a redistribution of the funds to arts programs, 37.5% would go to fund low and moderate income housing and 25% to funding capital and operating programs for tourism promotion. WSCC representatives have begun a conversation with King County about distribution of the future tourism promotion funds.

### VII. SEATTLE'S CONVENTION & VISITORS BUREAU REPORT

Mr. Norwalk reported that the Visitor's Bureau met with their Customer Advisory Board (CAB) in September 2012. Among discussions, the national-member Board provided insight on best practices for hospitality marketing and sales strategies. The group enjoyed a dinner at Seattle's FareStart Restaurant, which provides a culinary job training and placement program for homeless and disadvantaged individuals. Guest chef for the evening was Convention Center Executive Chef Jose Luis Chavez.

Seattle's Convention and Visitors Bureau has launched a new campaign to help improve the street scene in the downtown Seattle area. The Visitors Bureau's "See it, Send it" initiative asks business owners and merchants to snap photos and send descriptions of unwanted street activity to city officials. Feedback from visitors and event attendees has indicated that aggressive panhandling, street crime, and cleanliness are problems that are beginning to have an influence on decisions about visiting Seattle.

Sales production for the Bureau's Seattle office for August 2012 was down from goal, reaching 39.70% 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 40.07% of goal for the month. Year-to-date, the Seattle office is at 65.77% of overall booking goal.

Year-to-date, the Washington, DC, satellite office is at 102.89% of WSCC goal and the Midwest office is at 100.78% of WSCC goal through August 2012. Two events for future years were added to the books during August, for an estimated overall economic impact of \$13,090,500.

Year-to-date, January through August 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 \$506,455,931 in overall economic impact for the Seattle region. Waived business is event business that SCVB did not pursue because there were no viable date options available to offer to the group. The regional loss of economic impact for waived business year-to-date through August 2012 is estimated at \$421,246,391.

## VIII. PRESIDENT'S REPORT

### A. October 2012 Board Retreat Update

The WSCC PFD Board of Directors will meet in October 2012 for 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, beginning with a half day at 1:00 p.m. on October 29 and continuing with a full day at 8:30 a.m. on October 30. Board Committees will meet prior to the retreat, in preparation for fiscal year 2013 discussions. A brief Board meeting will immediately follow the retreat at 4:00 p.m. on October 30, where action may be taken on decisions made during the retreat.

### B. Meeting with Mayor of Seattle Update

The WSCC President and Board Chairman are continuing outreach to local officials to brief them on Convention Center expansion. The President and Chairman met recently with City of Seattle Mayor Mike McGinn to brief him on expansion progress. The Mayor noted that the city recognizes the economic value of the Convention Center and the potential benefits from Center expansion. The Mayor reported that his office is working on creating an integrated transit system, which could be beneficial to event attendees traveling between the local area and the Convention Center.

### C. SCVB Customer Advisory Board (CAB) Meeting

Several WSCC staff and Board members participated in the Visitors Bureau Customer Advisory Board (CAB) meeting. CAB members contributed favorable feedback on Convention Center expansion, as well as observations about the concept of a facility that includes two buildings separated by several blocks. The group also contributed valuable information about new industry technologies that are being put to use around the country in event venues and hotels.

### D. 31<sup>st</sup> Annual International Convention Center Conference (ICCC)

Convention Center staff took part in the International Association of Venue Managers (IAVM) 31st Annual International Convention Center Conference (ICCC), held at the Sheraton Seattle Hotel September 27 – 29, 2012. Among key topics at presentations were ideas on how to produce events that are more sustainable and profitable, trends in technology, and ways to better serve clients, secure their business and exceed their expectations. WSCC hosted a well-received reception for attendees, where the Convention Center's award-winning culinary team provided dishes made with seasonal ingredients from local growers.

## IX. STAFF REPORTS

### A. WSCC Parking Report

Mr. Tesfaye reported that parking revenues for August 2012 were down 1.3% as compared to revenues for August 2011. Year-to-date through August, parking revenues are up 4.6% over the same period last year. Year-over-year, monthly parking remains steady.

### B. WSCC Sales Report

Mr. McQuade reported that WSCC sales staff exceeded their 2012 booking pace goal for tentative bookings for August 2012. The top line rent for events booked to be held at WSCC during this year reached 135.2% of goal. Overall for August 2012, WSCC staff bookings added represents \$21,280 in rent and \$19,670 in food and beverage sales for the Convention Center. As of August 2012, 246 events have confirmed or contracted to use The Conference Center since its opening in June 2010, representing over \$2,000,000 in rent for TCC space.

Among the many notable events held at the Convention Center in August 2012 was the National Institute for Government Purchasing NIGP 2012 Forum & Products Exposition. The NIGP annual event is the largest North American education conference exclusively for individuals in public procurement. Also held at the Center in August was GeekGirlCon 12, which celebrates the legacy of women contributing to science and technology, comics, arts and literature, game play and game design. Attendance at GeekGirlCon was up 1,000 over forecasts.

August 2012 saw Antiques Roadshow return to the Convention Center for the third time, to film an episode for their 17th season that begins airing in January 2013. The single-day event brought roughly 6,000 people to the Convention Center, where more than 10,000 items were appraised by specialists from the country's leading auction houses. As the highest-rated PBS series, Antiques Roadshow is seen by almost 10 million viewers each week.

#### C. ARAMARK Food Service Report

Mr. Kiely reported top-line food service revenues of \$600,273 for August 2012. WSCC PFD profit for August totaled \$20,584. Year-to-date through August, top-line revenues for ARAMARK total \$11,178,011.

ARAMARK staff are working with WSCC staff to create a new catering menu, with fresh new concepts and updated pricing. WSCC will offer electronic versions of the menu to clients through the Convention Center website, by email and by flash drive. A black and white print-friendly version without photos will be available to provide a more cost effective printing option for clients.

#### X. FINANCIAL REPORT

Mr. Firth reported that revenues for August 2012 totaled \$2,462,629, which was below budget forecasts by 30.9% for the month. Actual to budget revenues were off in most part due to a change in the schedule for reporting food service revenues. The schedule modification was a result of WSCC implementing a new financial management system that includes a single invoicing process for events, creating a need for some changes in reporting schedules.

Operating expenses for August 2012 totaled \$2,881,863, which was under budget forecast for anticipated expenses by 1.5%. Year-to-date through August, expenses were below budget by 1.0%. Operating Loss for August 2012 was \$(419,233). Year-to-date, Operating Surplus January through August 2012 is \$1,062,953, down from budget forecast but up 0.5% over the same eight month period last year.

Non-Operating Revenues for August 2012, for regular and additional lodging taxes, totaled \$5,765,539. Non-Operating Expenses during the month, for transfer of additional lodging tax and debt service, totaled \$2,374,769.

#### X1. ADJOURNMENT

Mr. Hillis moved to adjourn the September 18, 2012 Board meeting at 3:45 p.m. Mr. McLaughlin seconded and the motion was carried by the unanimous affirmative vote of all Directors present.