

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

Meeting of Directors – January 16, 2020
Greater Tacoma Convention Center, Board Room South
1500 Commerce Street, Tacoma WA

Directors Present: Connie Ladenburg (Pierce County), Mike Brandstetter (Lakewood), Colleen Barta (Tacoma), Dean Burke (Tacoma), and Tom Pierson (Tacoma)

Directors Participating by Phone: Lisa McClellan (Fife), and Lisa Petorak (University Place)

Staff Present: Kim Bedier, TVE Director; Adam Cook, TVE Deputy Director;
Joni Dalin, Office Administrator; and Chelene Potvin-Bird, Sales Director

Chair Ladenburg called the meeting to order at 7:45 am.

Election of Officers

Secretary/Treasurer – Mike Brandstetter currently serves in this capacity. Chair Ladenburg asked if there were any other nominations. Seeing no other nominations for the position, a motion was put forward for Mike to continue in this capacity for another year. The motion passed unanimously.

Chair – Connie Ladenburg currently serves in this capacity. Chair Ladenburg asked if there were any other nominations. Seeing no other nominations for the position, a motion was put forward for Connie to continue in this capacity for another year. The motion passed unanimously.

Approval of Minutes from Previous Meeting

The board was asked if there were corrections to the October 17 meeting minutes. Joni Dalin indicated she incorrectly listed Mike Brandstetter as representing Tacoma on the list of attending board members. She will correct that to reflect his representation of Lakewood. No other corrections were noted and a motion was requested for approval, with that minor revision. It was so moved by Tom Pierson, seconded by Dean Burke and unanimously approved by the board.

Financial Update

Adam Cook presented financial information. PFD sales tax revenue came in at \$4.3 million for 2019 and continued to track 6% above the prior year, well ahead of budget. Hotel/motel tax was at \$5.1 million by the end of the year. Bond payments continued on schedule and as expected. He noted "Total Debt" shown on page 3 of the financial reports for the quarter incorrectly referenced 9/30/19 rather than 12/31/2019 (correction noted in revised packet accompanying these minutes).

Adam presented an additional packet of information on the facility's revenue, expenses, net revenue and funding sources as of 11/30/19 and discussed variances related to timing of year-end closing. The year is anticipated to end with expenses sitting \$900,000 to \$1 million under budget. Net revenue should be \$1.74 million by year-end. Funding Sources, which relate to bond payment, should be at \$9.5 million by year-end.

The department's request for a \$1.25 million transfer from PFD cash balances to the facility's reserve account (as part of mid-biennium budget modifications) was approved by City Council in November. (A separate reserve account of \$500,000 was previously established as a debt service reserve, as shown on slide 4 of the attachment).

Council also approved \$550,000 in capital improvements (HVAC system, lobby area LED lighting, banquet chair replacement and addition, lobby and public area furniture, interior digital signage and updating of the facility's exterior signage) as part of the mid-biennium budget modifications. Board member Tom Pierson asked about ongoing plans for capital improvements in view of the aging of the facility. Kim Bedier indicated ballroom carpet replacement will be included in the 2021/2022 budget request, with similar capital budget asks to be included in future bienniums.

Kim and Adam recommended board adoption of a resolution to move funds from the PFD's cash account to the Convention Center's capital account as debt service and reserves are adequately covered. Discussion followed. A motion was made for a resolution to be drafted for \$950,000 to be transferred from the PFD's cash account to the facility's capital account for approval by the board. Further, the board requested voting be conducted via electronic or phone means if possible. If that means is not possible, a vote would be conducted at the April meeting. It was so moved and unanimously approved by the board. Kim will begin work on this document for the board.

Mike Brandstetter voiced concern about the potential for a portion of the lodging tax to be diverted to other projects due to the strong economy and what is currently a surplus in the City's ability to repay Convention Center bond debt. Kim indicated it was her understanding bond covenants stipulate that 100% of those funds are dedicated to convention center debt and that she would confirm this.

Information on event types and economic impact was provided. Chelene Potvin-Bird indicated that while 2019 had more events than 2018, those events were smaller and local. This resulted in a smaller economic impact than previous years when a smaller number of out-of-town originated events (with greater economic impact) were held. As has been mentioned in previous meetings, this decline in out-of-town originated events was due to meeting planner concern over hotel construction impacts. This trend is expected to continue through 2020. The new Marriott is scheduled to open in early summer. Bookings for 2021 and beyond already show a shift to a larger number of out of town bookings than in the past two years. As a result, the timeframe for booking of local events will tighten to free-up space for the more lucrative, larger regional and national events.

Update on Recruitment Strategy for New PFD Jurisdictions

Dean Burke reported Dupont has a new mayor. As a result, the political focus there is on other issues at present. He indicated he will revisit the conversation with their leadership when an audience is available.

PFD updates to councils of respective member cities/county in 2020

Kim indicated she would work with each PFD board member to schedule updates with their respective councils, hopefully completing this in the first quarter.

Hosting of Association of Washington State PFD's in September

Two date ranges were being held for this event. Kim Bedier recommended September 28 and 29, a Monday and Tuesday (increasing likelihood of member stays over the weekend). She has prepared a survey for release to association members to solicit their input on the types of sessions they would like to see. Plans will be developed based on feedback received. Connie Ladenburg mentioned several ideas she and Kim had brainstormed for inclusion – continuation of the updates by individual PFDs, a finance forecast presented by an "expert" in the industry, and a change in the social venue piece of the conference – showcasing local attractions. Chelene Potvin-Bird offered the assistance of Travel Tacoma's regional salesperson to secure the social venue. Mike Brandstetter suggested moving the social event from the night preceding the conference (as has been the practice) to the middle of the two days of activity. He felt this would drive attendance for the full two days and encourage attendees to spend additional time in the area. The possibility of an additional group activity at the conclusion of the event was also discussed. The board approved selection of the September 28 and 29 dates for this year's conference.

Director's Report

The joint operating agreement with the new Marriott Tacoma Downtown is currently in progress. Their general manager is now in place. Kim indicated she will invite him to attend the April PFD board meeting and will also inquire about a hard hat tour of the property following the meeting for board members. Mike Brandstetter indicated he will, unfortunately, be out of town for the April meeting.

New Business

No new business was presented. There being no further business, the meeting adjourned at 8:50 am.

The next regularly scheduled board meeting (Convention Center Boardroom South) is April 16, 2020 at 7:45 am.

Recorded by Joni Dalin