

**GREATER TACOMA REGIONAL CONVENTION
CENTER PUBLIC FACILITIES DISTRICT**

Special Telephonic Meeting of Directors – October 28, 2021
Necessitated by COVID-19 Measures

Directors Participating: Colleen Barta (Tacoma), Dean Burke (Tacoma), Jani Hitchen (Pierce County), Tom Pierson (Tacoma), Lisa McClellan (Fife)

TVE Staff Participating: Adam Cook, TVE Interim Director; Tammi Bryant, TVE Director of Marketing, Chelene Potvin-Bird, Travel Tacoma VP of Sales, Donlisa Scott, TVE Office Manager

Directors Absent: Mike Brandstetter (Lakewood), Kevin Briske (University Place),

Board Chair Burke called the meeting to order at 7:45 am. This meeting was held virtually by phone/Zoom, with discussion limited to necessary and routine matters as defined in RCW 42.30.2020 to comply with Governor Inslee's proclamation limiting public gatherings in response to the COVID-19 outbreak.

Approval of Minutes from Previous Meeting

Board Chair Burke requested a motion for approval of the July 15, 2021 minutes. It was so moved by Colleen Barta. Tom Pierson seconded the motion and it was unanimously approved by the board.

Financial Update

Adam Cook presented the Q3 2021 financial information. Year to date operating revenues are under budget by approximately \$1.4 M due to event related income. Expenses were under budget \$1.5M, primarily due to staffing and external contracts that have been adjusted around events with the remainder due to a delayed capital project that is anticipated to complete by year end. The facility's net revenue is ahead of budget by \$93K due to cost cutting and steady revenue from the PFD Account. Funding sources are ahead of budget by \$1.2M.

Hotel/motel tax is ahead of budget by \$280K year to date. PFD Sales Tax is well ahead at \$956K over budget year to date. Debt Service net income is ahead of budget by \$2.7M due to fund accrual and timing of interest and principle payments.

Capital Fund balance remains unchanged at \$1.7M. Debt service fund is accruing \$1.4M due to timing of payments and has a balance of \$3.4M. Operating cash is \$2.8 million (decrease of \$460K) based on events and one-time payments. Reserve fund is \$501K which is the required reserve balance. Debt expense balance increased by \$1M based on the accrual of interest charges into those accounts. In December interest and principal payments are due and the debt balance will decrease.

Based on consistent collections, funding cash balances remain stable for the PFD at \$2.7M and tourism and convention (hotel/motel tax) at \$2.8M.

Event numbers and economic impact remain consistent with our expectations based on the pandemic. Economic impact in 2021 is lower than 2020 by \$1.6M based largely on the first quarter of 2020 which saw the GTCC hosting meetings, conventions, and conferences that drive impact, whereas the current mix of events have been local and social that don't drive as much impact. While we continue to see some business return, we don't anticipate returning to full business until late 2022/early 2023 for the convention & conference segments.

Competition events are a bright spot for the year since those opened first in the region based on the Governor's mandates. Meetings and Seminars are also seeing rebounds. Conferences and conventions continue to be slow with a slight uptick in exhibitions and tradeshow.

Adam Cook reviewed the Hotel/Motel and PFD Revenue and sales tax history. YTD Hotel/Motel Tax revenue at end of Q3 2021 is already ahead of the entire 2020 revenue. PFD revenue is tracking with the standard seasonal adjustments, and we anticipate that it will surpass 2020 with monthly collections currently averaging a 120% growth year over year. For the first time since the pandemic the hotel/motel tax collections are higher than the sales tax collections. While we have not yet hit pre-pandemic levels for hotel/motel tax, we are only off by 17%.

Jani Hitchen asked about the debt payment and if we were in jeopardy of not paying our debts. Adam shared that we are fine as the debt services are paid by the PFD sales tax collections and the hotel/motel tax collections. Both funds have a strong cash balance and collections continue at a decent pace.

Discussion of Letter to City of Tacoma re: PFD revenue move to capital funds

Adam shared that, based on a prior request from the Board, Resolution 2021001 has been created to transfer excess cash balance from the PFD fund to the GTCC Capital Maintenance Fund. This is in line with prior actions taken by the Board and, if adopted and signed by the Board Chair, would direct the City to move \$1M from the PFD cash account to the capital account. This would leave approximately \$2M in cash reserves by year end, which would cover 6 months of operating and debt expense. Pending authorization of the Resolution, the City will approve the transfer as part of the mid-biennium budget modification process which will go be reviewed by the City Council in late November. The City and PFD are not exploring a transfer of hotel/motel tax at this time so that it may have a bit more time to stabilize after the pandemic.

The transferred funds will be used to implement upgrades to the building, including: \$400k for the security camera replacements, \$200K to install fencing on the 2nd floor garage entrance and upgrade the 5th floor loading dock entry, \$40K to upgrade the audio visual in the meeting rooms to enable hybrid and telepresence events; \$60,000 to upgrade the furniture in the lobby areas to be in line with the aesthetic of our hotel partners, \$300K to refurbish the Chiller/HVAC system which will be matched with an additional \$150k in grant funding from the State.

Collen Barta asked if we could transfer the money back into the account if there wasn't enough in the reserves to pay the bond taxes. Adam said that six months of reserves will be left in the account and there should not be an issue with paying the bond taxes. The account is interest bearing.

Collen Barta motioned that we approve the resolution to transfer the PFD revenue to the Capital Funds account. The motion was seconded by Tom Pierson. The motion passed.

Hosting of Association of Washington State PFDs Update

Tammi Bryant shared that Kim Bedier corresponded with Betty Erickson prior to her departure in late August. Betty's opinion was that there didn't appear to be a need or demand to host a state PFD meeting virtually at this time and it would be better to have it in person at a later date. There has been subsequent discussion about doing a statewide survey to see if there is a need from other jurisdictions to do something virtually. Tammi will follow up with Betty to look at executing a survey to see if there is enough need. Colleen asked that Tammi keep her notified and if there was anything she could do to let her know. Chelene Potvin-Bird shared that she released all spaces that were held for the meeting. Adam said that depending on the survey results we may reach out for late 2022 dates.

Washington State Meeting and Convention Coalition – Re-opening Update

Adam shared that the meeting and convention coalition group is currently on standby. They had one call related to the Governor's directive on vaccination requirements for events over 1,000 in attendance. This directive requires all ticketed/registered guest over 12 years of age attending indoor events with over 1,000 in attendance must be vaccinated or have a negative Covid-19 test within 72 hours of attending the event. The King County Health Department participated in call as the Governor's office is modeling their format. While the directive addresses attendees, it does not address staff, employees, or vendors. They are waiting for OSHA and WSHA to issue their directive.

Director's Report

Adam Cook shared that we are continuing to rebuild our staff with several open positions. The Operations team is hiring for custodial and maintenance. Finance is hiring an office assistant, and he introduced Donlisa Scott as the new Office Manager. The City has updated their meeting policies and has reverted to an all virtual meetings platform. Council is working on possible triggers for in-person allowances and triggers for returning to virtual only. The City has updated their Work from Home policy and mandated it through February 2022 for all staff. However, customer service facing staff that returned on-site are still permitted to work in the building as needed. The TVE team is working in a hybrid environment with some staff working from home and some staff in office.

Charlene Potvin-Byrd shared a comparison of the number of bookings this year compared to this last year. Last year convention bookings were \$309K YTD. We have surpassed that by \$1.4M and are currently at \$1.7M. Although events are shorter term, larger conference are coming back and signing for 2023 and beyond. Room nights this time last year were at 5,000 rooms and we are currently at 15,000 room nights. We are only \$500K down in revenue in

bookings compared to 2019 and are up 4,000 room nights.

Adam said that we are fortunate to have Chelene and her team and Travel Tacoma. The biggest challenge is that we are heavily struggling with part-time staffing for events.

New Business

Dean shared his excitement over the return of events and a photo he'd taken of the crowd attending the James Taylor event at the Dome on 10/27/21.

Dean shared that he met with Adam to discuss the purpose of the PFD committee and resetting expectations. The current activity and the activity in a pandemic recovery era is different than what we are used to in some settings. We will continue the quarterly meetings at this point and look at them further down the road to determine the best use of the meetings and what schedule will best accomplish the goals of the Board.

Colleen Barta shared that the meetings were always tied to the conference where there would be a legislative update from the lobbyist. She asked if we are still retaining the lobbyist and if anything is on the docket for next year. Adam confirmed that the lobbyist is still retained and has been helping work through the meetings and convention coalition group and is working with the Governor's office. We don't anticipate anything coming up on the legislative agenda.

Colleen Barta asked where we are on the recruitment and presentation to other municipalities to join PFD. Dean said that there is intent to reconstitute the conversation. He is not sure whether it will be the first or second quarter but not certain because we are still navigating, and that the conversation is healthier with DuPont than it is with Puyallup.

Dean shared that this was Tom Pierson's last meeting and thanked him for his service

The meeting adjourned at 8:41 am.

Recorded by Donlisa Scott