

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

Hybrid Meeting of Directors – October 19, 2023

Directors Present: Dean Burke (Tacoma), Kevin Briske (University Place), Jani Hitchen (Pierce County), Andrea Reay (Tacoma), Linda Smith (Lakewood), Lew Wolfrom (Fife)

Staff Present: Adam Cook, TVE Director, Diane Hager, TVE Business Services Manager, Donlisa Scott, TVE Office Manager

Directors Absent: Colleen Barta (Tacoma)

Chair Burke called the meeting to order at 8:32 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.

ʔukʷədiitəb 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 for April 20, and July 20, 2023

Jani Hitchen made a motion to approve the minutes, seconded by Linda Smith. The minutes were approved by unanimous consent.

Resolution 20230002

A resolution was introduced to adjust the end time of the board of directors meeting to 9:30 AM, starting January 18, 2024. Jani Hitchen made a motion in support of the resolution, seconded by Kevin Briske. The resolution received unanimous approval.

Public Comment on Action Items

There was no public comment.

Financial Update

Adam Cook presented the financial update for the 3rd Quarter of 2023. Revenue remains significantly above budget, primarily attributed to a robust schedule of booked events. We're surpassing the budget by approximately \$1M, with 90% of the overage attributable to event income. Investment revenue is performing well with strong returns, exceeding the budget by around 10%. Expenses are stable, we're slightly under at \$67,000 attributed to savings in contracts but offset by increased event expenses due to the increased revenue.

Net operating revenue is ahead of budget by approximately \$1M through the first three quarters of the year, reflecting our recovery from the pandemic and the rebuilding of event traffic.

For the PFD collections, sales tax is slightly behind by \$120,000 which is consistent across the city. Hotel/Motel tax is currently on budget and is projected to exceed expectations by year-end. Debt service net revenue is ahead by \$2.7M, primarily due to accruing revenue pending significant principal and interest payments scheduled for December.

The Capital fund cash balance is down by \$306,000 due to planned capital improvements to the facility including the implementation of security cameras and fencing. We will see additional reductions in the fourth quarter for further capital work.

Debt service cash has increased by \$439,000 building up for future principal and interest payments. The Operating Fund cash balance has increased by \$64,000 in Q3, which is traditionally a slower quarter for net revenue increases. The Debt Reserve Fund remains stable at its usual \$500,000.

The PFD Hotel/Motel revenue remains stable, with hotel/motel cash balance showing a \$216,000 increase compared to last quarter. Once other cash adjustments are factored in, it is anticipated to rise by \$800-\$900,000. The PFD Cash Balance is up \$53,000, maintaining consistency despite lower-than-expected returns on collections. Debt Balance remains static for this month, with no interest or principal payments. The Q3 balance remains static at \$55M, primarily in LTGO Refunding Bonds.

Event Traffic is continuing to grow and is pacing ahead of 2022, although not quite to 2019 or 2018 levels total event days. This is due to a decline in meetings and seminars but a strong resurgence in competition, conferences, and conventions. The long-term strategy involves reducing short-term meetings and seminars, while increasing the focus on larger conferences and conventions which drive more event-days and hotel-nights. This shift will be the focus of our booking strategy over the next several years.

Economic impact for GTCC events aligns with the annual event trend, demonstrating solid returns above our 2022 impact, and close to our 2019 numbers.

Hotel/Motel tax revenue started soft in January/February; it rebounded in May. However, June, July, and August are lagging behind 2022. PFD sales tax collection revenues are on par with our 2022 collections, showing typical month-by-month fluctuations. The outlook for 2023 suggests a tight sales tax collection year, consistent with broader trends in Tacoma and Pierce County. Anticipated challenges are not expected to reach the magnitude seen during the pandemic, and close monitoring is underway to ensure continued stability.

Board Member Terms Expiring December 31, 2023 (Pierce County, Lakewood, Fife)

The terms of board members Jani Hitchens, Linda Smith, and Doug Fagundes will expire on December 31, 2023. Donlisa will be in touch with each jurisdiction regarding the appointment or reappointment of board members and ensure that appropriate board appointment resolution documents are maintained.

Director's Report

Adam reported that the Sales team successfully achieved many their 2023 targets. Moving forward, they plan to transition to larger conferences and conventions, aiming for 100 – 150 multi-day events versus 300 – 400 event nights a year. Although the number will decrease these larger events are expected to generate more economic impact.

The City of Tacoma is in the midst of the mid-biennium budget modification process. There are no significant impacts for the convention center.

TVE has initiated strategic planning for 2024, focusing on venue operations and long-term capital planning. A facility condition assessment was completed for the Theaters, Dome, and Convention Center to identify capital planning requirements for the next two decades.

We are reassessing special event funding and support mechanisms for city issued special event grants. We launched the application process for the 2024 funding cycle. Efforts are directed towards supporting community events for growth, development, and financial stability.

The Martin Luther King, Jr. recognition award nomination process is underway. Details on the nomination process are available through TVE's social media feeds or the city's website.

Progress continues with the nearly complete conference room audio-visual tech setup. A comprehensive security camera system is being installed at the Dome and the Convention Center, sharing a singular system for added viewing and remote monitoring capabilities. Garage work is completed, and the fifth-floor fencing project is nearing completion. The lobby furniture contract has been finalized and new furniture will be in the foyer and lobby by year end.

In September, Adam participated in the Association of WA PFD Conference in Kennewick, where discussions centered around lobbying efforts and upcoming developments in the state legislature. Senate Bill 5001, related to PFDs, allows towns and cities with existing PFDs to create a second PFD supporting a regional sports complex/aquatic centers until July 2026. These entities cannot receive additional sales tax or state rebates but have the option to seek voter approval for a sales tax increase of up to 0.2%. Originating from Wenatchee, the bill gained support from Olympia and surrounding jurisdictions. We will continue ongoing assessment for potential impacts. Conversations involving the lobbyist, government affairs team, and legal team are underway.

Additionally, the association aims to extend the state PFD tax allotment for an additional 10 to 25 years beyond the current 2041 expiration. Lobbying efforts will span the current and upcoming legislative sessions. PFDs with bonds structured around the 2041 date are evaluating the financial implications. Adam met with the city's finance team to discuss these changes. Conversations regarding risk management were held with Enduris to explore the how Enduris' risk management insurance pool might benefit City venues.

New Business

There being no further business the meeting adjourned at 9:30 a.m.

The next regularly scheduled meeting of the board is **January 18, 2024, at 8:30a.**