

Minutes

Washington State Convention Center
Public Facilities District

Regular Meeting of the Board of Directors
December 18, 2012

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 2:10 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
Robert J. Flowers
Jerry Hillis
J. Terry McLaughlin
Christopher Sullivan
Karen Wong

Board Directors Absent

Susana Gonzalez-Murillo

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 and Kris Cromwell, Seattle's Convention & Visitors Bureau
Steve Kiely and Dawn Wheeler, ARAMARK.
Fred Eoff, SDM Advisors, Inc.
Steve Fitzpatrick, GES
Jim Snook, CCPI

Visitors

Stefan Moritz, UNITE HERE Local 8

Staff in Attendance

Ron Yorita	Michael McQuade
Krista Daniel	Daniel Johnson
Susnios Tesfaye	Mary Pauly
Dennis Galloway	Lorrie Starkweather
Kathleen Smith	

III. APPROVAL OF MINUTES

A. November 20, 2012 Regular WSSC PFD Board Meeting

Mr. Flowers made a motion to approve the minutes of the November 20, 2012 Board meeting as presented.
Mr. Bender 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. Ratification of District Officers – Resolution 2012-13

A RESOLUTION by the District Board ratifying recommendations related to the appointment of District Officers and Administrative Officers for 2013

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

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

Mr. Hillis made a motion to approve Resolution No. 2012-13 ratifying the appointment of Board and District Officers for 2013. Mr. Sullivan seconded and the motion was carried by the unanimous affirmative vote of all Directors present.

B. Approval of Revised Ethics Policy – Resolution 2012-14

A RESOLUTION revisiting the Ethics Policy for the Washington State Convention Center Public Facilities District superseding Resolution 2010-3

The Board determined that it was in the best interest of WSCC PFD to review and update the ethics policy that had been established in September 2010, following WSCC transition from a public nonprofit corporation to public facilities district. The ethics policy had been established to guide Board members and employees of the Convention Center in identifying and avoiding conflicts of interest in public service and to promote and strengthen the confidence of the citizens in the WSCC PFD.

Mr. Hillis made a motion to approve Resolution 2012-14, to approve and adopt the revised Ethics Policy in substantially the form as presented, replacing and superseding Resolution 2010-3. Ms. Brown-Archie 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. Flowers moved to approve the Consent Agenda as presented. Ms. Brown-Archie seconded and the motion was carried by the unanimous affirmative vote of all Directors present.

VI. PFD COMMITTEE REPORTS

A. Future Expansion Committee

The Expansion Committee has asked LMN Architects to develop two sets of preliminary concept designs for expansion of the Convention Center. The Committee is seeking cost estimates for exhibit hall layouts of approximately 200,000 square feet and 300,000 square feet designs that would meet WSCC requirements for long term value and that would be feasible for the King County Metro Transit Convention Place Station site under consideration for development. Mr. Fred Eoff, financial consultant to WSCC, will take under review prospective financing options for the project, including potential development rights above the Convention Center structure.

B. Marketing Committee

1. Approval of SCVB 2013 Goals & Scope of Work – Resolution 2012-15

A RESOLUTION of the Board of Directors of the Washington State Convention Center Public Facilities District (the "District") approving the 2013 Annual Strategic Marketing Plan and 2013 Annual Budget with Seattle's Convention and Visitors Bureau

The Board adopted annual SCVB operating goals for 2013 as a performance guidance measure to monitor the Bureau's progress in achieving sales and revenue goals. Goals and metrics in the Bureau's 2013 Marketing Plan include sales performance, room nights generated, facility revenues generated, mid-year review of customer survey results, conversion rates of convention business, and room night taxes generated for the fiscal year.

Per a request by the Chairman, the Marketing Committee will take under further review the Bureau's annual 2013 goal for room nights booked for all future years, as detailed in the Bureau's 2013 Scope of Work.

Mr. Sullivan made a motion to approve Resolution 2012-15, to approve and adopt Seattle Convention & Visitor's Bureau Strategic Marketing Action Plan and Budget for 2013, with the caveat that the 2013 booking goal for future room nights be reevaluated. Mr. Flowers seconded and the motion was carried by the unanimous affirmative vote of all Directors present.

2. Approval of WSCC 2013 Sales Plan – Resolution 2012-16

A RESOLUTION of the Board of Directors of the Washington State Convention Center Public Facilities District (the "District") approving the 2013 District Sales Plan

Included in the 2013 Operating Budget and 2013 Operating Goals approved by the Board were guidance measures developed to evaluate WSCC Sales performance. Measurable sales and revenue goals for WSCC sales staff include sales based on space available to sell around SCVB bookings and development of metrics that show room nights generated and facility revenues generated. In addition, WSCC sales staff was asked to provide to the Board Marketing Committee a mid-year review of customer survey results.

Mr. Sullivan made a motion to approve Resolution 2012-16, to approve and adopt 2013 Sales Plan for the Washington State Convention Center Public Facilities District as presented. Mr. Flowers seconded and the motion was carried by the unanimous affirmative vote of all Directors present.

C. Government Affairs Committee

1. Consultant Update

Working together, King County and a coalition for affordable workforce housing have prepared legislative language for a bill that will concern redistribution of the King County 2% hotel tax credit in 2021. Within the language recommended to the state legislature would be a commitment to provide a portion of the funds for capital or operating programs that promote tourism and attract tourists to King County.

D. Benefits Committee

1. Premium Only Plan Amendment – Resolution 2012-17

A RESOLUTION proposing Amendment #1 to the Premium Conversion Plan ("Plan") for the Washington State Convention Center Public Facilities District

In January 2011, the Board adopted an amended Benefits Cafeteria Plan that would allow WSCC non-represented employees to pay for their health benefits on a pre-tax basis. Amendment #1 would modify the Plan to allow for the processing of pre-tax premiums for union-sponsored benefit programs for represented employees as an addition to insurance arrangements maintained by the Convention Center. The amendment would also give the WSCC President/CEO the authority to make administrative changes to the plan as necessary without requiring that the changes be brought before the Board for approval.

Mr. McLaughlin made a motion to approve Resolution 2012-17, amending the WSCC Premium Conversion Plan as presented, effective January 1, 2013. Mr. Bender 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 Seattle's Convention & Visitors Bureau is mounting a destination marketing campaign to expand their reach into new tourism and convention markets. In 2011, 9.9 million visitors spent roughly 5.9 billion dollars while visiting the Seattle/King County area, generating 463 million dollars in state and local taxes. Bureau staff continues to look for new and innovative ways to reach new customer markets.

Sales production for the Bureau's Seattle office for November 2012 reached 35.6% 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 November for all Seattle-area venues reached 36.61% of goal for the month. Year-to-date, the Seattle office is at 72.47% of overall booking goal.

Year-to-date through November, the Washington, DC, satellite office is at 97.97% of booking goal for WSCC events. Through November, the Midwest office is at 95.84% of year-to-date booking goal for WSCC events.

During November, Bureau staff added two major events to the books for 2016 and 2018. Roughly 4,300 attendees are forecast to attend the two events, with an estimated \$11,981,200 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. Regionally, the loss of economic impact for lost business for November has been estimated at \$695,565,931. Waived business is event business that SCVB 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. Waived business for November 2012 has been estimated at \$665,415,949.

VIII. PRESIDENT'S REPORT

A. Labor Negotiations Update

Labor negotiations between WSCC and represented staff began in April 2012. Negotiations are nearly complete, with tentative agreements reached on boiler plate items and appendices for all but one group. It is anticipated that the voting process will be completed and contracts signed within in the next few months.

B. Parking Rates Update

WSCC staff has taken Convention Center parking rates under review, including a comparison of rates between WSCC and other local area parking facilities. Staff will report their findings at the January 22, 2013 Board meeting and make rate recommendations to the Board at that time.

C. Board Meeting Dates Fiscal Year 2013 Reminder

WSCC Board of Directors regular meetings for 2013 have been set for a bi-monthly schedule. The meetings were moved from the third Tuesday to the fourth Tuesday of the month beginning with the January 22, 2013 meeting. Meetings are scheduled to commence at 2:00 p.m.

IX. STAFF REPORTS

A. WSCC Parking Report

Mr. Tesfaye reported that parking revenues for November 2012 were up 1.7% over budget for the month and down 7.9% as compared to revenues for November 2011. Year-to-date through November, parking revenues are up 3.7% over the same period last year. Year-over-year, monthly parking remains steady, with waiting lists for monthly parking in both the Convention Center and Freeway Park garages.

B. WSCC Sales Report

Mr. McQuade reported that top-line rent for events booked to be held at WSCC during this year reached 133.6% of goal through November 2012. Overall for November WSCC staff added 32 events, representing \$184,158 in rent and \$352,130 in food and beverage sales for the Convention Center.

Year-to-date, Center bookings for 2012 are at 133.8% of goal. As of November 2012, 259 events have confirmed or contracted to use The Conference Center since its opening in June 2010, representing over \$2,230,000 in rent for TCC space.

Forecasts for 2013 indicate the booking pace for WSCC staff will be down as compared to 2012. WSCC sales staff infill around the typically larger events booked by Seattle's Convention & Visitors Bureau and Bureau booked events are up for 2013. Though this limits the amount of space and number of dates available for WSCC sales staff to sell, many smaller WSCC booked events generate significant rent, food service and parking revenues for the Convention Center.

C. ARAMARK Food Service Report

Mr. Kiely reported strong top-line food service revenues of \$1,365,554 for November 2012. WSCC profit for November totaled \$679,959. Year-to-date through November top-line revenues for ARAMARK total \$15,565,106, which was up from forecasts and up as compared to the same period last year.

X. FINANCIAL REPORT

A. Motion to Amend Employee Benefits Budget and Maintenance & Repairs Budget

Mr. Hillis made a motion to allow actual expenditures to exceed the fiscal 2012 Operating Budget line items as follows, provided that the overall 2012 fiscal Operating Budget is not exceeded: Employee Benefits, \$183,000; Maintenance & Repair, \$137,000. Ms. Brown-Archie seconded and the motion was carried by the unanimous affirmative vote of all Directors present.

B. Financial Report

Mr. Firth reported that operating revenues for November 2012 were up 0.4% over the same period last year and up 4.0% over budget. Year-to-date through November 2012, operating revenues were up 3.2% from budget and 8.3% as compared to the same period last year.

Though operating expenses for November 2012 were up 3.9% as compared to the same period last year, expenses were down from budget by 6.4% for the month. Year-to-date operating expenses were up 0.8% from budget and up 7.2% as compared to January through November 2011. Expenses such as escalator and elevator repair projects that were outside of contract agreements and other unanticipated repairs, as well as an increase in DOT freeway maintenance costs, had an impact on expenses over the past year.

Operating Loss for November 2012 was \$(48,938). This compares to a budget forecast of \$(377,913) for the month. Year-to-date, Operating Surplus January through November 2012 was \$2,172,652, up 28.7% over the same eleven month period last year. Non-Operating Revenues for November 2012, for regular and additional lodging taxes, totaled \$5,651,141. Non-Operating Expenses during the month, for transfer of additional lodging tax and debt service, totaled \$2,335,411.

X1. OTHER BUSINESS

It was reported at the November 20, 2012 Board meeting that WSCC was 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 has committed to meeting their past obligations and has agreed to payment arrangements as specified by WSCC for any future events. It is anticipated that ANCEA will go forward with Sakura-Con 2013, to be held at the Convention Center in April 2013.

XII. ADJOURNMENT

Mr. Hillis moved to adjourn the December 18, 2012 Board meeting at 3:30 p.m. Mr. Bender seconded and the motion was carried by the unanimous affirmative vote of all Directors present.