

Minutes

Washington State Convention Center  
Public Facilities District

Regular Meeting of the Board of Directors  
December 17, 2013

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 2:09 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  
Susana Gonzalez-Murillo  
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  
Steve Kiely and Dawn Wheeler, ARAMARK.  
Tom Norwalk and Kris Cromwell, Visit Seattle  
Rebecca Bogard, Bogard & Johnson LLC  
Fred Eoff, Public Financial Management, Inc.  
Matt Griffin, Pine Street Group  
Matt Rosauer, Pine Street Group  
Gary Fluhner, Foster Pepper  
Tim Boyd, The TSB Communications Group  
Tim McCabe, PSAV

Visitors

Dale Clark, Hart Crowser, Inc.  
Jon Scholes, Downtown Seattle Association (DSA)  
Shannon Nichol, Gustafson Guthrie Nichol (GGN)  
Patrick A. Gordon, Zimmer Gunsul Frasca (ZGF) Architects LLP  
Anita Nath, UNITE HERE Local 8

Staff in Attendance

Krista Daniel                      Michael McQuade  
Ron Yorita                         Daniel Johnson  
Susnios Tesfaye                 Kathleen Smith  
Lorrie Starkweather

II. APPROVAL OF MINUTES

November 26, 2013 Regular WSCC PFD Board Meeting

Mr. Bender made a motion to approve the minutes of the November 26, 2013 Board 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. Approval of Revised Board Mission Statement and Board Values

At the November Board Strategic Planning Retreat, it was recommended that the Board have a broader civic view of WSCC projects. The Chairman advised that staff has suggested these changes to the Board Mission Statement and Board Values to address the request to be more involved in the community activities and how WSCC Board of Directors and WSCC staff can better connect with other major projects.

Mr. Hillis made a motion to approve the updates to the Board Mission Statement and Board Values. Mr. Schafer 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. WSCC Sales Productivity Report
2. WSCC Monthly Expenditures Auditing Officer Certification

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

##### 1. Executive Session

The Chairman announced that the Board of Directors would hold an Executive Session consistent with RCW 42.30.110(1)(b) as permitted by the Open Public Meetings Act. The purpose of the Executive Session was to consider matters related to potential real estate acquisition and development. The Executive Session commenced at 2:13 p.m. and lasted fifteen minutes. In addition to all Board members and Officers present, attendance at the Executive Session included Mr. Hendricks, Mr. Griffin, Mr. Rosauer, Mr. Fluhrer, Mr. Eoff, Ms. Bogard and Mr. Boyd.

#### B. Marketing Committee

##### 1. Approval of Visit Seattle 2014 Goals & Scope of Work, Resolution # 2013-28

A RESOLUTION of the District Board Approving the 2014 Annual Strategic Marketing Plan and 2014 Annual Budget with Seattle's Convention and Visitors Bureau (Visit Seattle).

Mr. Schafer advised that WSCC Board Marketing Committee reviewed the Visit Seattle Marketing Plan and Scope of Work to accomplish the marketing plan, as well as the goals to be achieved by Visit Seattle in 2014. The Committee is in agreement with Visit Seattle as to their approach to accomplish the program and goals for 2014 and recommend approval of Resolution #2013-28. The WSCC Board had previously reviewed the Visit Seattle Marketing Plan, Scope and Goals at the WSCC Board Strategic Planning Retreat in November 2013.

Mr. Schafer made a motion to approve Resolution #2013-28, approving the Visit Seattle 2014 Goals, Marketing Plan and Scope of Work. Mr. Flowers seconded and the motion was carried by the unanimous affirmative vote of all the Directors present.

#### C. Government Affairs Committee

##### 1. Update

Ms. Brown-Archie advised that the Government Affairs Committee had met in November and today. The Committee is working with WSCC staff and consultants to create strategies for ensuring legislative officials (City, County, and State) are effectively briefed on the WSCC and its expansion efforts.

##### 2. Consultant Report

Ms. Bogard advised that the Washington State Legislative Session would commence January 13, 2014, with an anticipated time frame of sixty days. Representatives from King County and affordable housing advocates are wanting to pursue the 2% hotel tax credit scheduled to be redistributed in 2021, and are seeking approval from the legislature to permit King County to utilize funds for capital projects in 2014.

D. Finance Committee

1. Approval of Additional Funds for Visit Seattle, Resolution # 2013-29

A RESOLUTION of the District Board approving the transfer of up to \$575,000 from the 2013 Fund Balance line item to the Marketing Services line item.

Mr. Flowers advised that the Visit Seattle contract for Marketing Services calls for the District Board to make our best effort to fund their program at the 86% level of lodging taxes received each year. The Finance Committee has reviewed the recommendation of District staff and the Marketing Committee and concurs with this transfer from the 2013 Fund Balance line item to the Marketing Services line item.

Mr. Schafer made a motion to approve Resolution #2013-29, approving the transfer of up to \$575,000 from the 2013 Fund Balance line item to the Marketing Services line item. Mr. Flowers seconded and the motion was carried by the unanimous affirmative vote of all the Directors present.

2. Approval to Recognize Additional Expenses for 2013 Operating Budget, Resolution #2013-30

A RESOLUTION revising the Operating Budget for the Washington State Convention Center Public Facilities District for Fiscal Year 2013 amending and superseding Resolution #2013-10.

Mr. Flowers advised that the WSCC will generate over \$1.30 million more in revenue than anticipated and the associated expenses for generating these additional revenues is \$788,393. The two areas where expenses have increased are Marketing Services and Food Services; all other expenses are in line with the budget amounts. To assure proper oversight of expenditures and to follow Board policies in this area, the District Board needs to recognize these line item changes.

Mr. Flowers made a motion to approve Resolution #2013-30, approving the revision of the Operating Budget for Fiscal Year 2013. Mr. Hillis seconded and the motion was carried by the unanimous affirmative vote of all the Directors present.

E. Art Committee

1. Update

Ms. Wong advised that the Art Committee met with the Art Advisors in November for a tour of WSCC Art Galleries and to develop possible locations to place additional artworks. In December, the WSCC Art Committee met with the WSCC Art Foundation to review the Art Advisors plan for possible locations for gifts or loans within the Main Facility and for The Conference Center. One key highlight for 2013 was the long-term loan of artwork by Mr. Peter Juvonen entitled *Magic*. The piece has been installed on Level 6.

2. WSCC Board Approval to Acquire Artworks

Ms. Wong advised that the WSCC Art Foundation has made a request through the Francine Seders Gallery for a long-term loan of artwork entitled "*Blue Battle*", currently on display at the Convention Center, to be converted to a gift to the WSCC Art Foundation. The artist, Mr. Michael Spafford, has agreed.

According to the Agreement for Services between the Washington State Convention Center Art Foundation ("Foundation") and the District, (Resolution #2013-2), proposals by the Foundation to acquire artworks shall not proceed without first having received approval from the District Board. This artwork has been on display at the Center for eleven years and many of the Foundation members and Art Advisors enthusiastically support the gifting of this work to the Foundation and its continued display at the Center.

Ms. Wong made a motion to approve the Art Committee's recommendation that the District Board approve receipt of the artwork gift "*Blue Battle*" by Mr. Michael Spafford to the Washington State Convention Center Art Foundation, the display of the artwork at the Convention Center, and to authorize the execution of any required documentation for the transaction. Mr. Flowers seconded and the motion was carried by the unanimous affirmative vote of all the Directors present.

F. Operating Goals Committee

1. Amendment to Approved Operating Goals for 2014, Resolution #2013-31

A RESOLUTION revising the Operating Goals for 2014 for the Washington State Convention Center Public Facilities District amending and superseding Resolution #2013-26.

Mr. Bender advised that the District Board had approved the 2014 Operating Goals on November 26, 2013, by Resolution #2013-26. However, discussion had occurred at the Strategic Planning Retreat in November regarding separating the Expansion Committee goals and measurements from the Government Affairs Committee goals and measurements, and creating a goal to align the needs of the two committees regarding expansion work and

responsibility as well as the additional needs regarding legislative initiatives. A new goal #8 is being requested to be added to the 2014 Operating Goals to define this separation more comprehensively with improved measurements for this new goal.

Mr. Bender made a motion to approve Resolution #2013-31, approving the revised Operating Goals for 2014. Ms. Brown-Archie 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 significant funding has been spent towards marketing national conventions. Seattle will be host to the NCAA Women's Volleyball Final 4 tournament, the first time since 1995. The Seattle Seahawks have provided almost a complete sell out in the City as their fan base continues to support the team for home games.

Smith Travel Research provided November 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 November 2013 with an occupancy rate of 81.7%, slightly higher than November 2012, and RevPAR at \$146.79 and ADR at \$179.61 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 continue to track strongly with the five other cities in the group.

### B. WSCC and Visit Seattle Sales Reports

Mr. McQuade and Mr. Norwalk reported on Convention Center sales. Visit Seattle Convention Center sales production for November 2013 came in at 98.76%, just under booking goal. Overall, hotel room nights booked during November in association with all Seattle-area event venues, including WSCC, reached 83.87% of goal for the month and 88.17% of goal year-to-date.

Year-to-date through November 2013, the Visit Seattle satellite office for Washington, DC, reached 96.42% and the Midwest office reached 87.16% of booking goal for WSCC held events. Year-to-date, Visit Seattle top line revenue for Convention Center bookings total \$18,602,434. With a significant number of groups still tentative, Visit Seattle sales team efforts are focused on bringing 2013 to a strong close.

During November, WSCC staff booked 14 new events into the Center to infill around convention business booked by Visit Seattle. Cumulatively, these 14 WSCC booked events represent over 1,827 in estimated attendance, 9 associated room nights, and combined topline revenues of over \$81,905 for rent, food & beverage, parking and subcontractor services.

The 23 events booked by WSCC staff that took place in November cumulatively represent over 28,429 in estimated attendance, 1,290 in associated room nights, and combined topline revenues of over \$300,863 for rent, food & beverage, parking and subcontractor services.

Mr. Norwalk 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 November 2013 for lost WSCC business has been estimated at \$778,490,290. 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. Eighty groups fall in the waived business category year-to-date through November 2013, with an associated loss of 342,045 in hotel room bookings, a loss of 203,940 event attendees, and an estimated loss of \$495,134,160 in overall economic impact for the region.

## VII. PRESIDENT'S REPORT

### A. Downtown Seattle Association (DSA) Pike/Pine Taskforce Presentation

Mr. Blosser introduced Mr. Jon Scholes, VP Advocacy & Economic Development with the Downtown Seattle Association (DSA). Mr. Scholes, along with Ms. Shannon Nichol from Gustafson Guthrie Nichol, provided a presentation regarding DSA's Pike-Pine Renaissance Taskforce work to date, and spoke to the draft recommendations from June 2013 contained in the "*Pike-Pine Renaissance Strategic Assessment and Action Plan*".

## VIII. STAFF REPORTS

### A. WSCC Parking Report

Mr. Tesfaye reported that parking revenues were down slightly in November 2013 as compared to November 2012, primarily due to the event mix for the month. WSCC continues to offer monthly parking to new customers in Freeway Park Garage. The lighting retrofit has been completed in the Main Garage and Freeway Park Garage.

### B. ARAMARK Food Service Report

Mr. Kiely reported top-line food service revenues of \$548,018 for November 2013, down \$817,536 from top-line revenues for the same period last year. Net revenue to the WSCC in November 2013 totaled \$134,418, down \$545,541 from net revenues for the same period last year, due in part to clients scaling back services for their events.

## IX. FINANCIAL REPORT

Mr. Firth reported that operating revenues for November 2013 were down 21% as compared to the same period last year, however up 2.8% from budget for the month. Food service revenues for November 2013 were down 20% from budget for the month, due in part by a client downsizing their event due to the governmental sequester.

Operating expenses for November 2013 were over budget by 0.75% for the month; however the corresponding sales were up 2.8%. Staff is continuing to conservatively manage expenses. Operating expenses year-to-date through November 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 November 2013, Expansion Project Fund expenditures totaled \$52,238.

Operating loss for November 2013 was \$(405,100). Year-to-date the operating surplus through November totaled \$1,667,043. Non-Operating Revenues for November 2013, for regular and additional lodging taxes, totaled \$5,922,967. Non-Operating Expenses during the month, for transfer of additional lodging tax and debt service, totaled \$4,692,185.

## ADJOURNMENT

Mr. Hillis moved to adjourn the December 17, 2013 Board meeting at 4:04 p.m. Mr. McLaughlin seconded and the motion was carried by the unanimous affirmative vote of all Directors present.