

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

Hybrid Meeting of Directors – January 25, 2024

Directors Present: Dean Burke (Tacoma), Kevin Briske (University Place), Andrea Reay (Tacoma), Robyn Denson (Pierce County), Colleen Barta (Tacoma), Doug Fagundes (Fife)

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

Directors Absent: Linda Smith (Lakewood)

Chair Burke called the meeting to order at 8:31 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.

Introduction of Board Member, Robyn Denson, Pierce County Councilmember

Chair Burke introduced new board member Robyn Denson.

Approval of Minutes from October 19, 2023

Colleen Barta made a motion to approve the minutes, seconded by Andrea Reay. The minutes were approved by the Board.

Election of Officers

Chair Burke called for a motion for the election of the Chair and Secretary/Treasurer board positions. Colleen Barta motioned for Dean Burke to be reelected as Chair, and Andrea Reay for Secretary/Treasurer. Kevin Briske seconded the motion. The motions passed unanimously.

Public Comment on Action Items

There was no public comment.

Financial Update

Adam presented the 4th Quarter 2023 financial update. Total revenue is over budget by \$1.5M comprised of 90% event income and 10% is investment revenue, representing the great work the team has done with events at GTCC. Expenses are under budget by \$220,000. Event expenses were slightly higher due to the increased event activity, but our staff costs were lower based on salary allocation and open positions throughout the year. This all combines for a net revenue ahead of budget by approximately \$1.7M.

Funding Sources – Sales Tax Collection is tracking flat to budget which is consistent across the city. Hotel/Motel tax is \$1.2M ahead of budget and finished the year strong. Debt Services is on budget and is always a net zero gain. The amount that comes in from our funding sources is the amount we expect to go out overall. Cash balances are stable. The Capital fund is up \$93,000 based on some rebate structures and timing of projects. Our Debt Reserve fund remains flat at \$501,000 required as our reserve balance for our debt obligations. Debt Service Fund decreased by \$3M due to December principal and interest payments which dropped the cash on hand to \$634,000. Operating Fund for the 4th quarter increased \$380,000 based on net income. It is very strong at \$4.4M.

The PFD Sales tax fund cash on hand is stable and flat versus last quarter. The sales tax collection took a dip toward the end of the year, but it remains stable, and the cash balance is strong. Cash balance of the Hotel/Motel fund is up \$1.2M based on the strong results throughout the year.

Total debt balance was reduced by \$7.7M in the 4th quarter. Cash balance on debt service decreased by \$3M with the December debt payments. The City refinanced the 2013 LTGO refunding bond, decreasing our overall debt obligation. Our two smallest bonds \$225,000 and \$826,000 have maturity dates at the end of this year and we will explore refinancing those or closing them at the end of the term. The remaining bonds have maturity dates of 2034 and 2036.

Event business continues to rebuild well. Our sporting competition segment remains strong, and we are seeing solid returns on conferences, conventions, exhibition, and trade shows. Those event segments are all on par with our strongest years in 2018/2019. We continue to see a lag in meetings and seminars. This is intentional as we are looking longer term to shift away from that business. The short-term meetings and seminars do not have as strong an economic impact as the other event types.

The Convention Center is designed as an economic driver, with the hotel now fully operational the intention is to recruit less of the small meetings and seminars while shifting to larger events that drive more economic impact and hotel nights. For individual events, we're still seeing consistent growth, but a slower return of economic impact as opposed to the actual numbers of events. Most notably we're seeing the conference and convention business is lagging significantly behind what we've done in past on average economic impact. Total lag is roughly 23% between 2023 and the last four years average on a per event basis. This is an industry-wide trend as attendees are less open to returning, events are scaling smaller, there are less food and beverage opportunities, and fewer event days. We anticipate economic impact eventually rebounding, but never quite to full strength without corresponding updates in our operating procedures.

The Hotel/Motel Tax collections saw a few spikes and dips throughout the year due to accounting errors, but all have now been corrected. That resulted in an average 5% growth versus 2022. Sales Tax Collection for the PFD is flat to 2022 at 99.5%. We saw some slowing in the fourth quarter but it's still solid and meeting our debt obligations. We are not overly concerned about this, but we and the city finance team are monitoring.

Director's Report

Adam provided a review of the tremendous achievements of 2023, where our revenue exceeded the budget by \$1.7M. This is significant as we continue to recover from the pandemic and work towards full operational capacity. Our partners with Travel Tacoma have done an amazing job filling event space, with much of the activity in 2023 consisting in rebookings from events postponed during the pandemic. We had to push some events out multiple years so we're seeing the rebound of that return.

Travel Tacoma has achieved over 135% of their annual revenue target for Convention Center bookings and surpassed 140% of their target for future room nights, totaling nearly 28,000 committed room nights over the next few years. They're on track to meet their annual economic impact target of \$28M through future events secured.

Operationally we are continuing our capital improvements, including improvements to the HVAC system partially funded by a Washington State Department of Commerce energy grant. We have also upgraded our lobbies with new furniture on multiple floors to enhance guest experience and align our atmosphere with our hotel partners. To strengthen relations, we have resumed quarterly meetings with the downtown Tacoma Marriott to rebuild connections after significant turnover during the pandemic. Integration between the venues and support for each other were identified as key areas of focus.

Recruitment updates were shared with plans to hire a data analyst that will help leverage years of event data for operational improvements, and a community impact coordinator to enhance engagement with the community. We have several projects that various team members have taken on independently. We will consolidate those projects to be more intentional with how we engage with Tacoma and the broader county and region. Our Community Event team is focused on how the city is both financially and operationally supporting independent community events and are creating plans for educational opportunities to help them grow and thrive.

Senate Bill 6158 was put forth in the legislature by Senators Wilson and Dozier. This bill seeks to extend the PFD tax authorization for an additional 25 years after the taxes are first collected. This is important for our PFD for long term financing/refinancing of debt, and potentially taking on new debt to meet our capital obligations as we look at the next 20 years. A recent facility condition assessment places the capital need at approximately \$90M in standard maintenance and repairs over the next 20 years. Buildings of our size and scope are expensive to run when they cross their 20th Anniversary with GTCC will do this year. The bill was originally referred to the local government Land Use and Tribal Affairs Committee who held their first public hearing on it on the 18th. We're waiting to see what that committee does with it, and if it moves out. The cutoff date for bills to move out of committee is January 31st. The state PFD Association, and Jim Hedrick, the state PFD lobbyist will be tracking the bill for us. The city's Government Affairs team is also keeping an eye on this.

Lynsey shared that Travel Tacoma has a great 2023 for their future bookings at the convention center for the events that occurred. They currently have 22,000 definite room nights on the books for 2024, and they have already reached the benchmark for 2023. From a room night standpoint, it shows the business is shifting from short-term local seminar business to more long-term convention business that brings people from out of town. She expects 2024 to end with 5000 room nights higher than last year. From a room night standpoint, we're looking good for 2024 and we're coming into this year a little bit softer than we last year for actual revenue on the books for the year. We typically close a strong gap because the booking window has changed dramatically post Covid. People are not willing to commit so far out like they did before. We continue to book large convention groups at the center for this year and then are looking at next year to pace strong.

New Business

There being no further business the meeting adjourned at 8:57 a.m.