
Kennewick Public Facilities District
Regular Meeting

February 26, 2009

Minutes

5:00 p.m.

CALL TO ORDER

President Dean Strawn called the meeting to order at 5:03 pm.

ROLL CALL

Roni Gierke called the roll.

Present: President, Dean Strawn; Board Member, Kathy Blasdel; Treasurer, John Givens; Board Member, Calvin Dudney; Secretary, Barbara Johnson.

Also Present: Jeff Kossow, Executive Director; Steve Peters, VenuWorks Inc.; Russ Burtner, City of Kennewick; Paul Robinson, Centerplate GM; Kim Shugart, Tri-Cities Visitor and Convention Bureau; Roni Gierke, Executive Assistant; Bob Dowle, Business Manager; Jude Strode, Marketing Manager; Steve Mallory, Arculus Design; Adam Dyes, Sales Manager; Rob Gierke, Toyota Arena Manager; Shelley Ellis, Operations Manager; Ben Bolander, Events Manager; Heather Breymeyer, Sales Associate.

Russ Burtner led in the Pledge of Allegiance.

APPROVAL OF AGENDA

John Givens moved to approve the agenda; Kathy Blasdel seconded the motion. The motion carried.

CONSENT AGENDA

All matters listed within the Consent Agenda have been distributed to each Board Member of the Public Facilities District for reading and study, are considered to be routine, and will be enacted by one motion of the Board with no separate discussion. If separate discussion is desired, that item may be removed from the Consent Agenda and placed on the Regular Agenda by request.

- a) Minutes of January 22, 2009 Board Meeting
- b) Claims Roster dated January 2009 for \$101,839.79 (TRCC)
Warrants: 6476-6829 Voids: 6753, 6770, 6778, 6787
- c) Claims Roster dated January 2009 for \$532,404.05 (TC)
Warrants: 7269-7406 Voids: 7405
- d) Claims Roster dated January 2009 for \$295.12 (Box Office)
Warrants: none written
Total payroll paid out: \$84,334.93

Dean Strawn informed the Board that all the warrants have been accounted for, and confirmed with Bob Dowle that no warrants were written from the Box Office account.

Calvin Dudney moved to approve the Consent Agenda; Barbara Johnson seconded the motion.

Motion carried.

VISITORS

Dean Strawn welcomed Steve Peters, President VenuWorks, LLC and opened the floor to any visitors who wished to address the Board.

NEW BUSINESS

a) Financial Report

John Givens informed the Board of his concern that some of the invoices paid in January 2009 should have been allocated to December 2008. After a conversation with Bob Dowle, John was assured that the expenses were accrued to the correct year.

John Givens highlighted the Three Rivers Convention Center 2008 Year End Report stating the Three Rivers Convention Center operating revenues were \$81,359 over budget. The operating income was budgeted at a loss of \$450, 823 and the actual operating income loss was \$323,865 for a positive variance of \$126,958. Instead of taking \$141,122 out of reserves as budgeted, the Three Rivers Convention Center put \$87,652 into reserves.

Barbara Johnson asked for clarification of the allocation of expenses incurred in December 2008 and paid out in January 2009.
Discussion incurred.

John Givens reported that the 2008 Year End Financials show the Toyota Center and Toyota Arena total operating revenues came in \$13,361 over budget. The total operating expenses came in at \$116,585 more than budgeted, for a net operating loss of \$102,934.

After a brief discussion, it was decided that the Board will not accept the 2008 Year End Financial Reports for the Three Rivers Convention Center or the Toyota Center and Toyota Arena at this time. Staff will re-visit the allocations of expenses vs. payments for January 2009 and 2008 Year End Financials, and present them at the March 26th Board meeting.

b) Attendance/Marketing Report

Adam Dyes reported that the month of January proved to be a very busy month for the sales team, with 12 new bookings, 7 re-bookings, 22 events, and only 1 event in lost business. The sales team attended 6 outside events including the Chamber of Commerce Business Showcase, the Tri-Cities Visitor and Convention Bureau DOS Meeting, the United Way Babies Can't Wait program, along with Rotary and Chamber luncheons.

Adam passed out various magazines and publications that the Three Rivers Convention Center is currently advertising in.

c) Executive Director Report

Jeff Kossow informed the Board of the tentative 09-10 Broadway Series line-up, Bill Cosby, Lord of the Dance, Manheim Steamroller Christmas Show, Rat Pack Live, and Rain.

Steve Peters included, the costs incurred by VenuWorks to rent the lights and rigging for the Broadway shows is reflected in this line up of shows. With out that extra expense, the list of Broadway shows that could possibly visit the Toyota Center would increase greatly.

Jeff Kossow highlighted the Strategic Planning tentative agenda for the April 13-17, 2009 meetings.

d) TCVCB Report

Kim Shugart reported that the TCVCB issued twelve leads in the month of January and the Three Rivers Convention Center responded to all of them. TCVCB sent staff to the Seattle area; they had 13 sales appointments and came back with 2 proposals.

e) VenuWorks Annual Review/Variable Fee

Dean Strawn explained the VenuWorks Annual Review worksheet, the scoring system, and how the scores were compiled.

For the Three Rivers Convention Center; VenuWorks average score was 24.35 which is 121.75% of the bases score, for a variable fee earned of \$4,870.

For the Toyota Center and Toyota Arena; VenuWorks average score was 23.85 which is 108.41% of the base score, for a variable fee earned of \$4,336.

Jeff Kossow explained the calculations of the over all VenuWorks variable fee and commissions.

Pursuant to the contract between VenuWorks and Kennewick Public Facilities District the District shall pay to VenuWorks a variable fee, over and above the Base Management Fee. The variable fee will be determined by weighing VenuWorks performance each year. For each category, VenuWorks will be awarded a percentage of the goals achieved score depending upon its level of performance.

The Toyota Center and Toyota Arena did not achieve the 2008 budget therefore VenuWorks will not be awarded a variable fee for the Toyota Center and Toyota Arena.

The Three Rivers Convention Center did achieve its budget for 2008 and the variable fee paid to VenuWorks is \$16,936.00

Pursuant to the contract between VenuWorks and the Kennewick Public Facilities District, VenuWorks shall receive annual commission on new revenues realized during the fiscal year from naming rights, display advertising fees, suite leases, pour rights, club seats, and sponsorships arranged by VenuWorks or its subcontractors. The commission would be equal to 18% of annual gross revenues from these sources, over and above the gross revenue from these sources in Fiscal Year 2003.

Toyota Center and Toyota Arena 2008 Advertising/Sponsorship Revenues and Suite Revenues exceeded the 2003 benchmark of \$153,849.00 by \$223,652.00. The Naming Rights Commissionable Revenue is \$156,512.00. The 2008 VenuWorks Commission Earned is \$68,430.00.

Three Rivers Convention Center, no commissions were earned for the Three Rivers Convention Center.

Discussion incurred.

Calvin Dudney moved to approve the \$16,936.00 variable fee payment to VenuWorks. Barbara Johnson seconded the motion. Motion carried.

Steve Peters on behalf of VenuWorks, thanked staff for the long hours and hard work; and expressed his honor to have such a dedicated and knowledgeable staff at the Three Rivers Campus.

BOARD COMMENTS/DISCUSSION

General comments from the Board expressing appreciation for staff and the quality of work accomplished.

The Inter-local agreement between the City of Kennewick and the KPF D is due to expire soon; the agreement has an automatic renewal if there is not a letter received within 60 days of the expiration date. There was no letter written or received so the agreement extended.

Dean Strawn requested the minutes from January 22, 2009 be revised: the word “amend” replaced with “suspend” in item 3) Election of Officers.

ADJOURNMENT/RECESS

Regular Meeting adjourned at 7:13 PM to go into executive session.

EXECUTIVE SESSION

Review negotiations on the performance of a publicly bid contract per RCW 42.30.110(4)

Regular meeting reconvened at 8:38 pm

ADJOURNMENT/RECESS

John Givens moved to adjourn the meeting, Barbara Johnson seconded. Motion carried.

Meeting adjourned at 8:38 PM

The KPF D Board’s minutes are intended to be a reasonable summary of the Board’s deliberations and actions. The minutes are not a verbatim record of everything said at the meeting. The minutes include all actions taken by the Board.

Roni Gierke, Ex Officio Clerk
Approved by the Board of Directors