



MINUTES
November 30, 2010
8:00 a.m. – 10:00 a.m.
BCEC Room 104

Attendees: *Partnership Members:* Secretary Greg Bialecki, David Colella, James Coyle, Richard Dimino, Paul Guzzi, Representative John Keenan, Patrick Moscaritolo, Charlayne Murrell-Smith, Joseph Nee, David O’Shaughnessy, John Palmieri, James E. Rooney, Paul Sacco, Darryl Settles, Samuel Tyler

Others in attendance (partial list): Ali Butler, Terence Burke, Michelle Consalvo, Mac Daniel, Howard Davis, Mark Erlich, Bill Guenther, Katie Hauser, Milt Herbert, Michelle Ho, Professor Leo Jago, John Kaatz, Doug McGarrah, Angela Olszewski, Colleen Richards Powell, Lowell Richards, Tamara Roy, Kairos Shen, Ken Sinkiewicz, William Smith, Johanna Storella, Jim Travers

1. Welcome & Introductions

Mr. Rooney welcomed the Convention Partnership, and individuals seated around the table introduced themselves. Mr. Rooney offered a few brief words to outline the scheduled presentations and asked partnership members to save December 21, 2010 for next month’s Convention Partnership meeting. He informed Partnership members that January will kickoff a more aggressive meeting schedule and that the December 21 meeting would serve to outline a roadmap to the final report.

2. Updated Planning Analysis for an Expanded / Improved Boston Convention & Exhibition Center (BCEC)

Mr. Rooney introduced John Kaatz with Conventions, Sports & Leisure International (CSL), a leading advisory and planning firm specializing in providing consulting services to the convention, sport, entertainment and visitor industries. CSL was established for the specific purpose of providing a source of focused research and expertise in these industries. Mr. Kaatz’s presentation covered a brief industry update with a focus on other U.S. cities currently planning or completing headquarter hotels and/or center expansions. He also covered Boston’s appeal and perceived shortcomings as a convention market, and he reviewed the future vision for the BCEC. Mr. Kaatz’s PowerPoint presentation is on file with these minutes.

- In reference to slide five of Mr. Kaatz’s presentation, Mr. Richards asked for more data related to industry trends in attendance, revenue generated, and net square feet for professional organizations, associations and events related to the medical and health industries versus business-related or corporate events. Mr. Kaatz explained that professional organizations and

associations rarely cancel events even during recessionary times, while corporate and retail events are clearly not performing as well.

- Mr. Settles remarked that he was surprised to see Boston's retail and nightlife listed as a draw for meeting planners evaluating the city. Mr. Kaatz explained that it could be a misperception on the meeting planners' part, but that they may be evaluating the quality of restaurants and bars in Boston rather than the hours nightlife is available.
- Mr. Guenther asked if the "alumni effect" had been factored into meeting planners' decision to hold their events in Boston. Mr. Kaatz said that he had not factored that into his analysis, but that Professor Jago's presentation may speak to that topic.
- Mr. Erlich asked if Mr. Kaatz was planning to speak about how other cities have financed expansion projects. Mr. Kaatz said that 60-70 percent of projects were funded through tourism taxes such as hotel tax or in some cases restaurant taxes.
- Mr. O'Shaughnessy asked Mr. Kaatz to elaborate on point three of slide 15 (BCEC Development Parameters) where it states that the exhibit and meeting space development will result in occupancy levels in the 50-70 percent range, lower than current BCEC occupancy levels. Mr. Kaatz and Mr. Herbert explained that centers in the 70 percent and above occupancy levels are already pushing the limits of what the building can hold. Without expansion, that occupancy percentage will drop on its own as growing events become unable to fit their attendees and exhibits into BCEC space. Mr. Herbert said that occupancy levels within the 50-70 percent range are actually ideal levels and that without development our occupancy levels will eventually fall below 50 percent.
- Mr. Rooney asked Mr. Kaatz how other North American convention centers have been struggling with or reacting to a perceived surplus of convention space and decreased demand. Mr. Kaatz noted that demand for convention space has proved cyclical over long periods of time and that convention center response is cyclical as well. Some convention centers have repurposed or restructured the way space is used.
- Mr. Dimino asked for data to show that events who have used the BCEC in the past have outgrown or will outgrow the center. Mr. Kaatz showed that BIO is very reflective of this trend and has already made plans to move out of the Boston market because it won't fit in 2015. Mr. Herbert noted that there are 10-15 events that have been in Boston that now will not commit to future dates because we cannot accommodate their events today. He also clarified that an expansion is needed not solely to recruit larger events, but *more* events and to have the ability to accommodate multiple events at one time.
- Mr. Sacco asked whether shows' attendance or event space is outgrowing the BCEC. Mr. Herbert answered that both attendance and space needs are growing: He used Greenbuild (at the BCEC in 2008) to show that they have grown to 40,000 on peak nights, which hotels within walking distance from the Greater Boston area cannot handle. He noted that Greenbuild's exhibit space needs have also outgrown the BCEC.

- Mr. Tyler asked for a brief overview of the types of financing convention centers have used for headquarter hotels. Mr. Kaatz said there are basically two models: public-private and tax exempt. The BCEC's relationship with the Westin Waterfront is an example of public-private. Denver and Dallas hotels offer examples of the publicly funded and operated tax-exempt model.

3. The 'True' Value of Business Events

Mr. Rooney introduced Professor Leo Jago, PhD of the DeeHaan Institute at Nottingham University. The DeeHaan Institute is one of the UK's leading tourism and travel research and teaching institutions. They are known best for their cutting edge research in travel and tourism that underpins academic thinking, industry practice and government policy. Professor Jago's presentation focused on how traditional approaches to measuring the value of business events to a destination grossly underestimate the range of dimensions, number of beneficiaries, and total value for a host city. Professor Jago suggested that in today's global economic climate, the convention and meetings industry must explore the broader-based value of business events beyond their tourism impact. His presentation stressed that tourism is a key beneficiary of business events, not a driver and that business events are staged for specific reasons that have nothing to do with filling hotel rooms, but rather to create and share knowledge. His PowerPoint presentation is on file with these minutes.

- Representative Keenan said that it would be a challenge to explain the need for expansion to his constituents in Professor Jago's terms. He feels that measurable tourism numbers and dollars spent make it easier for constituents to understand demand. Professor Jago responded by saying that representatives should continue to tout the tourism benefit, but should also highlight the other values business events offer to Boston.
- Mr. Rooney and Mr. Herbert elaborated on Professor Jago's point about the impact spin-off and satellite events can have on the region. Mr. Herbert noted that the BIO event had several satellite events that allowed the appropriate industry professionals in Boston to woo the leading senior executives visiting the city for the BIO event. These meetings create innovation and investments that provide real economic impact to the Commonwealth.
- Mr. Dimino asked if other cities are currently trying to measure the business value to convention cities. Mr. Jago said that most cities are still focused on tourism, but Boston has a head start. He noted comments made by Governor Patrick and Mayor Menino to show the forward thinking of Boston's leaders when it comes to the value of business events.
- Mr. Shen noted that when an association chooses a city for an event, there is often pressure put on the local branch of that association to organize, pay for and capture business inside the convention facility. He suggested that if Boston begins to measure and produce results, there is a potential for expansion legislation to organize and bolster the relationships between local associations representing Massachusetts' core industries and the MCCA. He suggested that it become the role of the association to help plan satellite events and boost innovation and industry impact of the event. Professor

Jago noted that the Singapore government is very involved in supporting local organizations and providing the necessary resources to help enable satellite events.

- Mr. Guenther suggested creation of a customized strategy to target the most influential attendees of an event. He said convention officials and industry leaders should plan their visits with business goals and key objectives to maximize impact.
- Mr. Keenan noted that the Boston business community could play a stronger role in maximizing and touting the impact of business events beyond tourism dollars.
- Mr. Shen proposed that the MCCA take a more active role in starting up events that compliment the Commonwealth's core industries to promote the innovation that the Mayor and city are pushing for.
- Ms. Roy advocated for a round table discussion with industry leaders representative of the state's core industries and the Partnership to discuss the ventures set to come out of Boston and discuss how to actively promote the innovation culture of the city through events.

Mr. Rooney concluded the event and reminded Partnership members that an email would be sent regarding the December 21 meeting.