

Minutes

Washington State Convention Center  
Public Facilities District

Regular Meeting of the Board of Directors  
September 27, 2016

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 206, of the Convention Center.

MEETING ATTENDANCE

Board Directors in Attendance

Frank K. Finneran, Chair  
Deryl Brown-Archie  
Jerry Hillis  
J. Terry McLaughlin  
Susana Gonzalez-Murillo  
Craig Schafer  
Karen Wong

Board Directors in Attendance by teleconference

Robert Flowers

Board Directors Absent

Nicole Grant

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

Brian McFadin, ARAMARK  
Keith Hedrick, ARAMARK  
Alina Muratova, ARAMARK  
Becky Bogard, Bogard & Johnson, LLC  
Gary Fluhrer, Foster Pepper  
Matthew Hendricks, Hendricks - Bennett, PLLC  
Chris Eseman, LMN Architects  
Matt Griffin, Pine Street Group  
Kyle Preston, PSAV  
Tom Norwalk, Visit Seattle  
Rob Hampton, Visit Seattle  
Kris Cromwell, Visit Seattle  
Kelly Saling, Visit Seattle  
David Blandford, Visit Seattle  
Patrick Smyton, Visit Seattle

Staff in Attendance

Krista Daniel	Samantha Hesslein
Daniel Johnson	Tamara Mc Donald
Kathleen Smith	Paul Smith
Lorrie Starkweather	Susnios Tesfaye
Ron Yorita	

II. APPROVAL OF MINUTES

July 19, 2016 WSCC PFD Regular Board Meeting

Mr. Hillis made a motion to approve the minutes of the July 19, 2016 Regular Board meeting as presented. Ms. Gonzalez-Murillo seconded and the motion was carried by the unanimous affirmative vote of all Directors present in person and by teleconference.

### III. PUBLIC COMMENTS

There were no public comments.

### IV. CHAIRMAN'S REPORT

#### A. Board Terms Update

Mr. Finneran reported that Governor Inslee had reappointed Ms. Gonzalez-Murillo and Mr. Schafer to the WSCC PFD Board of Directors for consecutive four-year terms ending July 30, 2020.

#### B. 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.

#### C. WSCC Staff/Personnel

Mr. Finneran took the opportunity, on behalf of the WSCC PFD Board of Directors, to thank Ms. Kathleen Smith for her many years of service at the Center and support to the Board. The Board congratulated Ms. Smith on her pending retirement.

### V. PFD COMMITTEE REPORTS

#### A. Finance Committee

1. Amendment to Resolution 2010-12, (the "2010 Bond Resolution") Revising the Priority of Disbursement of Lodging Tax Revenues under Section 9(c), Resolution # 2016-18

A RESOLUTION of the Board of Directors of the Washington State Convention Center Public Facilities District, amending Resolution #2010-12, adopted by the Board of Directors on November 12, 2010, revising the priority of disbursement of Lodging Tax Revenues under Section 9(c) thereof.

Mr. Flowers advised that the Finance Committee has reviewed the proposed amendment and is recommending approval of Resolution # 2016-18.

Mr. Flowers made a motion to approve Resolution # 2016-18, amending Resolution #2010-12, adopted by the Board of Directors on November 12, 2010, revising the priority of disbursement of Lodging Tax Revenues under Section 9(c). Mr. Hillis seconded and the motion was carried by the unanimous affirmative vote of all the Directors present, both in person and via teleconference. Mr. Flowers departed the meeting following the action on this item.

#### B. Addition Committee

1. Executive Session

The Chairman announced that the Board of Directors would hold an Executive Session to discuss with legal counsel the legal risks of a proposed action, consistent with RCW 42.30.110(1)(i) as permitted by the Open Public Meetings Act, for 20 minutes. The Executive Session commenced at 2:12 p.m. In addition to the Board members, attendance at the Executive Session included Mr. Blosser, Mr. Hendricks, Mr. Firth, Mr. Fluhrer and Mr. Griffin. The open meeting reconvened at 2:32 p.m.

2. Approval of the Purchase of Property for Marshalling Yard, Resolution # 2016-17

A RESOLUTION of the Board of Directors of the Washington State Convention Center Public Facilities District approving the purchase of 120,210 square feet of land and warehouse building to utilize for its operation and Addition Project.

Mr. Hillis made a motion to approve Resolution 2016-17, to purchase property at 150 South Horton Street, Seattle, WA 98108, for the price of \$8,600,000 and any additional closing costs associated with finalizing the purchase of the property to be paid at the time of closing, subject to the Addition Committee's review and approval of GeoEngineer's final environmental assessment. Ms. Brown-Archie seconded and the motion was carried by the unanimous affirmative vote of all Directors present.

3. Design Update by LMN Architects

Mr. Finneran introduced Chris Eseman, Principal with LMN Architects. Mr. Eseman provided an update on design development with respect to work underway on the interior design. Additional briefings will be provided at subsequent Board meetings.

4. Update Report

Mr. Finneran reported that the Addition Committee met this morning and reviewed the normal course of items having to do with the many features of the project. Mr. Finneran requested Mr. Griffin provide the Board with an update on the Addition Project.

Mr. Griffin spoke to the project schedule, status update regarding the land and entitlements, budget and timing, contracts, art program, and continued outreach efforts.

C. Government Affairs Committee

1. Consultant Update Report

Ms. Brown-Archie advised that the consultant update report from Ms. Bogard is contained within the Board packets.

2. Update

Ms. Brown-Archie reported that the Government Affairs Committee met earlier today to discuss the current election cycle and the committees to be addressed for the Addition Committee. Discussion occurred regarding the City's proposed unsanctioned homeless encampments legislation and potential options for support for legislation going forward. Ms. Brown-Archie advised that the Government Affairs Committee has begun discussions in preparation for briefings on the Addition Project to be scheduled with councilmembers from the City of Seattle and King County. The Committee will assist the Addition Committee to ensure the councilmembers are effectively briefed/updated on the WSCC and the Addition Project.

D. Art Committee

1. Update

Ms. Wong provided an update on the WSCC Art Foundation and that entity's efforts to update the Foundation's strategic plan, including the mission/vision and determining a contact list of key stakeholders. The Foundation will be holding monthly meetings in an effort to possibly have the strategic plan completed by year end.

E. Facility Committee

1. Update

Mr. Hillis reported that the Facility Committee met this morning and reviewed the progress on the 8<sup>th</sup> Avenue, streetscape and Level 1 interior projects. Unanticipated problems with the sidewalk portion of the streetscape project has caused the project to be over budget by approximately \$400,000, however there are sufficient reserve funds to cover this shortfall. The completed work to date has met with a favorable response, and we are looking forward to the landscape work to be finalized. Mr. Barnes provided an update on the 8<sup>th</sup> Avenue tunnel project and the Level 1 interior space proposed updates to provide more flexible use space from a client perspective. Mr. Hillis advised that the committee was briefed on current retail tenant leases and the Facility Committee has provided staff some direction in terms of future retail space usage. Additionally, the Facility Committee has discussed the outside of the building in terms of graphics, and the Committee's recommendation is to not do anything with the outside of the building at this time.

VI. VISIT SEATTLE & WSCC Sales Reports

A. Visit Seattle Destination Overview

Mr. Norwalk reported that Smith Travel Research report for August 2016 YTD provides comparisons for revenue per available room (RevPAR), average daily room rate (ADR) and occupancy variances for hotels in Seattle Downtown, San Francisco Market Street, Denver Downtown, Portland Central City, Austin CBD, San Diego CBD, Boston CBD/Airport, and Nashville CBD. Downtown Seattle finished August with an occupancy rate of 92.4%, down 1.2% from the same period in 2015; RevPAR saw an increase of 0.4% and ADR had an increase of 1.6% as compared to the same period last year. In August 2016, Seattle Downtown topped the competitive set for the month with an ADR of \$266.12. San Francisco's ADR's (\$250.57.) finished the month in the third spot. Year to-date, San Francisco remains in the lead in the categories of Occupancy, Average Room Rate, and RevPar. Seattle numbers continued to track strongly with the eight other cities in the group.

B. Visit Seattle Sales Report

Mr. Hampton reported that Visit Seattle WSCC sales production combined for the months of July and August 2016 was 114.23% of goal and Hotel Production was 72.37% of goal. 2016 year-to-date room night production through August for WSCC is at 132.85% of goal and Hotel Production is at 77.17% of goal.

Mr. Hampton reviewed year-to-date WSCC lost and waived room nights. Year-to-date; 377,587 room nights were lost (business bid on, but was not awarded) and 404,359 room nights were waived (business that wanted Seattle to bid, but we were unable to bid for various reasons.

Lost opportunities:

- Nutanix, Inc. – June 2017  
4,000 delegates, 10,200 room nights, \$11 million economic impact
- American Geophysical Union – February 2024:  
4,000 delegates, 7,925 room nights, \$13.5 million economic impact

Waived opportunities:

- Google Partner’s Summit – February 2017:  
2,000 delegates, 6,520 room nights, \$3.7 million economic impact
- Amazon Web Services SKP – January 2020:  
10,000 delegates, 31,200 room nights, \$30 million economic impact

C WSCC Sales Report

Mr. Blosser reported that for August YTD, WSCC & Visit Seattle Sales staff combined top-line rent totaled \$3,991,042 for Convention Center contracted bookings. Groups hosted in August 2016 realized 2,510 in hotel room night bookings, with 8,195 event attendees, and an estimated \$420,321 in top-line revenues.

During August, WSCC Sales staff booked 23 new events into the Center to infill around convention business booked by Visit Seattle. Cumulatively, these 23 WSCC booked events represent over 5,007 in estimated attendance, 999 associated room nights, and combined topline revenues of over \$415,683 for rent, food & beverage, parking and subcontractor services.

VIII. PRESIDENT’S REPORT

A. Update on WSCC Board Strategic Planning Retreat

Mr. Blosser provided an update on the WSCC Board Strategic Planning Retreat meetings, scheduled for Tuesday, November 1 and Wednesday, November 2, 2016. The meetings are being held at the Seattle Marriott Waterfront. The Lid I-5 Campaign will be providing a brief presentation on their group to the Board on Day 1 of the retreat. Deputy Mayor Kate Joncas has been confirmed as the featured speaker presenting on Day 2 of the retreat. A copy of the draft agenda was provided to the Board.

B. Unsanctioned Encampments Issues Report

Mr. Blosser advised that, along with 22 other area stakeholders, the WSCC signed a letter addressed to the Seattle City Councilmembers with respect to the proposed ordinance regarding homeless encampments in the City of Seattle and their cleanup that will be moving through Council on an expedited timeline. The letter expresses serious concerns about the proposed ordinance in its current state and requests that the council take the time to proceed thoughtfully and compassionately. We will continue to monitor this and be involved as it will affect WSCC, both from a sidewalk and Freeway Park issue of encampments as well as the I-5 ramp by the Paramount and all along the site of the Addition Project. This issue will be prevalent as we go forward with the new building as it is today.

VIII. STAFF REPORTS

A. WSCC Parking Report

1. Parking Report

Mr. Tesfaye reported that parking YTD revenues were down 4.0% from the same period in 2015, mainly due to the event mix in the building during the month of August. 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

Mr. McFadin reported total sales for August 2016 were up \$9,770 from re-forecast and down 121% from prior year, due to last year’s event mix in August. Total costs for August 2016 were higher than re-forecasted by \$8,395, primarily due to the event mix. August 2016 total WSCC PFD profit was down \$1,478,670 from prior year, however \$78,194 better than forecast. Year-to-date sales are \$778,430 above forecast and \$2,743,020 above prior year or an increase of 22.4%. Food service return to WSCC PFD year-to-date is up \$512,092 from forecast and up \$1,228,546 from prior year. ARAMARK continues to focus on the Food Management and Labor Management programs during Fiscal Year 2016 with the goal of continued positive results. Fiscal Year 2016 is tracking to see good results.

X. FINANCIAL REPORT

Mr. Firth reported that the format for the financial report was revised in March to isolate the Marketing Revenues and Expenses from the Operating and Non-Operating categories. The In-House Marketing Expenses are now also included under the Marketing Expenses category.

Year-to-date August 2016 total operating revenues were up 4.6% compared to the same period in 2015, and ahead of budget by 3.8%. For the month of August 2016, Food Service revenues were below budget by 11.5%. Retail revenue was down 27.7%, Building Rent revenue was down 11.2%, Parking revenue was down 4%, and Facility Services revenue was up 29.6% for the month of August 2016.

Operating expenses for August 2016 were below budget for the month by 16.1%; and the corresponding sales were down 3%. Staff continues to conservatively manage expenses in FY2016. Year-to-date the operating surplus through August totaled \$1,208,951. Operating surplus for August 2016 was \$328,067, a decrease of 133.5% over the same period in 2015.

Year-to-date August 2016 total Marketing revenues were up 5.4% compared to the same period in 2015, however under budget by 3.5%. For the month of August 2016, marketing revenues were below budget by 0.9%. Marketing expenses for year-to-date 2016 totaled \$6,889,971, below budget by 3.6%. For the month of August 2016, marketing expenses totaled \$1,270,919, below budget by 0.2%, however 9% over August 2015. Year-to-date the marketing surplus through August totaled \$392,760, below budget by 2.4%. Marketing surplus for August was \$120,965, a decrease of 36.3% over the same period in 2015.

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 August 2016 were \$2,356,689.

Non-Operating Revenues year-to-date through August 2016, for regular and additional lodging taxes, totaled \$47,179,478. Non-Operating Revenues for the month of August was \$9,056,690, down 3.1% from budget. Non-Operating Expenses year-to-date through August 2016, which includes transfer of additional lodging tax, debt service, capital improvement projects and the addition budget, totaled \$58,540,252, over budget by 3%. Non-Operating Expenses during the month for transfer of additional lodging tax, debt service, capital improvement projects, and addition budget totaled \$6,585,522, over budget by 0.3%.

Mr. Firth advised that the forecast for the 2016 fiscal year is tracking positively for WSCC.

#### ADJOURNMENT

Mr. Hillis moved to adjourn the September 27, 2016 Board meeting at 4:02 p.m. Ms. Gonzalez-Murillo seconded and the motion was carried by the unanimous affirmative vote of all Directors present.