

Washington State Convention Center
Public Facilities District

Fourteenth Regular Meeting of the Board of Directors
December 20, 2011

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 201 of The Conference Center.

II. ATTENDANCE

Board Directors in Attendance

Frank K. Finneran, Chairman
Deryl Brown-Archie, Vice Chair
Rick Bender
Robert J. Flowers
Susana Gonzalez-Murillo
Jerome L. Hillis
J. Terry McLaughlin
Harry G. Sladich

Board Directors Absent

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

Rebecca Bogard, Bogard & Johnson LLC
Matthew R. Hendricks, Hendricks - Bennett, PLLC
Tom Norwalk, Jerri Lane and Kris Cromwell, Seattle's Convention & Visitors Bureau
Steve Kiely, ARAMARK.
Chris Briggs, Stoel Rives LLP
Fred Eoff, SDM Advisors Inc.

Staff in Attendance

Ron Yorita	Michael McQuade
Krista Daniel	Daniel Johnson
Susnios Tesfaye	Mary Pauly
Brian Baum	Lorrie Starkweather
Kathleen Smith	

III. APPROVAL OF MINUTES

A. November, 15, 2011 Regular PFD Board Meeting

Mr. Hillis moved to approve the minutes of the November 15, 2011 Board meeting. 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. RESOLUTION NO. 2011-22

A RESOLUTION by the District Board ratifying recommendations related to the appointment of District Committees for 2012

The Chair of the WSCC PFD Board of Directors establishes Board Committees, assigns members and designates chairs, subject to ratification by the full Board. The Committees have the authority to study and make recommendations with respect to the subject matters assigned to them. The Board was asked to affirm the following nine Committees and their members for 2012: Art, Finance, Outreach, Future Expansion, Operating Goals, Government Affairs, Marketing, Facility, and Benefits.

Mr. Bender moved to approve Resolution No. 2011-22, affirming the Board Committees and members for 2012 as presented. Ms. Brown-Archie 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 mailed 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. Sladich moved to accept the Consent Agenda as presented. Mr. Flowers seconded and the motion was carried by the unanimous affirmative vote of all Directors present.

VI. PFD COMMITTEE REPORTS

A. Future Expansion

Mr. Eoff provided a brief update on local hotel tax revenue streams relative to their impact on potential future expansion of the Convention Center.

B. Government Affairs Committee

Ms. Becky Bogard provided an update on matters relating to the Greater Wenatchee Regional Events Center Public Facilities District debt crisis, which had resulted from the District's inability to pay off a \$42 million construction debt. The Washington State Legislature began a special session on November 28, 2011, to deal with state budget issues. During the special session, several bills were introduced in response to the Wenatchee Events Center financial situation.

Senate Bill 5965 (SB 5965) and House Bill 2126 (HB 2126) proposed allowing the Wenatchee Events Center PFD to borrow funds from the fund used to collect and distribute local sales taxes. The bills also proposed methods by which the Wenatchee PFD could repay the loan. Though the two bills were brought up in State House and Senate Committee hearings, no action was taken.

Senate Bill 5984 (SB 5984) was also introduced in response to default by the Wenatchee Events Center PFD. SB 5984 would require a financial feasibility review by an independent reviewer when a PFD is formed, or when a PFD issues securities or enters into any long term lease or development. As of today, no action has been taken on SB 5984 during the special legislative session.

B. BENEFITS COMMITTEE

RESOLUTION NO. 2011-23

A RESOLUTION appointing new Trustees for the WSCC Retirement Savings Plan and WSCC Employee Retirement Contribution Plan Trusts and approving Amendments to WSCC Retirement Savings Plan and WSCC Employee Retirement Contribution Plan Trusts

It was proposed that the employee benefits plans be updated to reflect the change in name from Washington State Convention & Trade Center to Washington State Convention Center Public Facilities District, and to designate the Board Chairman, Vice Chairman, and Chair of the Finance Committee as trustees of the plans.

RESOLUTION NO. 2011-24

A RESOLUTION of the Washington State Convention Center Public Facilities District establishing Benefits Committees for the WSCC Retirement Savings Plan and the WSCC Employee Retirement Contribution Plan

It was proposed that WSCC PFD establish the Benefits Committee, and delegate to the Committee all fiduciary duties, responsibilities and authority with respect to the plans (other than those authorities under the purview of the Chairman as outlined in the WSCC PFD Bylaws).

RESOLUTION NO. 2011-25

A RESOLUTION of the Washington State Convention Center Public Facilities District adopting restated Investment Policies

The District recently changed the investment advisor and third party administrator servicing the employee benefits plans. It was proposed that the investment policies for the plans be amended to reflect that the responsibilities for selecting, monitoring and removing investment options offered under the plans be delegated to the Benefits Committee.

Mr. McLaughlin moved to approve Resolution No. 2011-23, Resolution No. 2011-24, and Resolution No. 2011-25 as presented. Mr. Bender seconded and the motion was carried by the unanimous affirmative vote of all Directors present.

C. MARKETING COMMITTEE

Earlier today, sales staff of Seattle's Convention and Visitors Bureau presented to the Board Marketing Committee their proposed Marketing Plan and Scope of Work for fiscal year 2012. SCVB staff was asked to return in January 2012 with their response to modifications requested by the Committee.

Earlier today, sales staff of WSCC PFD presented to the Marketing Committee a preliminary Marketing Plan and restatement of sales goals for fiscal year 2012. The Marketing Committee requested that WSCC sales staff return in January 2012 with a final plan.

D. FACILITY COMMITTEE

Mr. Barnes provided an update on upgrades in finishes and furnishing currently underway throughout the Convention Center facility. Product choices represent WSCC's commitment to selecting materials that reflect best practice sustainable "green" design. Current work to paint and re-carpet event space is anticipated to be completed by January 2, 2012, to avoid impacting event activity that begins January 3. Upgrade work specified in the Convention Center Master Plan will continue throughout 2012 and 2013, as event scheduling permits.

VII. SEATTLE'S CONVENTION & VISITORS BUREAU REPORT

Mr. Norwalk provided a comparison of revenue per available room (RevPAR), average daily room rate (ADR) and occupancy variance for November 2011 for hotels in Seattle and six major west coast cities with convention centers, as provided by Smith Travel Research. Variance for Seattle year-over-year for November 2011 is up over the same period last year, with RevPAR up 8.7%, ADR up 4.5%, and occupancy up 4.0%. Year-over-year variance for Seattle falls roughly midway within the competitive set, with San Francisco showing the most gain in all categories and San Diego the least.

Sales production in November for the Bureau's Seattle office reached 63.10% of WSCC goal and 115.15% of hotel booking goal for the month. Year-to-date, the Washington, DC, satellite office is at 90.78% of WSCC goal and the Midwest office is at 57.85% of WSCC goal through November 2011.

SCVB staff recently launched the "Bring it Home Campaign", to encourage local businesses and associations to bring their national events to Seattle. SCVB will offer services that support first contact through to event conclusion, to help a group host their event in the Seattle area.

The SCVB has formed a partnership with the Washington State Wine Commission to produce "Taste Washington". Held annually in Seattle, this is the nation's largest single-region wine and food event. SCVB staff will assume responsibility for producing the event and the Wine Commission will manage winery participation. It is anticipated that the partnership will enable Taste Washington to grow and become a national level destination wine and food event.

VIII. PRESIDENT'S REPORT

A. Parking Tax Update

The Board will take up the WSCC PFD Parking Tax Policy discussion at a future meeting.

B. Legal Counsel Update

WSCC PFD issued a Request for Proposal (RFQ) several months ago for general legal services, with three of the responding firms selected for interviews. The firm of Hendricks - Bennett, PLLC was the successful proposer. A three-year contract with an option for a two-year extension was effective December 1, 2012.

C. Insurance for General Liability and Property Management

At the November 15, 2011 Board meeting, the Board authorized the WSCC President / CEO to execute on behalf of WSCC PFD contracts with Philadelphia Indemnity Insurance Company as general liability carrier and with Factory Mutual Insurance Company as property insurance carrier. Contracts have been issued as proposed, effective December 1, 2011 through November 30, 2012.

D. RESOLUTION NO. 2011-26

A RESOLUTION of the Board of Directors of Washington State Convention Center Public Facilities District (the "District") authorizing the President / CEO of the District to enter into and execute, certain leases, contracts and amendments relating to the management and operation of its leasehold interests

It was proposed that the WSCC PFD President / CEO be authorized to enter into agreements that concern the lease of property or space, amend or modify existing leases of property or space, or extend existing leases, that do not exceed one hundred thousand dollars (\$100,000) per year or extend beyond ten (10) years.

Mr. Hillis moved to approve Resolution No. 2011-26, authorizing the President / CEO to enter into certain leases or modify existing leases as defined and subject to limitations identified in the Resolution. Mr. McLaughlin seconded and the motion was carried by the unanimous affirmative vote of all Directors present.

IX. STAFF REPORTS

A. WSCC Parking Report

Mr. Tesfaye reported that parking revenues for November 2011 were up 10.5% as compared to the same period last year and up 9.5% over budget for the month. Year-to-date revenues are down slightly as compared to the same period last year. Two events had significant impact on parking for November: Association for Computing Machinery Conference, held in mid-November, and the North American Bridge Championship, which began on Thanksgiving Day and continued through December 4, 2011.

B. WSCC Sales Report

Mr. McQuade reported that in November 2011, WSCC sales staff reached 103.8% of top-line rent goal for future events booked. As of November, the number of events booked during this year for events to be held at WSCC this year reached 150.2% of goal.

As of November 2011, 188 events have confirmed or contracted to use The Conference Center, representing \$1,429,000 in rent for TCC space. Overall, 17 events were added to the books during November, with \$226,180 in projected rent and \$188,846 in projected food and beverage sales.

C. ARAMARK Food Service Report

Mr. Kiely reported that top-line food service revenues for November 2011 totaled \$1,218,529, which was slightly up from forecasts for the month. Revenues to WSCC PFD for November totaled \$520,155, which was up approximately \$54,000 from mid-month forecasts. Revenues in November 2011 for both ARAMARK and WSCC were comparable to revenues for the same period last year.

ARAMARK staff at WSCC will complete several training programs before year-end, with a continuing focus on food safety and staff safety.

X. FINANCIAL REPORT

Mr. Firth reported that operating revenues for November 2011 totaled \$3,047,161. Revenues for November were up 21.1% over budget and up 29.5% as compared to the same period last year. The Association for Computing Machinery Conference produced strong revenues for facility electrical services, contributing to facility service revenues that were up 117.8% over the same period last year. Lodging tax revenues for the month were also up over budget and up 157.8% as compared to November 2010.

Operating expenses for November 2011 totaled \$2,991,472, which was up 9.8% from budget and up 29.1% as compared to the same period last year. Expenses up over budget included salaries, up 21.0%, and marketing

services, up 135.0%. Though professional services expense was not a significant cost at \$4,571, this category was up 52.46% over budget.

Primarily due to a change in the method for accruing vacation wages, year-to-date November benefits expenses exceeded the Board approved budget. In order to pay benefits for December the Benefits budget would need to be increased by approximately \$440,600. On the other hand, salaries and wages expense were proportionately below budget due to the change in vacation accrual, and therefore the adjustment in the Benefits budget would have little to no effect on the bottom line. The Board acknowledged by consensus that the budget be increased and non-represented employee benefits for December 2011 be paid.

The operating surplus for November was \$55,689. Non-Operating Revenues for November, for regular and additional lodging taxes, totaled \$5,061,936. Non-Operating Expenses during the month, for transfer of additional lodging tax and debt service, totaled \$2,774,587. Retained Earnings for October 2011 totaled \$2,343,038. Revenue forecasts for December 2011 through May 2012 indicate revenues will be up slightly from target budget for the six-month period and up 23.6% over revenues for the same period last year.

XI. ADJOURNMENT

Mr. Flowers moved to adjourn the December 20, 2011 Board meeting at 3:53 p.m. Ms. Gonzalez-Murillo seconded and the motion was carried by the unanimous affirmative vote of all Directors present.