



A New Chapter Begins



Washington State
Convention Center
at convention place

2010 Annual Report
July 1, 2009 - December 31, 2010

Fiscal 2010 Financial Summary
July 1, 2009 - June 30, 2010

Governor's Message

Now in its third decade of operation, Washington State Convention Center (WSCC) has brought hundreds of millions of dollars into Washington's general fund and nearly four billion dollars to the state's economy in the form of convention delegate spending. Even with the transition in governance of WSCC from the state to a public facilities district, people throughout Washington will continue to benefit from the spending generated by delegates attending hundreds of meetings and trade shows held each year.

The on time and under budget opening of The Conference Center provided 17 new meeting rooms and increased the size of WSCC by an additional 71,000 square feet. With its many state-of-the-art features and unique amenities, The Conference Center truly sets the standard for convention facilities.

The efforts of WSCC to buy, serve and promote Washington's food and beverage products continue to be extremely successful, and its support of our diverse agricultural industry provides tremendous benefit to all areas of the state. In the 18-month period of this report, WSCC served its guests:

- Over 10,500 bottles of wine
- Approximately 145 tons of produce
- Some 18 tons of chicken
- Eight tons of beef
- Six tons of seafood

On behalf of the citizens of Washington, I am pleased to recognize the many important achievements that the board of directors and staff have accomplished in their 22 years of responsible and profitable stewardship of WSCC.

Sincerely,

A handwritten signature in black ink that reads "Christine O. Gregoire". The signature is written in a cursive, flowing style.

Christine O. Gregoire
Governor

Financial Highlights

FISCAL YEAR	2010*	2009
Operating Revenue	\$ 22,026,248	\$ 25,562,405
Expenditures	\$ (21,882,040)	\$ (23,179,964)
Gain	\$ 144,208	\$ 2,382,441
NUMBER OF EVENTS		
National/International	29	51
Local/Regional	394	423
Total	423	474
EVENT ATTENDANCE		
National/International	85,456	140,175
Local/Regional	304,826	290,596
Total	390,282	430,771
Total Delegate Spending	\$ 148,723,966	\$ 241,955,908
Net Cash Flow to State	\$ 11,772,000	\$ 19,516,000
Impact to Local Institutions	\$ 4,071,257	\$ 9,884,575

FACTS

Spending by out-of-state delegates attending events at WSCC since its opening in 1988 has exceeded

\$3.8 billion.

In fiscal 2010, spending by out-of-state delegates added an average of

\$407,463

per day to Washington's economy.

* PLEASE NOTE

On November 30, 2010, Washington State Convention Center (WSCC) completed the transition from state nonprofit corporation to public facilities district (PFD). All financial statements reported in this document reflect the state fiscal year (July 1, 2009 through June 30, 2010). Supplemental financial statements reporting the period from July 1 through December 31, 2010 will be posted on www.wsc.com as they become available. The 2011 WSCC annual report will reflect the 2011 PFD fiscal year that began on January 1, 2011.

The State of the Convention Center

This year's report marks the transition of Washington State Convention Center (WSCC) from a state nonprofit corporation to a public facilities district (PFD). We strongly believe that this change will have advantages both for the state and WSCC. For the state, this change allows it to retain many financial benefits without the obligations of ownership. It is relieved of significant bond indebtedness and responsibility for ongoing maintenance costs, yet will still receive sales tax revenues as well as a two percent tax credit for the state's general fund that was previously committed to WSCC. WSCC receives more flexibility in its operations, retention of its reserves, and the ability to explore the value of future expansion within its own financial capabilities.

Legislation approving the change in governance was passed by both legislative chambers and signed by Governor Gregoire on April 1, 2010. King County Executive Dow Constantine signed an ordinance adopted by the King County Council endorsing creation of the PFD on July 19, 2010. Establishing the PFD also effectively ended a lawsuit brought by Seattle hoteliers against the state pertaining to the state's use of hotel/motel tax revenues. WSCC board and staff were successful in working to sell bonds to defease the state's debt. The final piece of the transition was for WSCC to complete the substantial internal mechanics required by this change in governance, such as payroll, accounting and procurement procedures.

By the end of December 2010, all the major pieces were in place and WSCC began operations as a public facilities district. Readers of this report will see a notable change with the next edition, as the WSCC fiscal year will switch from a July through June reporting period to January through December for fiscal 2011 and beyond.

Of course, the gradual economic recovery continues to be the primary factor in this year's report. Convention centers generally tend to trail the economy as a whole, and despite some glimmers of financial improvement nationally, WSCC fiscal 2010 results showed a decline from 2009 numbers. Overall, the number of events, event attendance and delegate spending were lower. However, even with this downturn, the bottom line remained positive due to the implementation of a series of measures that maintained WSCC's history of successful financial management. These measures included a reduction in personnel, a freeze on salaries and corporate travel, and a hold on major equipment purchases. We will continue our efforts to manage expenses with the anticipation that there will be a continued reduction in revenues for fiscal 2011.

To hasten recovery, WSCC and its marketing arm, Seattle's Convention and Visitors Bureau, are working together on aggressive strategies to increase bookings and highlight WSCC, Seattle and Washington state as a premiere convention destination.

The successful opening of The Conference Center was the prime focus of our staff in 2010. Located at the northeast corner of Eighth Avenue and Pike Street, this space was originally designated to be the new home of the Museum of History and Industry following the 2001 convention center expansion. As the needs of the museum changed, WSCC was able to acquire the property and began a complete conversion of the four-level facility. The Conference Center opened fully operational on July 20, 2010, on schedule and under budget. Adding The Conference Center's 71,000 square feet allows WSCC the ability to reach out to groups that were just slightly too large to utilize the original convention center. The Conference Center can either stand alone as a self-contained conference facility or, when combined with the existing WSCC offers an impressive total of 414,722 square feet of meeting and exhibit space. Additional information on the specifications and distinctive features of The Conference Center can be found on page 8 of this report.

We continue to have an aggressive maintenance program at WSCC. Keeping the building in outstanding condition, along with providing the state-of-the-art technologies that clients demand is how our mid-sized facility competes with the many larger and newer convention centers in the western United States and Canada. Capital projects in fiscal 2010 included upgrades to the fire and life safety systems.

None of the initiatives mentioned in our message would be possible without the hard work and dedication of the WSCC board of directors and its executive staff. The transition to the public facilities district was a sudden opportunity that required us to roll up our sleeves and act decisively. Keeping ahead of a serious economic situation required decisions that were effective and based on retaining the level of quality service that has long distinguished WSCC from its competition. Opening The Conference Center, a major facility expansion, required detailed planning and direction. Long hours and countless meetings made each of these initiatives successful, and we sincerely thank everyone involved.

Times are tougher than we would like right now, but as we continue to follow the quality-based strategy the board has set forth, we believe the Washington State Convention Center is well positioned to prosper into the future.

Sincerely,



Frank K. Finneran
Chairman and Chief Executive Officer



John Christison
President and Chief Operating Officer

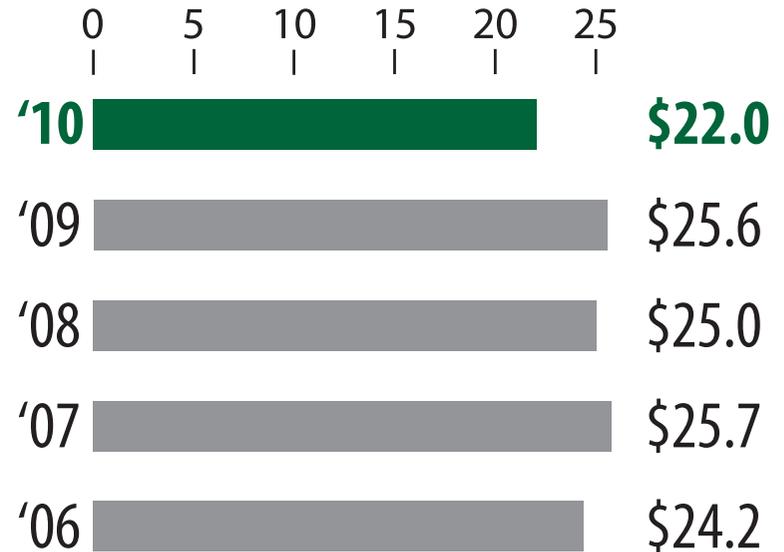
Convention Center Operations

The worldwide economic slowdown, which began in earnest in the fall of 2008, became apparent in WSCC results for fiscal 2010. Total operating revenues for 2010 came in at \$22 million, a \$3.6 million reduction from the previous year. Results by department were mixed with increases in parking and retail rent revenues, and decreases in revenues for building rent, food service and facility services.

BUILDING RENT In fiscal 2010, WSCC confirmed 423 events drawing a total of 390,282 attendees and providing \$4,075,349 in gross building rent revenues. There were 29 “citywide” events with organizations such as the American Association of Nurse Anesthetists, American Farm Bureau Federation, American National Standards Institute–International Electrical Commission, and Society for Information Display. WSCC continues to be a popular venue for meetings and maintains an exceptional return client rate. A good example of this was the 2010 Dialysis Conference, held for the third time at WSCC. The success of their most recent Seattle conference has prompted organizers to confirm a fourth return visit in 2013. In the 18 months of this report period, Microsoft hosted TechReady 9, 10 and 11; with each event drawing thousands of their employees from around the world. For the 21st consecutive year, the Northwest Flower & Garden Show remained a popular fixture on the WSCC event calendar.

Total Annual Operating Revenue

(dollars in millions)



RETAIL RENT Around the WSCC campus are 20 restaurants and businesses providing a wide variety of services to convention attendees, the adjacent office towers and local residents. Occupancy remained unchanged in fiscal 2010, with net retail rent revenue increasing by \$47,790 to \$678,152. The Juicy Café (formerly Juice It Café) completed its relocation from Level 1 to a larger, more accessible space in the International Meeting Place on Level 2.

PARKING Revenue from the two WSCC parking garages grew to \$3,858,960, increasing \$147,722 from 2009. The main garage continues to boast a steady occupancy rate and a waiting list for new monthly parking applicants. The popularity of consumer shows (such as the Northwest Flower & Garden Show, Seattle Wedding Show and Sakura-Con), draw a large regional audience that often fill the garages to capacity.

FACILITY SERVICES WSCC contracts with three independent vendors to provide in-house technical services for meeting and trade show clients. These services include audio visual (Audio Visual Factory); connectivity Internet and telecommunications (Convention Communication Provisioners, Inc.); and electrical services (Edlen Electrical Exhibition Services). Net revenues from facility services were \$1,906,016 in fiscal 2010, down from the \$2,414,867 earned in 2009.

FOOD SERVICE With the overall decline in attendance, net food service revenues of \$4,594,930 were reported in fiscal 2010. This was a decrease from the \$6,330,702 in net revenues achieved in 2009. ARAMARK, food service provider at WSCC since the facility opened in 1988, successfully rebid its contract for an additional three years in May 2010.

ARAMARK works closely with WSCC personnel to meet and exceed the meetings industry's many "green" initiatives. Award-winning programs to reduce waste and to purchase and serve locally sourced, sustainable food and beverage items continue to be very popular. These programs provide guests with the freshest products, support local producers and cut down on WSCC's carbon footprint as shipping distances are greatly reduced. In-season fruits and vegetables come from local growers. Flour for our in-house bakery is obtained from eastern Washington. Some 95 percent of the wines served at WSCC come from Washington state wineries. The free-range chicken and eggs served come from Washington farms. Only sustainably harvested fish that are not on the Monterey Bay Aquarium's watch list are purchased. All coffee and tea products served come from fair-trade-certified, organic, shade-grown sources.

Plans for ARAMARK to open a new, full-service café and bakery in The Conference Center on Pike Street were well underway at the end of 2010. Opening of the café is scheduled for spring 2011.

Economic Benefits

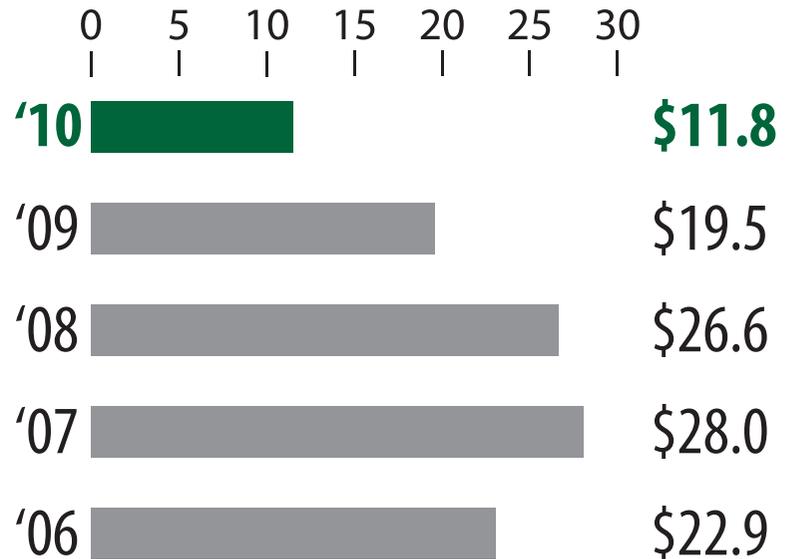
After 22 years of operation, the total cost of WSCC to the citizens of our state remains \$0. WSCC has paid dividends to residents in all areas of Washington by its contribution of revenue to the state's general fund and through other economic and civic benefits. In fiscal 2010, over \$4 million was provided to the city of Seattle, King County, and a number of other regional tax-based agencies and projects from WSCC-related tax receipts.

WSCC continues to be a major contributor to the economic well-being of the state. The significant spending by thousands of delegates who come to Washington to attend meetings and conventions provides hundreds of millions of dollars in direct economic impact each year. Hundreds of people are employed by WSCC and its in-house contractors, and thousands more work in the hotels, restaurants, retail stores and travel-related businesses that serve the convention and visitor industries. Additional living-wage jobs are also created for the people who provide the supplies necessary to operate these businesses.

The proposed expansion of WSCC would create additional economic benefits including increased delegate spending; the ability to capture convention business currently lost due to the lack of available dates and space, the creation of thousands of new jobs, both construction and permanent; improving the city's tax base through the addition of new hotel properties; and additional tourism-related spending.

Net Annual Cash Flow to State

(dollars in millions)



Giving Back to Our Stakeholders

Adding economic vitality to the state is not the only role of WSCC. Civic benefits have been provided for the people of Washington even before WSCC held its first event in 1988. This important mandate is fulfilled in many ways, but primarily through extending opportunities in the hiring of employees and suppliers, as well as offering numerous outreach activities for convention guests and our stakeholders. Our commitment to serve Washington's outstanding food and beverage products provides financial benefits for farmers, ranchers, fishermen, growers, brewers and winemakers around the entire state.

Another area where WSCC has had an industry leading role is in energy conservation, composting and recycling. Recycling of glass and paper has been a standard procedure at WSCC since the facility first opened and has since expanded to include plastic, scrap wood and metal. Since December 2007, WSCC has contracted with Cedar Grove Composting to haul away all of its food scraps and food-soiled paper, as well as landscape trimmings. This composting program not only keeps tons of waste out of a landfill, but is also uniquely completed by the purchase of clean compost from Cedar Grove for use in WSCC's three acres of indoor and outdoor gardens. The entire contents and packaging of WSCC box lunches are 100 percent compostable, as are all disposable food service items provided to customers by the catering department. This includes plates made of sustainable bamboo, wax-free

coffee cups, cutlery made from a corn-based resin, and a compostable water bottle. Recycle, trash and compost bins have been installed in the meeting rooms as well as all public areas. Power and water usage has been substantially reduced by the installation of more efficient equipment and fixtures throughout the entire convention center facility.

For the past 11 years, WSCC and ARAMARK have partnered with FareStart, a culinary job training and placement program for homeless and disadvantaged individuals. Executive Chef José Chavez has assisted FareStart as an instructor, mentor and an active participant in their popular Guest Chef fundraising program. Guest Chefs work with students to prepare and serve a three-course meal for over 200 guests at the FareStart Restaurant. During this report period, over \$35,000 in food products were donated to FareStart.

The WSCC art collection remains an attraction for event attendees as well as the general public. More than 100 works of art are on public display daily around the Galleria, and several rotating art shows are also presented annually in partnership with area arts organizations. Exhibition highlights this year included: *Harvesting the Light*, a photo collection of farming life in Skagit County; the annual competition from the Northwest Water Color Society; a sixty year print retrospective from artist Ed Essex; and an exhibit of photographs featuring the beauty of America's national parks, presented by The Photographers Group.

The Conference Center

Eighth Avenue and Pike Street is now the place to meet in downtown Seattle. The Conference Center functions as either a stand alone, executive-quality meeting facility with up to 71,000 square feet, or 414,722 square feet when combined with the existing facilities of WSCC.

The Conference Center features four distinctive levels: Level 1 offers nearly 12,000 square feet of pre-function space, perfect for registration, exhibits or receptions. Five meeting rooms on Executive Level 2 provide a unique level of sophistication and many exclusive features and amenities. Level 3 has 31,000 fully carpeted square feet – brightened by natural light from numerous windows. Sound proofed meeting rooms offer a wide variety of configurations. There is also an impressive, glass-walled show office overlooking the three-story entrance atrium. Like all of The Conference Center, the Lower Level is designed to be flexible and fully functional. Clients can choose from five rooms and over 5,000 square feet of pre-function area. Two rooms can easily be opened to create some 9,300 square feet of contiguous, fully carpeted reception space.

Guests will appreciate the exceptional attention to detail throughout The Conference Center. Sustainable wood paneling and ceiling trim, elegant leather furnishings, fabric wall coverings and plush carpeting are featured throughout. Three lounge areas, two with marble fireplaces and flat-screen televisions, provide a comfortable place to relax between sessions.

Each meeting room is equipped with intuitive audio controls and touchscreen lighting panels, as well as 18 CAT-6 connections and 12 fiber optic ports. A 1 GB fiber optic backbone optimizes client-based wireless access, and two OC3 circuits allow any program to handle up to 3,000 simultaneous wireless users. LCD signage located in the prefunction areas and at the entrance to each room supports all media formats for a high degree of customization.

The Conference Center expands WSCC's industry leading commitment to conservation and sustainability. Originally designed to house the Museum of History and Industry, the space was thoughtfully converted and outfitted to attain certification as LEED Silver (Commercial Interior) through the use of sustainable construction practices, furnishings, and equipment. Wall and partition fabrics are GREENGUARD-certified, all food service equipment is Energy Star-rated, and nearly 90 percent of all construction waste was reclaimed and recycled.

Perhaps none of The Conference Center's many features are as notable as the conference tables found in rooms 201 and 203. The two tables were built by noted Seattle furniture maker Meyer Wells, using reclaimed old growth Douglas fir from the Stillaguamish River basin near Arlington, Washington. The process of creating these unique tables has been documented in a series of photographs found in each room.

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About This Report

A comprehensive set of financial statements for the fiscal 2010 annual report is available online at the Washington State Convention Center website at www.wsccl.com.

To obtain a printed copy of WSCC financial statements, please contact Public Relations at 206.694.5000.

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On the cover: The Conference Center



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