

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

Telephonic Meeting of Directors – April 16, 2020
Necessitated by COVID-19 Measures

Directors Participating: Connie Ladenburg (Pierce County), Mike Brandstetter (Lakewood), Colleen Barta (Tacoma), Dean Burke (Tacoma), and Tom Pierson (Tacoma), Lisa McClellan (Fife), and Lisa Petorak (University Place)

TVE Staff Participating: Kim Bedier, TVE Director; Adam Cook, TVE Deputy Director; Joni Dalin, Office Administrator; Tammi Bryant, Director of Marketing, and Chelene Potvin-Bird, Sales Director

Chair Ladenburg called the meeting to order at 7:49 am. She noted the meeting was being held virtually by phone, 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

The board was asked if there were corrections to the January 16 meeting minutes. None were noted, Chair Ladenburg requested a motion for approval of the minutes. It was so moved by Mike Brandstetter, seconded by Colleen Barta and unanimously approved by the board.

Financial Update

Adam Cook presented Q1 2020 financial information. Operating revenues were under budget by approximately \$320,000 as a result of COVID-19 related event cancellations and postponements in the second half of March. Expenses were under budget by \$448,000; consequently the facility's net revenue for the period was over budget by \$128,000 due to this expense savings. (Adam indicated some revisions were required to page 1 of the provided slides due to changes in recording methods. Reports attached to these minutes contain those revisions).

It is expected the facility's revenue decline will continue through the summer months, with business not picking up until at least August. It is anticipated that 60% of the scheduled summer events will be pushed into the fall. If that holds, the facility's operating revenues should be at break even by the end of the year.

Taking into account capital expenditures and transfers to cash reserve funds, the cash balance for the operating account should be at \$1.8 million by the end of the year.

Cash balances are on track with projections – currently operating cash balance is sitting at \$3.8 million, the capital fund at \$1.7 million, debt service at \$1.6 million (with an un-tapped debt reserve fund of \$500,000). Funding cash balance is strong. Hotel/motel tax fund is sitting at \$5.6 million, and the PFD sales tax fund is at \$1.8 million.

2020 PFD sales tax revenues are expected to show the following declines from 2019 levels: May down by 40%, June through September down 50%, October down 40% and November and December down 30% (reflecting a two month reporting lag). Steeper losses are projected for hotel/motel sales tax revenues on a similar pattern. Even with projected losses, balances of \$688 thousand and \$3.6 million respectively are expected to be maintained in those accounts, adequate to cover debt and maintain required reserves.

Dean Burke offered his perspective as President & CEO of Travel Tacoma – Mt Rainier, indicating the impact on Pierce County's lodging industry should not be as severe as that suffered by King County. Pierce County is maintaining sustained business from the Port of Tacoma, the trucking and military sectors; while King County stays are business driven, 4-star hotels – a market being very hard hit during the current crisis, with occupancy rates in the single digits. His report providing detail on metrics is attached.

Chelene Potvin-Bird indicated most displaced events are not cancelling, but are looking to reschedule to the fall or early 2021. Fall 2020's booking calendar was already very robust, consequently the opportunity for reschedules in the current year has been limited. Some displaced events, held annually, are opting to skip their 2020 event and hold only a 2021 session. A bright spot she is seeing for Tacoma is that larger Seattle events, forced to look for new dates in 2021, are now considering Tacoma because of the lack of availability in Seattle next year. The opening of the new Marriott hotel now makes Tacoma attractive to those larger groups that may not have considered it in the past. (Hotel is now anticipating taking reservations in November of 2020 due to COVID-19 related construction delays).

Mike Brandstetter asked if additional costs should be expected related to reopening the facility after its closure and increased costs moving forward for cleaning, etc.. Kim Bedier indicated there will likely be an industry-wide certification standard to be met by all public facilities before they are allowed to reopen to ensure the safety of the public.

Resolution 2020001

A resolution requesting the City of Tacoma be directed to transfer the sum of \$950,000 from the Greater Tacoma Regional Convention Center Public Facilities District cash account to the Greater Tacoma Convention Center capital account as of April 16, 2020.

Kim indicated that the City of Tacoma has asked the Board defer this resolution in view of concerns over declining sales tax revenue contributions to the PFD cash account as a result of the COVID-19 situation. Additionally, the Convention Center has been asked to put some of its planned capital projects on hold in response to these same concerns. Kim indicated cash reserves are very healthy at this point and are adequate to meet debt requirements. Also, there are no specific capital projects currently designated for use of the requested cash transfer. It is possible sales tax contributions in the coming months may not be adequate to maintain that balance if the COVID-19 situation continues for a period of time, which could mean there would not be adequate overage funds available to make this transfer. Capital account 1.7 million currently.

Chair Ladenburg called for a motion to postpone the vote on this resolution. After receiving confirmation from Kim Bedier that funds in the Convention Center's cash reserves could not be moved for another City use, Secretary/Treasurer Brandstetter moved to defer a decision until the July 16 meeting, further requesting Kim Bedier notify the board should the City have any inclination to move these funds to a use outside that of the PFD cash account so that an emergency meeting of the board could be held. Board member Barta seconded the motion, which was unanimously approved by the board.

Director's Report

Kim indicated the department is keeping a very close eye on expenses during the COVID-19 situation. Administrative staff are working remotely and operations staff (unable to work remotely) are focusing on a number of deferred maintenance projects while maintaining social distancing. Only capital projects required as part of the operating agreement with the new Marriott hotel (loading dock and internal security measures) are currently proceeding. All other capital projects have been put on hold. Additionally, all expense contracts are being evaluated for actions. Regarding any staffing reductions, the City is currently looking at only voluntary measures rather than layoff actions.

It is likely the meeting of Washington State Association of PFDs, to be held in Tacoma this September, will be postponed or cancelled. The topic will be put on the agenda for the Board's July meeting. Discussion followed about the feasibility of a virtual meeting (or a combination of a virtual and live attendee session), with topics potentially related to current events and adapting to them. Mike Brandstetter asked the committee working on arrangements (Connie Ladenburg, Colleen Barta and Kim Bedier) to consider a possible survey of participating PFDs to determine interest.

New Business

No new business was presented. There being no further business, the meeting adjourned at 8:35 am.

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

Recorded by Joni Dalin