

Minutes

Washington State Convention Center
Public Facilities District

Regular Meeting of the Board of Directors
November 26, 2013

I. CALL TO ORDER

Frank K. Finneran, Board Chairman, convened a regular meeting of the Washington State Convention Center Public Facilities District (WSSC PFD) at 2:02 p.m. in Meeting Room 303 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
Craig Schafer
Karen Wong

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 and Marco Bloemendaal, Visit Seattle
Steve Kiely, Dawn Wheeler, ARAMARK.
Fred Eoff, Public Financial Management, Inc.
Jim Snook, CCPI
Mark Haley, Smart City
Mike Meyers, PSAV

Visitors

Susan Kemp, Hart Crowser, Inc.
Stacey Crawshaw-Lewis and Deanna Gregory, Pacifica Law Group
Stefan Moritz, UNITE HERE Local 8

Staff in Attendance

Krista Daniel	Michael McQuade
Ron Yorita	Marsha Rambert
Daniel Johnson	Dennis Galloway
Lucinda Kruey	Erika Norris
Kathleen Smith	Lorrie Starkweather

II. APPROVAL OF MINUTES

A. September 24, 2013 Regular WSSC PFD Board Meeting

Ms. Brown-Archie made a motion to approve the minutes of the September 24, 2013 Board meeting as presented. Mr. Flowers seconded and the motion was carried by the unanimous affirmative vote of all Directors present.

B. November 5 & 6, 2013 Strategic Planning Retreat Meeting

Mr. Schafer made a motion to approve the minutes of the November 5 & 6, 2013 Board Strategic Planning Retreat 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. Board of Directors Retreat Review

The November 5-6, 2013 Board Strategic Planning Retreat included discussions on operating, marketing and financial goals for fiscal year 2014, with discussion on proposed expansion of the Convention Center. Overall Board response to the meeting agenda, format, and retreat location was positive.

B. Board of Directors 2014 Committee Assignments, Resolution #2013-18

A RESOLUTION by the District Board ratifying recommendations related to the appointment of District Committees for 2014.

Mr. Bender made a motion to approve Resolution #2013-18, ratifying the membership on the Board Committees for 2014, as presented. Ms. Brown-Archie seconded and the motion was carried by the unanimous affirmative vote of all Directors present.

C. District Regular Meeting Schedule Fiscal Year 2014, Resolution #2013-19

A RESOLUTION by the District Board Adopting Its 2014 Official Meeting Schedule.

Mr. Hillis made a motion to approve Resolution #2013-19, establishing the WSCC Board of Directors 2014 regular meetings schedule as presented. Mr. McLaughlin seconded and the motion was carried by the unanimous affirmative vote of all Directors present.

The date and time of WSCC public board meetings will be posted to the WSCC website.

D. Ratification of District Officers – Resolution

A RESOLUTION by the District Board ratifying recommendations related to the appointment of District Officers and Administrative Officers for 2014.

EXHIBIT "A" – Officers Appointed by Chairman: President / CEO, Jeffrey Blosser; Board Treasurer, Chip Firth; Secretary, Linda Willanger.

EXHIBIT "B" – Administrative Officers Appointed by President: Vice President Administration, Linda Willanger; Vice President Operations, Ed Barnes.

Ms. Brown-Archie made a motion to approve Resolution #2013-20 ratifying the appointment of Board and District Officers for 2014. Mr. Hillis seconded and the motion was carried by the unanimous affirmative vote of all Directors present.

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. WSCC Sales Productivity Report
2. WSCC Monthly Expenditures Auditing Officer Certification
3. State Auditor's Exit Report
4. Government Relations Consultant Report

Mr. Flowers made a motion to approve the Consent Agenda as presented. Mr. Bender seconded and the motion was carried by the unanimous affirmative vote of all Directors present.

V. PFD COMMITTEE REPORTS

A. Expansion Committee

Mr. Finneran provided an update regarding recent meetings of the Expansion Committee. A Purchase and Sale Agreement has been submitted to the owners of the Honda Property, and has been accepted. The District is now in control of these privately owned parcels of property.

1. Approval of Expansion Budget Policy, Resolution #2013-21

A RESOLUTION by the District Board Adopting a Policy Statement Regarding the Approval of an Expansion Budget and Expenditure Program.

The Expansion Committee has reviewed the list of items that staff presented for 2014 Expansion activities as requested by the Board. The budget for these items has also been reviewed and recommended to be included in the 2014 Operating Budget by the Finance Committee.

Mr. Hillis made a motion to approve Resolution #2013-21 adopting a policy statement regarding the approval of an Expansion Budget and Expenditure Program. Mr. Schafer seconded and the motion was carried by the unanimous affirmative vote of all the Directors present.

2. Approval of 2014 Expansion Budget Items

Mr. Flowers made a motion to approve the Expansion Budget Items which were presented to the Finance and Expansion Committees, that correspond with the Expansion Budget to achieve the desired actions related to the Expansion Project. Mr. Hillis seconded and the motion was carried by the unanimous affirmative vote of all the Directors present.

B. Finance Committee

Mr. Flowers advised that the Finance Committee has reviewed staff's recommendations for the 2014 Fiscal budget that includes an \$115,776 net surplus from operating activities. The Finance Committee also reviewed requests from the Expansion Committee and the Facility Committee on requested funding for 2014 Expansion activities and 2014 Capital Projects, and these numbers have been incorporated into the 2014 Operating Budget for the Board's consideration.

1. Approval of 2014 Operating Budget, Resolution #2013-22

A RESOLUTION by the District Board Adopting An Operating Budget for the District for 2014.

Mr. Schafer made a motion to approve Resolution #2013-22 to adopt the 2014 Fiscal Year Operating Budget as presented. Mr. McLaughlin seconded and the motion was carried by the unanimous affirmative vote of all the Directors present.

C. Facility Committee

1. Approval of 2014 Capital Project List

Mr. Hillis advised that the Facility Committee reviewed the Capital Projects Items that were presented by staff for the 2014 fiscal year projects. The Committee is in agreement with these projects as well as the necessary funding to complete these projects and recommends inclusion in the 2014 Budget.

Mr. Hillis made a motion to approve the Capital Project List of Items to be completed in 2014 and the funding necessary to accomplish these projects. Mr. Flowers seconded and the motion was carried by the unanimous affirmative vote of all the Directors present.

D. Marketing Committee

1. Approval of 14-Month Booking Policy, Resolution #2013-23

A RESOLUTION of the District Board Designating an Amendment to the Booking Policy, Superseding Resolution 2010-5.

Mr. Schafer advised that the Marketing Committee reviewed the requested changes to the Booking Policy from 18 months to 14 months for convention booking dates as requested by staff. Due to closer booking windows by meeting planner decision makers, competitive requirements for cities to give planners more time, and the general change in business practices, narrowing the booking window will help Seattle and WSCC in the sales process. The Committee recommends approval of Resolution 2013-23.

Mr. Schafer made a motion to approve Resolution #2013-23, designating an amendment to the Booking Policy. Ms. Brown-Archie seconded and the motion was carried by the unanimous affirmative vote of all the Directors present.

2. Approval of WSCC Facility Rental Rates, Resolution #2013-24

A RESOLUTION of the District Board Approving the Facility Rental Rate Schedule for the District.

Mr. Schafer advised that the WSCC Facility Rental Rates have not been increased in 5 years due to the economic climate. With the industry rebounding and the need to offset operational costs, staff is recommending an increase to the convention rate as well as proposing rates through 2022 to assist Visit Seattle with guaranteed rates out into the future. Rates are proposed to increase about 5% every 3 years for the Convention Rate, and an increase of 9% for the Executive Rate which includes labor and meeting room amenities. The Marketing Committee recommends approval of Resolution #2013-24 to increase the Convention and Executive facility rental rates.

Mr. Schafer made a motion to approve Resolution #2013-24, approving the Facility Rental Rate Schedule for the District. Mr. Hillis seconded and the motion was carried by the unanimous affirmative vote of all the Directors present.

3. Approval of WSCC 2014 Sales Plan, Resolution #2013-25

A RESOLUTION of the District Board Approving the 2014 District Sales Plan.

Mr. Schafer advised that the WSCC Marketing Committee has reviewed the WSCC Sales Plan for 2014. The Committee recommends approval of Resolution #2013-25 for the WSCC 2014 Sales Plan.

Mr. Schafer made a motion to approve Resolution #2013-25, approving the District Sales Plan for 2014. Mr. Bender seconded and the motion was carried by the unanimous affirmative vote of all the Directors present.

E. Operating Goals Committee

1. Approval of the 2014 Operating Goals, Resolution #2013-26

A RESOLUTION Adopting the Recommendation of the Operating Goals Committee for 2014 Washington State Convention Center Public Facilities District.

The WSCC 2014 Operating Goals were part of the discussions at the November 2013 Board retreat. At that time, Board members made a recommendation to modify two of the goals. The modifications were incorporated into the final draft of the 2014 goals where applicable, and into the Communications Plan for the Board Committee for which it pertains. 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 Resolution #2013-26, the recommendations of the Operating Goals Committee for the establishment of the 2014 Operating Goals as presented. Mr. Flowers seconded and the motion was carried by the unanimous affirmative vote of all the Directors present.

VI. VISIT SEATTLE & WSCC Sales Reports

A. Visit Seattle Destination Overview

Mr. Norwalk reported that according to the U.S. Travel Association, meetings, events and incentive travel accounted for \$103 billion in travel spending last year. During 2012, visitors to the greater Seattle area were responsible for \$5.9 billion in expenditures, generated \$479 million in tax revenues, and supported 53,500 jobs within King County. A coalition of meetings industry leaders has hired a public relations firm to launch a messaging campaign to communicate the value of meetings to policymakers, corporate America, and the general public, and to change public perceptions.

Smith Travel Research provided October 2013 comparisons for revenue per available room (RevPAR), average daily room rate (ADR) and occupancy variance for hotels in Seattle and six major west coast cities with convention centers. Downtown Seattle finished October 2013 with an occupancy rate of 83.2%, roughly the same as October 2012, while RevPAR at \$155.37 and ADR at \$186.62 were up as compared to the same period last year. Though San Francisco still leads the market in all three categories within the west coast competitive set, Seattle numbers were the strongest as compared to the five other cities in the group.

B. WSCC and Visit Seattle Sales Reports

Mr. McQuade and Mr. Bloemendaal reported on Convention Center sales. Visit Seattle Convention Center sales production for October 2013 came in at 19.24%, substantially short of booking goal. Overall, hotel room nights booked during October in association with all Seattle-area event venues, including WSCC, reached 51.91% of goal for the month and 88.5% of goal year-to-date.

Year-to-date through October 2013, the Visit Seattle satellite office for Washington, DC, reached 109.3% and the Midwest office reached 91.63% of booking goal for WSCC held events. Year-to-date, Visit Seattle top line revenue for Convention Center bookings total \$17,720,942. With a significant number of groups still tentative, Visit Seattle sales team efforts are focused on bringing 2013 to a strong close.

During October, WSCC staff booked 32 new events into the Center to infill around convention business booked by Visit Seattle. Cumulatively, these 32 WSCC booked events represent over 14.152 in estimated attendance, 7,978 in associated room nights, and combined topline revenues of over \$691,000 for rent, food & beverage, parking and subcontractor services.

The 47 events booked by WSCC staff that took place in October cumulatively represent over 38,221 in estimated attendance, 2,853 in associated room nights, and combined topline revenues of over \$1,130,000 for rent, food & beverage, parking and subcontractor services.

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 year-to-date through October 2013 for lost WSCC business has been estimated at \$750,906,790. Of the lost business so far in 2013, nearly \$213,000,000 was due to lack of Convention Center space.

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. Seventy one groups fall in the waived business category year-to-date through October 2013, with an associated loss of 313,700 in hotel room bookings, a loss of 165,240 event attendees, and an estimated loss of \$416,706,160 in overall economic impact for the region.

VII. PRESIDENT'S REPORT

A. Approval of 2014 Insurance: Liability and Property Coverage

Mr. Blosser advised that each year WSCC's insurance broker, Wells Fargo, investigates insurance policies to cover property and liability for the Convention Center operations. Staff has reviewed Wells Fargo's report with suggested coverages and the associated costs, and recommend Board approval of FM Global and Philadelphia Indemnity as the providers of property and liability insurers for the Washington State Convention Center Public Facilities District from November 30, 2013 to November 30, 2014. The premium increase for the coverages has been incorporated into the budget for 2014.

Mr. Bender made a motion to approve FM Global and Philadelphia Indemnity as the providers of property and liability insurers for the Washington State Convention Center Public Facilities District for the period November 30, 2013 to November 30, 2014. Ms. Brown-Archie seconded and the motion was carried by the unanimous affirmative vote of all Directors present.

B. Use of Public Works and Consultants Rosters Maintained by the Municipal Research and Services Center of Washington (MRSC), Resolution #2013-27

A RESOLUTION establishing a small public works roster process for public works contracts, and a consulting services roster for architectural, engineering and other professional services.

Mr. Johnson reported that the Municipal Research Services Center (MRSC), a non-profit entity which supports Washington State municipalities, maintains rosters of public works contractors and professional services consultants. Staff recommended that the District join the MRSC roster system, which would allow for compliance with relevant statutory procurement requirements, while increasing the reach of WSCC procurement efforts, particularly in the area of disadvantaged businesses. In addition to a nominal fee, the MRSC requires a resolution by the joining entity's governing board, affirming its procurement procedures with respect to the roster system participation. The proposed resolution meets the MRSC requirements, and represents no change from the Board's Procurement Policy and the procurement operating procedures currently in place.

Mr. Schafer made a motion to approve Resolution #2013-27 authorizing the use of public works and consultants rosters maintained by the Municipal Research and Services Center of Washington (MRSC). Mr. Bender seconded and the motion was carried by the unanimous affirmative vote of all Directors present.

C. Introduction of Ms. Lucinda Kruey, Marketing Specialist and Ms. Erika Norris, Web & Media Content Specialist

Ms. Marsha Rambert, Director of Marketing & Communications, introduced Ms. Lucinda Kruey, Marketing Specialist and Ms. Erika Norris, Web & Media Content Specialist. Ms. Kruey and Ms. Norris have recently joined the staff of the Convention Center, completing the Marketing & Communications team. The Board welcomed everyone and wished them success in their positions.

VIII. STAFF REPORTS

A. WSCC Parking Report

Mr. Tesfaye reported that parking revenues were up slightly in October 2013 as compared to October 2012, primarily due to the event mix for the month and with two large events held over weekends. WSCC continues to offer monthly parking to new customers in Freeway Park Garage.

B. ARAMARK Food Service Report

Mr. Kiely reported top-line food service revenues of \$1,374,747 for October 2013, down \$439,375 from top-line revenues for the same period last year. Net revenue to the WSCC in October 2013 totaled \$515,105, down \$242,487 from net revenues for the same period last year, due in part to some significant competition with the local hotels for food and beverage.

IX. FINANCIAL REPORT

Mr. Firth reported that operating revenues for October 2013 were slightly less as compared to the same period last year and up 35.7% from budget for the month. This was as a result of one client/event bringing in 30% of the building rent revenue and a significant amount of business for the contractors. Food service revenues for October 2013 were down 24.2% over the same period last year.

Operating expenses for October 2013 were 19% over budget for the month; however the corresponding sales were up 35%. Staff is continuing to conservatively manage expenses. Operating expenses year-to-date through October 2013 are tracking to budget as a whole.

In 2013, the Board authorized a funding mechanism to support expansion projects necessary to explore expansion feasibility. In October 2013, Expansion Project Fund expenditures totaled \$159,350.

Operating surplus for October 2013 was \$348,575. Year-to-date the operating surplus through October totaled \$2,072,144. Non-Operating Revenues for October 2013, for regular and additional lodging taxes, totaled \$7,557,090. Non-Operating Expenses during the month, for transfer of additional lodging tax and debt service, totaled \$3,476,169.

X. 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 2013, and consider an amendment to the contract and compensation for fiscal year 2014. The Executive Session commenced at 3:25 p.m. and lasted ten minutes. In addition to all Board members present, attendance at the Executive Session included 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 employment agreement for fiscal year 2013, and to amend and renew the employment agreement between WSCC and the President. The Board commended Mr. Blosser on his accomplishments over the past year.

Ms. Brown-Archie made a motion to approve the total allowable bonus to the President/CEO under his current Employment Agreement for meeting all performance criteria set forth in the Agreement and to approve the Second Amended and Restated Employment Agreement for employment in the future. Mr. Flowers seconded and the motion was carried by the unanimous affirmative vote of all Directors present.

ADJOURNMENT

Mr. Hillis moved to adjourn the November 26, 2013 Board meeting at 3:36 p.m. Ms. Brown-Archie seconded and the motion was carried by the unanimous affirmative vote of all Directors present.