

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

Hybrid Meeting of Directors – October 17, 2024

Directors Present: Dean Burke (Tacoma), Colleen Barta (Tacoma), Kevin Briske (University Place), Robyn Denson (Pierce County), S. Joey Murphy (Fife), Andrea Reay (Tacoma), Linda Smith (Lakewood)

Staff Present: Adam Cook, TVE Director, Donlisa Scott, TVE Office Manager, Diane Hager, TVE Business Services Manager, Lynsey Norton, Director of Sales Travel Tacoma

Chair Burke called the meeting to order at 8:34 a.m.

The meeting started with a land acknowledgement to recognize that the meeting was held on Indigenous land: the traditional homelands of the Puyallup people.

ʔuk'wədiitəb ʔuhigwətəb čəł txwəl tiit ʔa čəł ʔal tə swatxwixwtxwəd ʔa tiit puyaləpabš dxwəstəłlils gwəl ʔutxwəlšucidəbs həlgwəʔ.

We gratefully acknowledge that we rest on the traditional lands of the Puyallup People where they make their home and speak the Lushootseed language.

Approval of Minutes from July 18, 2024

Andrea Reay motioned to approve the minutes; the motion was seconded by Linda Smith. The minutes were approved by the Board.

Public Comment on Action Items

There was no public comment.

Financial Update

Adam presented the Q3 2024 financial update, highlighting that revenue has exceeded budget by \$911,000, driven by strong event returns. Expenses are slightly above budget by \$181,000, with this amount directly tied to event-related costs. Event expenses are directly linked to revenue at a ratio of nearly 60%. Net revenue is \$729,000 ahead of budget. Funding sources have fully rebounded, surpassing the budget by \$466,000. Sales tax is tracking in line with the budget, a trend consistent across the city and most state jurisdictions. Hotel/motel tax collections had a strong summer, contributing to the rebound. Debt service net revenue is also ahead of budget, and we are accruing for end-of-year payments.

Operating cash balance remains consistent, while the capital fund is flat with no additional projects drawing from the debt service. The cash balance is increasing as we accrue for the year-end payments. Operating fund is up by \$142,000 compared to last quarter, thanks to stable operations and ongoing events. Debt reserve fund remains unchanged at \$501,500, as required.

Both the PFD and hotel/motel cash balances are stable, having increased by \$700,000 due to the recovery of the hotel/motel tax and an additional \$200,000 in sales tax collections. These funds will continue to be used to cover debt obligations. With a total cash balance of just over \$20 million across all funds, the Convention Center remains strong and stable. The debt balance remained unchanged in the third quarter, with only interest payments made in June. No debt payments were made through the third quarter, and the next payment is due in December. We have restructured some of our debt, which will be implemented next month.

The 2015 refunding revenue bond of \$788,000, issued by the city, will be fully paid off, and the 2010 revenue bond of \$221,000 will be refinanced with almost \$100,000 paid off and \$125,000 refinanced over the next 10 years. Refinancing will allow us to continue receiving the PFD sales tax rebate from the state. This rebate, which amounts to about \$6M to \$7M per year, is a 0.033% sales tax rebate that the PFD collects and directs to the Convention Center. The 2015 and 2010 revenue bonds are the only ones directly tied to this debt. The remaining debt outside of the \$1M aggregate in those two bonds is all pledged to the hotel/motel tax collections. To remain eligible for the sales tax rebate, we need to extend the \$125,000 debt obligation.

Events continue to pace slightly slower than last year due to the booking lag cycle. The pandemic push came through for us in 2023 and early 2024. The challenges of Washington's late emergence from restrictions in 2022, affected our

late 2024 and early 2025 bookings. However, we expect the pace to pick up in the latter half of 2025. While there are fewer events, the financial returns remain strong due to the high quality of the events being held. This aligns with the Convention Center's long-term strategy of the "less is more" approach, focusing on fewer events but generating a stronger return both for the Convention Center and the broader economic impact.

Although there are fewer events in the building, our overall economic impact remains strong. While event numbers are down approximately 14% year over year, our economic impact has only decreased by 3%. This is due to strong performances in the competition, exhibition, and conference segments, where the average economic impact per event has either stayed flat or increased.

The hotel/motel tax has rebounded significantly, with a 24% increase over 2023 and a 42% increase in the third quarter. Sales tax has shown a modest increase of 4% compared to 2023, and we expect it to remain flat moving forward.

Director's Report

Adam shared that the Association of Washington State Public Facilities Districts is exploring the possibility of extending the sales tax rebate structure for another 20 years, or at least 10 years beyond its current cycle. This extension would allow us to restructure additional debt and push it further out, providing buildings like ours with the flexibility to focus on long-term strategies, such as expansion, growth, maintenance, repairs, and capital improvements. Adam also attended the state's PFD association conference in September, which was hosted in Lynnwood and held in collaboration with Edmonds, Everett, and the Snohomish County PFDs.

The city's budget process is progressing as planned. We are entering the public comment phase, which will last for the next month and a half, with final votes scheduled for December. The city manager has presented the budget to the council, and it is available online.

Our partners at Travel Tacoma, now Visit Tacoma/Pierce County, held their first annual meeting in five years. The event featured excellent speakers and provided updates on the exciting projects they are currently working on.

The Convention Center is turning 20 years old in November. On Thursday, November 21st we will have our 20th anniversary celebration at the Convention Center, an open house reception. The Board is invited to attend.

The sales team is delivering impressive results, surpassing goals for future room nights and convention center revenue. We are seeing a shift toward our 2028 strategy of focusing on fewer, larger, and more impactful events.

Lynsey shared that the number of room nights booked for 2025 has already exceeded what was reserved for 2024. Booking windows remain short, but there is still time to add more room nights. Events that require room nights generate more revenue, and larger multi-day events are key to achieving the goal of having fewer events overall. The team is still securing bookings for 2025, and they have a highly effective salesperson driving their short-term market. With a strong outlook for 2025 and bookings for 2026 already pacing at 170% of typical expectations, things are looking very promising.

New Business

There being no further business the meeting adjourned at 8:50 a.m.

The next regularly scheduled meeting of the board is January 16, 2025, **at 8:30 AM**