



2005-2009

Looking Back, Moving Forward

5-year Economic Impact Report and 2009 Annual Report



James E. Rooney
Executive Director

Welcome!

Twelve years ago, when construction of the Boston Convention & Exhibition Center began, the Commonwealth's leaders made a bold decision to become a major player in the meeting and convention industry.

Seven years later in 2004, we opened the BCEC without a sure sense about where we were going. Some in the press saw New England's largest building as an expensive folly. Others predicted the birth of the BCEC would be the death of the Hynes. One state representative even filed legislation while we were under construction to have the project stopped and the building converted to affordable housing.

Five short years later, we've not only succeeded, but we've created a huge and long-term economic engine for the City of Boston and the Commonwealth.

In 2003, the MCCA put out its first annual report projecting where the BCEC would rank financially in five years.


- We believed the BCEC would create \$339 million in economic impact. In fact, we created **\$1.4 billion** in economic impact. Together with the Hynes, we've created **\$2.4 billion** in economic impact.
- We predicted \$20.9 million in tax benefits. We created **\$75 million**.
- We believed we would book 242 events in five years. We've hosted **634**.
- We predicted 1.14 million hotel room nights. We've booked **1.3 million** hotel room nights.
- At the same time, the Hynes — which was once on the auction block — has rebounded and remains one of the most popular venues in America, hosting 609 events in the past five years and **1.7 million attendees**.

Just three years after opening, the BCEC was named Convention Center of the Year. We've also been named one of North America's Top 10 convention destinations by *Tradeshow Week* magazine every year since 2006.

This is what our new **T5** initiative is all about; building on the Boston brand and the success of the past five years. The goal of T5 is simple: to place Boston among the Top 5 leading convention destinations in North America. This five to 15-year strategic initiative is geared to make Massachusetts even more competitive in the convention industry by possibly expanding the BCEC's exhibit space by 400,000-500,000 square feet. And with a mere 1,600 hotel rooms within a half mile of the BCEC, we must also talk about building a second headquarter hotel next door.

But it's not just about increasing our footprint. This long-term effort looks at Boston as a whole, focusing primarily on reinventing our hospitality industry so that it is second to none. We will also make Boston a more internationally appealing destination as we re-think strategies for attracting more guests from abroad.

We hope you find that this five-year retrospective bolsters your support of our efforts as we move forward.

A portrait of James E. Rooney, a man with short dark hair, wearing a dark pinstripe suit, white shirt, and a red and blue striped tie. He is smiling and standing next to a woman.

James E. Rooney

James E. Rooney
Executive Director

A portrait of Gloria Cordes Larson, a woman with short dark hair, wearing a red jacket over a dark top. She is smiling.

Gloria C. Larson

Gloria Cordes Larson
Chairman

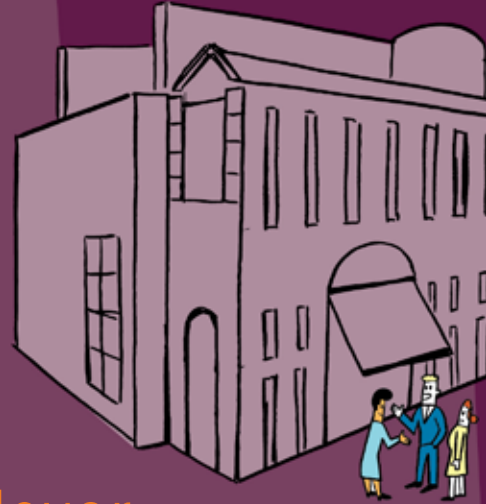


From the Governor

“Five years since the opening of the BCEC, it has become one of the Commonwealth’s key economic engines, bringing thousands of people from around the world to Massachusetts, and spurring long-term economic ties with local businesses that propel our economy forward.”

Deval L. Patrick

Governor, Commonwealth of Massachusetts



From the Mayor

“With the opening of the BCEC just five years ago, Boston has earned its place among the world’s most envied destinations for major meetings and conferences, bringing millions of attendees to our historic city. The Hynes and the BCEC have together helped to raise the profile of Boston as a worldwide hub for life sciences, medical research and technology by bringing leading international thinkers together with local talent, creating long-term economic benefit to our industry and economy.”

Thomas M. Menino

Mayor, City of Boston



academic

Brain Power

Convention planners don't need to fly in world-renowned experts to Boston to speak at their events because the experts can just hop on the T. With more than 80 colleges and universities that employ more than 108,000 people (a number expected to grow to 119,000 by 2016), the Commonwealth has more than its share of top-notch speakers, specialists, and professionals to meet every need.



TOP ACADEMIC EVENTS 2004-2009

National Science Teachers Association	March 2008	21,000 attendees
ACM Siggraph	August 2006	20,000 attendees
American Library Association	January 2005	13,000 attendees

ECONOMIC IMPACT FROM ACADEMIC EVENTS

	2005	2006	2007	2008	2009	TOTAL
Total Events	17	25	19	23	21	105
Total Attendees	47,053	56,095	55,870	66,130	50,450	275,598
Total Hotelroom Nights	60,983	79,216	78,254	113,863	36,340	368,656
Economic Impact (in millions)	\$37.68	\$51.32	\$54.32	\$78.77	\$33.99	\$256.08
Tax Benefit (in millions)	\$2.31	\$3.14	\$3.26	\$4.89	\$1.91	\$15.51

5-year retrospective

hospitality

Lay Your Head



Since the opening of the BGECE in 2004, the local hospitality industry has kept pace with our growth, with new hotels opening to meet the needs of convention planners and attendees alike. From the openings of the Westin Boston Waterfront, W Boston, and the Renaissance Boston Waterfront Hotel, thousands of new hotel rooms have increased both the city's and the MCCA's ability to maintain Boston as a premier destination for conventions and meetings.

HOTEL ROOMS	2005	2006	2007	2008	2009	TOTAL
Commercial	39,176	59,896	54,682	29,720	40,193	223,667
Education	60,983	79,216	78,254	113,863	36,340	368,656
High-Tech	80,560	117,484	98,165	82,023	64,824	443,056
Medical	128,368	155,598	185,317	222,597	230,842	922,722
Other	63,299	101,250	163,740	179,210	152,857	660,356

medical/life sciences



An Apple a Day

Medical and life science conventions and meetings continue their dominance at the MCCA, with 184 events hosting 603,313 attendees from 2005-2009. Economic impact from these shows totaled \$648 million and accounted for 922,722 hotel room nights. Among the life sciences highlights were five consecutive meetings of the Yankee Dental Congress, all of which landed in our Top 20 shows based on economic impact.

TOP MEDICAL/LIFE SCIENCES EVENTS 2004-2009

Yankee Dental Congress	January 2009	28,047 attendees
2007 BIO International Convention	May 2007	20,000 attendees
American Association of Orthodontists 109th Annual Session	May 2009	20,000 attendees

ECONOMIC IMPACT FROM MEDICAL/LIFE SCIENCES EVENTS

	2005	2006	2007	2008	2009	TOTAL
Total Events	32	32	41	41	38	184
Total Attendees	92,182	103,925	120,104	134,104	152,998	603,313
Total Hotelroom Nights	128,368	155,598	185,317	222,597	230,842	922,722
Economic Impact (in millions)	\$89.87	\$106.33	\$127.37	\$158.25	\$166.55	\$648.37
Tax Benefit (in millions)	\$5.30	\$6.39	\$7.67	\$9.73	\$10.13	\$39.22

5-year retrospective



technology

Getting Their Geek On

Even though technology has enabled the growth of virtual meetings, companies are still finding value in meeting face-to-face with customers, partners, suppliers, and investors. In fact, technology events hold both the first and second spots in MCCA's Top 20 events between 2005-2009. When AllM/On Demand came to the BCEC in 2007 and 2008, more than 70,000 attendees who made Boston their destination created an economic impact of over \$50 million.

TOP TECHNOLOGY EVENTS 2004-2009

AllM/On Demand	March 2008	35,000 attendees
Microsoft Tech Ed	June 2006	2,000 attendees
eBay! Live	June 2007	11,000 attendees

ECONOMIC IMPACT FROM TECHNOLOGY EVENTS

	2005	2006	2007	2008	2009	TOTAL
Total Events	25	36	34	33	29	157
Total Attendees	63,340	70,831	83,611	81,915	46,015	345,712
Total Hotelroom Nights	80,560	117,484	98,165	82,023	64,824	443,056
Economic Impact (in millions)	\$58.89	\$78.64	\$77.50	\$74.06	\$47.57	\$336.66
Tax Benefit (in millions)	\$3.42	\$4.76	\$4.47	\$4.23	\$2.88	\$19.76



Life Sciences

Shire Human Genetic Therapies (HGT) has made a commitment to enable people with life-altering conditions to lead better lives. Through the discovery and delivery of therapies that treat genetic and rare diseases, the people of Shire HGT work to make a real difference for patients and their families.

In 2008, Shire HGT made another commitment, this time to the Commonwealth of Massachusetts. Concerned that the company might be forced to find a new location for its planned research and manufacturing facilities, the state stepped in with a package of tax incentives, and Shire set up shop in Lexington. Ground has already been broken on a new manufacturing facility and design is underway on a 160,000-square-foot facility for Shire HGT's Lexington headquarters. In all, Shire estimates it will invest \$460 million in its new campus and hire 750 full-time employees.

"Committing to Massachusetts is critical to our continued success," says Sylvie Grégoire, President of Shire HGT. "The Commonwealth is a place where the life sciences industry is able to flourish and maintain its status as the center of excellence in the world. Even in the midst of the economic downturn, we've added more than 350 full-time positions in Massachusetts since 2007."

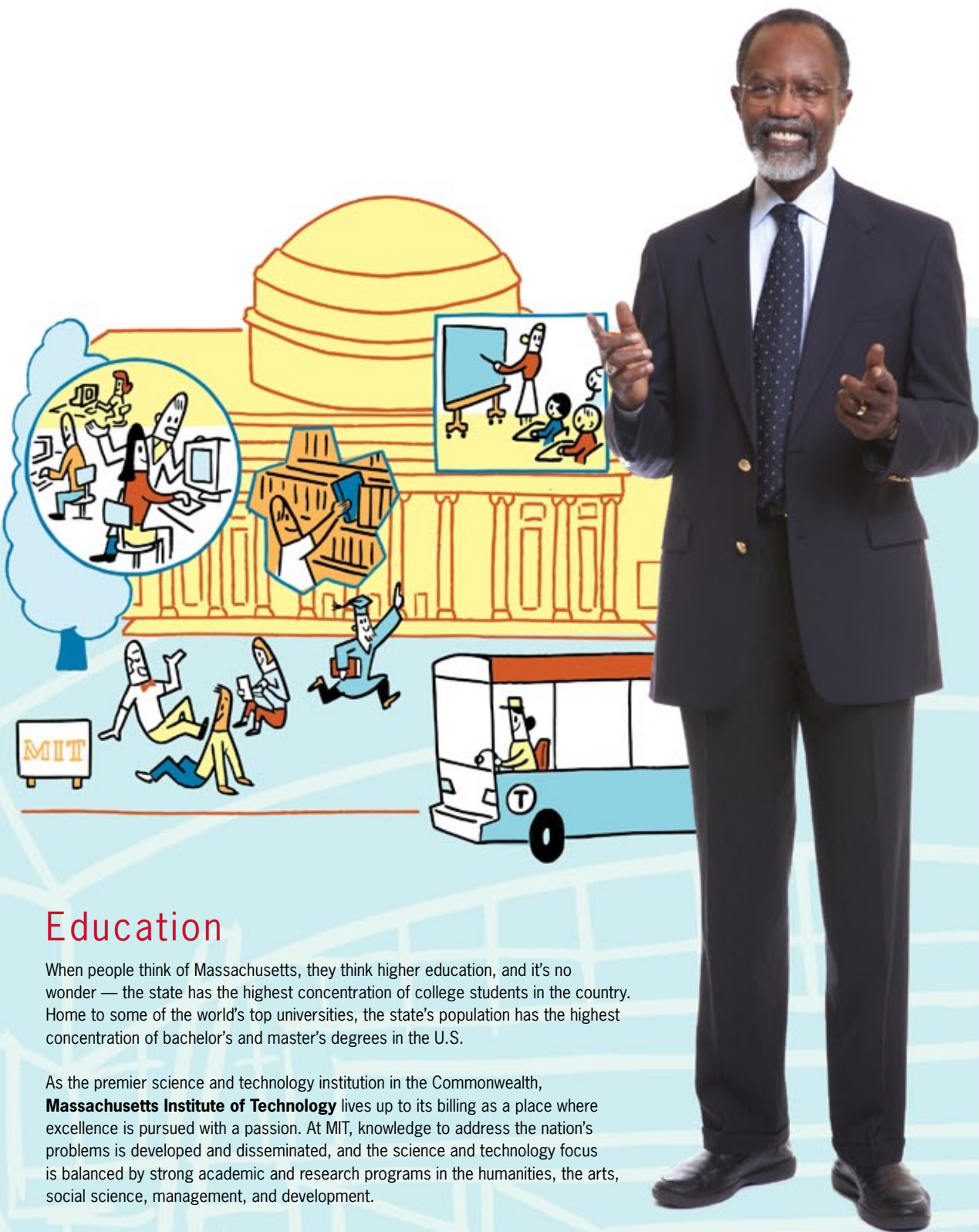
For Grégoire, the MCCA plays a critical role in the health of the life sciences industry. "Meetings and shows at the BCEC and the Hynes bring some of the best minds in medicine and science to Massachusetts and reinforce the area's reputation as the hub of our industry. We're thrilled to be part of the action."

Technology

From transistors, semiconductors, and minicomputers to software, biotechnology, fiber optics, and cloud computing, the Route 128 Corridor put Massachusetts firmly on the world's technology map. Dubbed America's Technology Highway, the area's critical mass of researchers, entrepreneurs, and investors led to many technological firsts, including some of the world's first computers.

For **William J. Teuber, Jr.**, Vice Chairman of information technology giant **EMC**, the opportunities for technology companies have never been greater. "Founded in Massachusetts and with more than 40,000 employees in 60 countries, EMC has achieved great success and played a key role in Massachusetts' global leadership in technology and innovation. Technology-based meetings and conventions at the Boston Convention & Exhibition Center and the Hynes are integral to enhancing that role, encouraging future leaders and entrepreneurs to visit, learn, network, and build businesses in Massachusetts, and ultimately help drive our region's innovation economy."





Education

When people think of Massachusetts, they think higher education, and it's no wonder — the state has the highest concentration of college students in the country. Home to some of the world's top universities, the state's population has the highest concentration of bachelor's and master's degrees in the U.S.

As the premier science and technology institution in the Commonwealth, **Massachusetts Institute of Technology** lives up to its billing as a place where excellence is pursued with a passion. At MIT, knowledge to address the nation's problems is developed and disseminated, and the science and technology focus is balanced by strong academic and research programs in the humanities, the arts, social science, management, and development.

Phillip Clay, Chancellor of MIT, believes that the university is ideally located to support this tradition of educational excellence. "One of the best ways to engage in teaching and learning is for people from around the world to get together to explore ideas and share their unique perspectives and experiences," he says. "In Massachusetts, we see this globalization of education happening every day as meetings and conventions bring the brightest minds together, across languages and nations. The energy and dynamism of this type of information exchange goes a long way toward making Massachusetts the leader in higher education."

Hospitality

From the moment she checked in her first guest at the Sheraton Boston, to her position today as President of the North America Division for **Starwood Hotels & Resorts Worldwide**, Denise Coll has had a single goal: To make a difference to the people she serves. "I consider it a privilege to be able to create memorable experiences for our guests," she says.

As President, **Denise Coll** oversees more than 500 hotels and destinations, including several in Boston that play a critical role for convention attendees. "Whether it's the Sheraton Boston or Westin Copley Place at the Hynes, the Westin Boston Waterfront right next door to the BCEC, or the new W Boston in Back Bay, our associates are on the front lines of the conventions and meetings industry every day."

From 2005-2009, events at the BCEC and the Hynes Convention Center brought a staggering 2,630,307 hotel room nights to the area. And it's this vibrant economic activity that helps drive Coll's passion for her job. "The hospitality industry is a critical driver to the health of our economy," says Coll. "And at Starwood, the BCEC and the Hynes are valuable partners in creating that economic success."



2009 financial statement

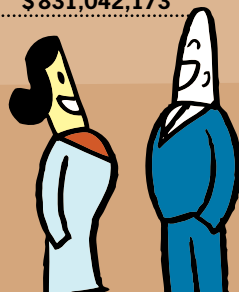


Statements of Net Assets

For the Fiscal Years Ended June 30, 2009 and 2008

ASSETS	2009	2008
Current assets		
Cash and cash equivalents	\$31,049,478	\$54,951,808
Receivables, net of allowance for uncollectable amounts:		
Grants receivable from the Commonwealth	10,738,985	8,456,442
Grants receivable from the Commonwealth — Garage Debt	10,830,000	—
Convention receivables	2,532,129	1,866,314
Prepaid expenses	1,070,840	1,478,192
Total current assets	56,221,432	66,752,756
Non-current assets		
Deferred bond issue costs	—	44,215
Capital assets not being depreciated	69,446,986	62,325,549
Capital assets, net of accumulated depreciation	730,353,516	748,911,421
Total non-current assets	799,800,502	811,281,185
Total Assets	856,021,934	878,033,941
LIABILITIES		
Current liabilities		
Accounts payable and accrued expenses	13,216,584	11,080,385
Garage payable to the Commonwealth	13,221,600	2,390,627
Deposits and deferred revenue	10,086,053	14,058,684
Accrued compensated absences	1,523,766	1,322,693
Net pension obligation	2,786,055	2,993,077
Due to Commonwealth — Garage Bonds	—	1,920,000
Total current liabilities	40,834,058	33,765,466
Non-current Liabilities		
Net pension obligation	2,949,946	2,680,924
Net OPEB obligation	904,442	—
Due to Commonwealth — Garage Bonds	—	10,545,378
Total non-current liabilities	3,854,388	13,226,302
Total assets	44,688,446	46,991,768
NET ASSETS		
Invested in capital assets, net of related debt	786,578,902	796,425,180
Unrestricted	24,754,586	34,616,993
Total net assets	\$811,333,488	\$831,042,173

This report represents an excerpt of our fiscal year 2009 audited financial statements.



Statements of Revenues, Expenses, and Changes in Net Assets

For the Fiscal Years Ended June 30, 2009 and 2008

OPERATING REVENUES	2009	2008
Convention services income	\$14,273,373	\$18,671,486
Convention rental income	13,089,594	13,271,046
Food and beverage	6,783,263	9,656,647
Parking fees	9,722,362	9,881,615
Other	639,053	636,812
Total operating revenues	44,507,645	52,117,606
OPERATING EXPENSES		
Salaries and benefits — operating	15,589,994	14,683,460
Salaries and benefits — administrative	5,688,352	4,939,295
Other operating expenses	15,231,346	14,063,922
Contracted services	28,483,790	23,760,568
Utilities	8,748,955	10,788,625
Depreciation	38,625,537	38,364,814
Total operating expenses	112,367,974	106,600,684
Operating loss	(67,860,329)	(54,483,078)
NON-OPERATING REVENUES (EXPENSES)		
Investment income	823,738	2,272,220
Massachusetts Convention Center Fund — Commonwealth grant	35,378,343	19,592,756
Interest expense	(800,437)	(567,584)
Total non-operating revenues (expenses), net	35,401,644	21,297,392
Loss before capital contributions	(32,458,685)	(33,185,686)
CAPITAL CONTRIBUTIONS		
Capital contributions	12,750,000	2,353,313
Change in net assets	(19,708,685)	(30,832,373)
Net assets at beginning of year, as restated (2008)	831,042,173	861,874,546
Net assets at end of year	\$811,333,488	\$831,042,173

This report represents an excerpt of our fiscal year 2009 audited financial statements.

2009 Economic Impact by Industry Type

	EVENTS	ATTENDANCE	ROOM NIGHTS	ECONOMIC IMPACT (in millions)
Commercial	28	260,772	40,193	\$74.30
Education	21	50,450	36,340	\$33.99
Technology	29	46,015	64,824	\$47.57
Medical/Life Sciences	38	152,998	230,842	\$166.55
Other	105	180,670	152,857	\$123.26

2009 financial statement



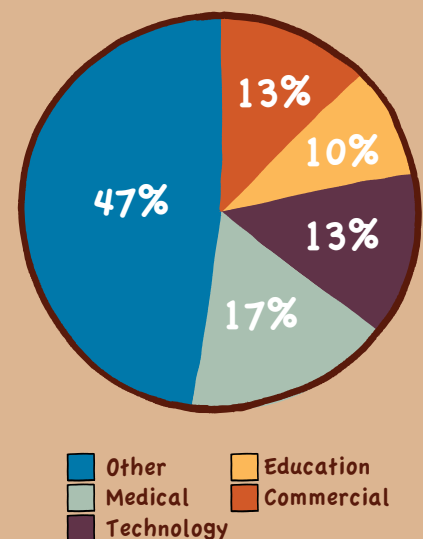
Statements of Cash Flows

For the Fiscal Years Ended June 30, 2009 and 2008

CASH FLOWS FROM OPERATING ACTIVITIES	2009	2008
Receipts from customers and users	\$ 39,869,203	\$ 54,372,512
Payments to vendors	(49,920,540)	(43,829,559)
Payments to employees	(20,110,831)	(19,402,995)
Net cash from operating activities	(30,162,168)	(8,860,042)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating subsidy — Massachusetts Convention Center Fund	32,624,200	19,163,294
Expenditures of net investment income earned on funds held by bond trustee	—	(939)
Net cash from noncapital financing activities	32,624,200	19,163,294
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(27,189,073)	(13,115,013)
Capital subsidy — Massachusetts Convention Center Fund	2,391,600	2,390,627
Capital subsidy — Massachusetts Highway Department related to the BCEC	—	463,313
Garage cash payments to the Commonwealth	(2,390,627)	(7,860,328)
Net cash from capital and related financing activities	(27,188,100)	(18,121,401)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	823,738	2,272,220
Net change and cash equivalents	(23,902,330)	(5,545,929)
Cash and cash equivalents at beginning of year	54,951,808	60,497,737
Cash and cash equivalents at end of year	\$ 31,049,478	\$ 54,951,808
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES		
Operating loss	\$(67,860,329)	\$(54,483,078)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation	38,625,537	38,364,814
Changes in assets and liabilities:		
Convention receivables, net	(665,811)	864,763
Prepaid assets	407,352	(7,122)
Accounts payable and accrued expenses	2,136,199	4,216,326
Deposits and deferred revenues	(3,972,631)	1,408,143
Accrued pension expense	62,000	685,001
Net OPEB obligation	904,442	—
Accrued compensated absences	201,073	109,111
Total adjustments	37,698,161	45,623,036
Net cash from operating activities	\$(30,162,168)	\$(8,860,042)

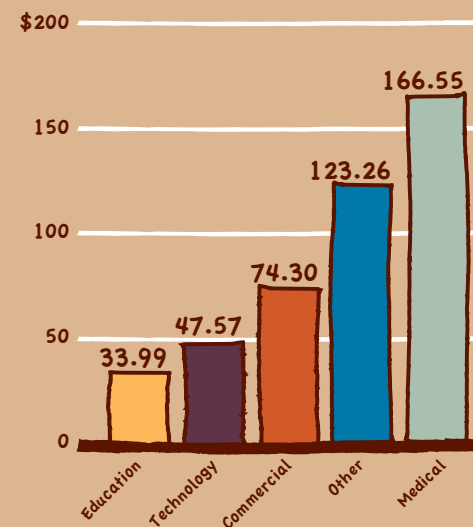
2009 Event Breakdown

by Industry Type



2009 Economic Impact

by Industry Type (in millions)



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