

Minutes

Washington State Convention Center
Public Facilities District

Regular Meeting of the Board of Directors
November 20, 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 303 of the Convention Center.

II. ATTENDANCE

Board Directors in Attendance

Frank K. Finneran, Chairman
Deryl Brown-Archie, Vice Chair
Rick Bender (via teleconference)
Robert J. Flowers
J. Terry McLaughlin
Christopher Sullivan
Karen Wong

Board Directors Absent

Susana Gonzalez-Murillo
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 (via teleconference)
Matthew R. Hendricks, Hendricks - Bennett, PLLC
Tom Norwalk, Marco Bloemendaal, Seattle's Convention & Visitors Bureau
Steve Kiely, ARAMARK.
Jesse Wineberry, Sr., Casey Sweeney and Sean Connor, BroadcastURBAN Internetworks Inc.

Staff in Attendance

Ron Yorita	Michael McQuade
Krista Daniel	Daniel Johnson
Susnios Tesfaye	Neal Oshiro
Mary Pauly	Dennis Galloway
Linsley Grow	Josh Dennis
Lorrie Starkweather	Kathleen Smith

III. APPROVAL OF MINUTES

A. October 30, 2012 Regular PFD Board Meeting

Mr. McLaughlin made a motion to approve the minutes of the October 30, 2012 Board meeting as presented. Mr. Flowers 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 Review

The October 29-30, 2012 Board retreat included in depth discussions on hospitality industry growth and the proposed expansion of the Convention Center, as well as discussion on operating, marketing and financial goals for fiscal year 2013. Overall Board response to the meeting agenda and retreat location was positive.

B. Board of Directors Committee Assignments – Resolution 2012-9

A RESOLUTION BY THE DISTRICT BOARD ratifying recommendations related to the appointment of District Committees for 2013

Board members were reappointed to their existing Committee positions, with new Board Director Mr. Chris Sullivan assuming the positions that had been held by former Board Director Mr. Harry Sladich.

Mr. Flowers made a motion to approve Resolution 2012-9, ratifying the schedule of Board Committees and the membership on those Committees for 2013, as presented. Ms. Brown-Archie seconded and the motion was carried by the unanimous affirmative vote of all Directors present.

C. Bylaws Amendment – Resolution 2012-10

The Bylaws for the Washington State Convention Center Public Facilities District were established August 17, 2010. Following discussion at the October 2012 Board of Directors Strategic Planning Retreat, the Board determined that it was in the best interest of WSCC PFD to review and update the Convention Center Bylaws. The Bylaws have been revised, retaining substantially the same form.

Ms. Brown-Archie made a motion to approve Resolution 2012-10, approving and adopting the Washington State Convention Center Public Facilities District Bylaws as presented. Mr. McLaughlin seconded and the motion was carried by the unanimous affirmative vote of all Directors present.

D. Ethics Policy – Review Proposed Changes

The Board was presented with a draft of proposed revisions to the Washington State Convention Center Public Facilities District Board of Directors Ethics Policy. The Board was asked to consider the proposed changes and contact the WSCC President with feedback or questions. It is anticipated that a final draft of the Board Ethics Policy will be brought back to the Board for approval at the December 18, 2012 Board meeting.

E. 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. Flowers moved to approve 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. Government Affairs Committee

To accommodate a scheduling conflict for the Government Affairs consultant, Mr. Finneran made a request to move forward on the Agenda the Government Affairs Committee report.

Ms. Bogard presented an overview of November 2012 election results for Washington State. In addition, Ms. Bogard reported that there have been no major developments concerning the provision in the recent state legislation that relates to the redistribution of the King County 2% hotel tax credit in 2021.

B. Future Expansion Committee

WSCC will issue a Request for Proposal (RFP) within the next few weeks for a market feasibility study on a site under consideration for the expansion of the Convention Center. Of interest to WSCC is the King County Metro Transit Convention Place Station site at 9th Avenue, along with several smaller proximal commercial properties. Owners of the commercial properties have informed WSCC that they have a desire to move quickly to

sell these properties. The WSCC will consider acquisition of some or all of those parcels as Convention Center expansion planning continues.

C. Facility Committee

At the October 30, 2012 Board meeting, the Board of Directors approved a budgeting mechanism to achieve the Board goal of keeping the Convention Center facility in first-class condition. A dedicated reserve fund with an annual target amount of \$4,000,000 was established for capital improvements starting in 2013, with an annual increase based each year on the consumer price index (CPI). Mr. Barnes presented to the Board a list of 2013 projects approved by the Facility Committee that includes plant lifecycle projects, building enhancements, and replacement of furniture, fixtures and equipment. The Facility Committee made a recommendation to approve the capital improvement projects for 2013.

Mr. Flowers made a motion to approve the Unrestricted Reserve Capital Projects for fiscal year 2013, as presented. Mr. McLaughlin seconded and the motion was carried by the unanimous affirmative vote of all Directors present.

D. Finance Committee

1. 2013 Operating Budget – Resolution 2012-11

A RESOLUTION by the Board Adopting an Operating Budget for the District for 2013

The Proposed Budget for fiscal year 2013 had been reviewed by the Board Finance Committee. Following discussion, the Finance Committee made a recommendation to the full Board to accept the budget as presented.

Mr. Flowers made a motion to adopt the 2013 Operating Budget in the form presented. Mr. Sullivan seconded and the motion was carried by the unanimous affirmative vote of all Directors present.

2. State Audit Update

An independent accountability audit of WSCC PFD was performed by the Washington State Auditor's Office for the period July 19, 2010 through December 31, 2011. There were no audit findings reported by the State Auditor's Office. WSCC management was asked to take several recommendations under consideration, which the WSCC will review and incorporate into future Convention Center operations as appropriate.

E. Operating Goals Committee

1. 2013 Operating Goals – Resolution 2012-12

A RESOLUTION Adopting the Recommendation of the Operating Goals Committee for 2013 Washington State Convention Center Public Facilities District

The WSCC 2013 Operating Goals were part of the discussions at the October 2012 Board retreat. At that time, Board members made a recommendation to modify several of the goals. The modifications were incorporated into the final draft of the 2013 goals as requested. The modified goals were approved by the Operating Goals Committee and recommended for adoption by the full Board.

Mr. Bender made a motion to adopt the recommendations of the Operating Goals Committee for the establishment of the 2013 Calendar Year Operating Goals, as presented. Ms. Brown-Archie seconded and the motion was carried by the unanimous affirmative vote of all Directors present.

VII. SEATTLE'S CONVENTION & VISITORS BUREAU REPORT

Mr. Norwalk reported that Ms. Louise Stanton-Masten has been named as the new Executive Director of the Washington Tourism Alliance (WTA). Ms. Stanton-Masten was President and CEO of the Everett Area Chamber of Commerce from 2001 to 2011, and served on the Washington Chamber of Commerce Executives Board of Directors for the past six years and as Board Chairman 2011 and 2012. More than 150,000 jobs in Washington State are created by tourism, and Seattle remains high on the list of top 25 tourism markets in the country.

Sales production for the Bureau's Seattle office for October 2012 reached 72.19% of room night booking goal for WSCC events. The overall goal includes hotel rooms booked in association with events held at WSCC as well as events held at area hotels and other local venues. Overall, hotel room nights booked during October for all Seattle-area venues reached 68.06% of goal for the month. Year-to-date, the Seattle office is at 76.95% of overall booking goal.

Year-to-date through October, the Washington, DC, satellite office is at 103.86% of booking goal for WSCC events. Through October, the Midwest office is at 103.88% of year-to-date booking goal for WSCC events.

During October, Visitors Bureau staff added seven events to the books with dates extending through September 2020. Bringing these seven groups to the Convention Center, with roughly 9,000 associated event attendees, will generate an estimated \$33,000,000 in economic impact for the Seattle area.

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. Waived business is event business that SCVB did not pursue primarily because there were no viable date options available to offer to the group. Regionally, the loss of economic impact for lost and waived business for October 2012 has been estimated at over \$48,000,000.

VIII. PRESIDENT'S REPORT

A. Dissolution of Washington State Convention Center Corporation

Though the Washington State Convention Center transitioned in 2010 from a state nonprofit corporation to a public facilities district under King County, the nonprofit corporation had not been formally dissolved. Following a review of dissolution options presented by WSCC legal counsel, the Board agreed by consensus at the June 19, 2012 Board meeting to allow the entity's nonprofit corporation status to lapse.

WSCC received notice from the State of Washington Secretary of State's Office that in accordance with the Revised Code of Washington, Title 24, the Washington State Convention Center nonprofit corporation has been administratively dissolved as of November 1, 2012.

B. Sakura-Con Show Update

WSCC staff are working with representatives of Asia-Northwest Cultural Education Association (ANCEA) to resolve outstanding amounts due related to the Sakura-Con event held at the Convention Center in April 2012. ANCEA is a membership-based all-volunteer organization, which complicates the process of working with their representatives. Moving forward with agreements and planning for Sakura-Con 2013 is dependent on settling unresolved Sakura-Con 2012 receivables to the satisfaction of WSCC.

C. Webcasting Contractor Update

At the July 17, 2012 Board meeting, WSCC staff was authorized to enter into a revenue-share contract with BroadcastURBAN Internetworks Inc., to provide webcasting services for the Convention Center. Mr. Jesse Wineberry, Sr., Chief Executive Officer of BroadcastURBAN, introduced Mr. Casey Sweeney and Mr. Sean Connor. Mr. Sweeney and Mr. Connor will be working directly with WSCC staff to provide event groups with webcast options such as streaming their meeting to a client's website or to an event audience.

IX. STAFF REPORTS

A. WSCC Parking Report

Mr. Tesfaye reported that parking revenues for October 2012 were up 2.2% over budget for the month and up 4.0% as compared to revenues for October 2011. Year-to-date through October, parking revenues are up 4.8% over the same period last year. Several shows during October contributed to strong parking revenues – the Food Services of America 2012 Food & Product Show with 2,000 attendees, Seattle Christmas Cash & Carry Gift Show 2012 with 2,800 attendees, and the SkiFever & Snowboard Show with 7,800 attendees. Year-over-year, monthly parking remains steady.

B. WSCC Sales Report

Mr. McQuade reported that top-line rent for events booked to be held at WSCC during this year reached 131.9% of goal through October 2012. Overall for October, bookings added by WSCC staff represent \$82,663 in rent and \$121,982 in food and beverage sales for the Convention Center.

Year-to-date, Center bookings for 2012 are at 132.6% of goal. As of October 2012, 255 events have confirmed or contracted to use The Conference Center since its opening in June 2010, representing over \$2,112,000 in rent for TCC space.

Among the new events held at the Convention Center in October 2012 was the FareStart 20th Annual "Great Food, Better Lives" Gala. Held on the Skybridge at the Convention Center, the FareStart event included a silent auction reception, a wine auction, an elegant multi-course gourmet dinner, a live auction, and entertainment. FareStart has reported that the 2012 gala event was a great success!

C. ARAMARK Food Service Report

Mr. Kiely reported top-line food service revenues of \$1,814,122 for October 2012. WSCC PFD profit for October totaled \$757,592. Year-to-date through October, top-line revenues for ARAMARK total \$14,199,552. Food service revenues for October were up from forecasts and up as compared to the same period last year.

X. FINANCIAL REPORT

Mr. Firth reported that with more large and mid-sized events this past month, operating revenues for October 2012 were up 25.6% over the same period last year. All operating revenues for line item categories were up as compared to last year and up from budget for the month.

Operating expenses for October 2012 were up 20.9% as compared to the same period last year. This was in part as a result of an increase in event activity that required more staff hours, higher utility costs, and additional purchases for event-related supplies such as paper products. In addition, repairs and maintenance was up 107.9% over budget due in most part to unanticipated elevator and escalator repairs. Year-to-date for 2012, operating revenues were up 9.2% and operating expenses up 7.6% as compared to January through October 2011.

Operating Surplus for October 2012 was \$468,625. Year-to-date, Operating Surplus January through October 2012 was \$2,221,584, up 36.0% over the same ten month period last year.

Non-Operating Revenues for October 2012, for regular and additional lodging taxes, totaled \$6,373,327. Non-Operating Expenses during the month, for transfer of additional lodging tax and debt service, totaled \$2,469,937.

XI. EXECUTIVE SESSION

The Chairman announced that the Board of Directors would hold an Executive Session consistent with RCW 42.30.110(g) as permitted by the Open Public Meetings Act. The purpose of the Executive Session was to review the WSCC President's performance for fiscal year 2012, and consider an amendment to the contract and compensation for fiscal year 2013. The Executive Session commenced at 3:55 p.m. and lasted ten minutes. In addition to all Board members present, attendance at the Executive Session included Ms. Pauly and Mr. Hendricks.

Upon reconvening, the Chairman requested a motion to the effect that the WSCC President, having met established criteria for payment of incentive compensation, be awarded 100% of the bonus provision as defined in the appointment agreement for fiscal year 2012. In addition, the Chairman requested a motion to amend and renew the contract agreement between WSCC and the President. The Board commended Mr. Blosser on his many accomplishments over the past year.

Ms. Brown-Archie made a motion to approve distribution of 100% of incentive compensation to WSCC President Jeff Blosser for fiscal year 2012.

Mr. Flowers made a motion to extend the WSCC President's contract for fiscal year 2013, with an amendment to the incentive compensation as agreed. Ms. Brown-Archie seconded the motion and incentive compensation was approved by the unanimous affirmative vote of all directors present.

XII. ADJOURNMENT

Mr. McLaughlin moved to adjourn the November 20, 2012 Board meeting at 4:10 p.m. Mr. Flowers seconded and the motion was carried by the unanimous affirmative vote of all Directors present.