

Minutes

Washington State Convention Center
Public Facilities District

Regular Meeting of the Board of Directors
December 17, 2019

I. CALL TO ORDER

Frank K. Finneran, Board Chairman, convened a regular meeting of the Washington State Convention Center Public Facilities District (WSCC) at 2:00 p.m., in Room 303 of the Convention Center.

MEETING ATTENDANCE

Board Directors in Attendance

Frank K. Finneran, Chair
Deryl Brown-Archie, Vice Chair
Robert Flowers
Susana Gonzalez-Murillo, by teleconference
Nicole Grant
Jerry Hillis
J. Terry McLaughlin
Craig Schafer

Board Directors Absent

Denise Moriguchi

Officers in Attendance

Jeffrey A. Blosser, President / CEO
Linda Willanger, Vice President of Administration / AGM
Chip Firth, Director of Finance and Administration / CFO
Jon Houg, Vice President of Operations

Consultants / Vendors in Attendance

Keith Hedrick, ARAMARK
Jessica Golden, ARAMARK
Becky Bogard, Bogard & Johnson, LLC
Matthew Hendricks, Hendricks - Bennett, PLLC
Colin Green, LMG
Matt Griffin, Pine Street Group
Tom Norwalk, Visit Seattle
Kris Cromwell, Visit Seattle
Patrick Smyton, Visit Seattle
Troy Anderson, Visit Seattle
Margery Aronson, WSCC Art Foundation / Addition Project Art Consultant

Guests in Attendance

Claire Miccio, 4Culture

Staff in Attendance

David Cononetz	Krista Daniel
Josh Dennis	Daniel Johnson
Shannon Leahy	Michael McQuade
Michael Murphy	Paul Smith
Lorrie Starkweather	Susnios Tesfaye

II. APPROVAL OF MINUTES

October 30, 2019 WSCC PFD Board Special Meeting, and November 26, 2019 WSCC PFD Board Regular Meeting

Mr. Hillis made a motion to approve the minutes of the October 30, 2019 Special Board meeting and November 26, 2019 Regular Board meeting, as presented. Mr. Schafer seconded and the motion was carried by the unanimous affirmative vote of all Directors present, both in person and via teleconference.

III. PUBLIC COMMENTS

Mr. Finneran advised that anyone wishing to speak before the Board, either as an individual or as a member of a group, may do so at this time. Individuals desiring to speak shall give their name, address, and the group they represent, if any. There were no public comments.

IV. CHAIRMAN'S REPORT

A. Consent Agenda

Mr. Finneran presented the Consent Agenda to the Board and requested, if there was no objection from the Finance Committee Chair or the Board, that the Financial Report listed as agenda item #7 be included in the Consent Agenda under Informational Items for this meeting. The following action items and informational reports, including the Financial Report, had been sent to the Board for review prior to today's meeting:

Action Items:

1. Ratification of Additional Facility Project Contract List (December 2019)
2. Approval of Additional Facility Project Draw Schedule Payments, #61 (December 2019)

Informational Items:

1. WSCC Sales Productivity Report
2. WSCC Monthly Expenditures Auditing Officer Certification
3. Visit Seattle Monthly Sales Report
4. WSCC Monthly Sales Report
5. WSCC Parking Report
6. Food Service (ARAMARK) Report
7. WSCC Social Media Update
8. WSCC Financial Report

Mr. Flowers made a motion to approve the Consent Agenda as presented, including the Financial Report. Mr. Hillis seconded and the motion was carried by the unanimous affirmative vote of all Directors present, both in person and via teleconference.

V. PFD COMMITTEE REPORTS

A. Addition Committee

1. Ratification of Purchase and Sale Agreement for the Horton Street Property, Resolution #2019-18

A RESOLUTION of the Board of Directors of the Washington State Convention Center Public Facilities District ("District") approving the sale of real property located at 150 South Horton Street.

Mr. Finneran advised that Resolution #2019-18 concerning the ratification of the Purchase & Sale Agreement for the Horton property is contained in the packets and had been provided to the Board for review prior to the meeting.

Mr. Hillis made a motion to approve Resolution # 2019-18, approving the sale of the South Horton Street property. Mr. Flowers seconded and the motion was carried by the unanimous affirmative vote of all the Directors present, both in person and via teleconference.

2. Update Report

Mr. Finneran requested Mr. Griffin to provide the Board with a brief presentation of the current status of the Addition Project items.

Mr. Griffin provided a brief update on the construction schedule and the progress to date which is working towards the Temporary Certificate of Occupancy (TCO) at the end of November of 2021. Mr. Griffin advised that the project encountered some problems with cranes in the past month, and the contractor believes that those issues will be resolved by the end of Q1 2020. On the Budget, we continue to work hard on the costs, and are working with the contractor to minimize the number of open items. Mr. Griffin explained, as was done at the Addition Committee this morning, that the items come in various buckets, but are basically categorized as a Request for Information (RFI) that comes from the contractor. The RFI gets changed into a Possible Cost Issue (PCI), and then basically reconciled in a Change Order (CO). These will be key items that will occur throughout the entire project. Mr. Griffin reported that there is good cooperation between the teams (General Contractor, Architects, Pine Street Group) and all are working well on these issues. On the Design work, Mr. Griffin stated that work continues regarding the resolution of some mechanical design issues with ARUP and he is optimistic that those will get resolved in the next 30-days. With regards to the selection of final materials, PSG recently met with Mr. Finneran, Mr. Blosser and WSCC staff and progress was made on items to be selected. There are only a few selections of finish samples remaining to be finalized and it is anticipated that the selection of samples will be completed in January 2020. On Contracts, Mr. Griffin advised that, in general, PSG is in good shape on the contracts, with the caveat that we need to get more of the possible cost issues concluded. Mr. Griffin provided an update to the Board regarding an accident that occurred on the construction site this morning, where it appeared that a worker fell and injured his/her leg. As the injured worker required a stretcher for transport for medical care, a number of fire trucks arrived on scene giving the appearance of a much more severe incident. Mr. Griffin is optimistic that the worker will be fine and recover quickly.

B. Finance Committee

1. Approval to Recognize Additional Expenses for 2019 Operating Budget, Resolution #2019-19

A RESOLUTION approving additional spending authority for the Budget for the Washington State Convention Center Public Facilities District for Fiscal Year 2019 amending and superseding Resolution 2018-11.

Mr. Flowers advised that the Board approves the budget each year by broad line items for staff to follow and manage. As required by Board Policy, any single line items that are projected to be \$100,000 over the approved budget must come back to the Board for approval. Staff presented the Finance Committee with four Operating Budget line items and expenditures for review and recommendation to the full Board for approval. These four categories are 1) Wages; 2) Food & Beverage Services; 3) Utilities; and 4) Maintenance & Repairs. Mr. Flowers stated that the Finance Committee recommends approval of Resolution 2019-19.

Mr. Flowers made a motion to approve Resolution 2019-19 to increase the following line items expenditures for Fiscal Year 2019:

- a) Wages: from \$6,269,421 to \$6,455,421
- b) Food & Beverage Services: from \$13,506,982 to \$14,094,382
- c) Utilities: from \$3,156,550 to \$3,265,349; and
- d) Maintenance & Repairs: from \$1,637,654 to \$1,746,453

Ms. Brown-Archie seconded and the motion was carried by the unanimous affirmative vote of all the Directors present, in person and via teleconference.

C. Marketing Committee

1. Approval of the Visit Seattle 2020 Sales Plan, Goals and Scope of Work, Resolution #2019-20

A RESOLUTION by the District Board approving the 2020 Annual Strategic Marketing Plan and 2020 Annual Budget with Visit Seattle.

Mr. Schafer advised that the Visit Seattle 2020 WSCC Scope of Work and Strategies are contained in the Board packets. These documents were reviewed by the Marketing Committee and also presented to the Board at the Retreat by Mr. Norwalk and the Visit Seattle team, however there has been an update to the 2019 Forecast amounts since the October Board Retreat. Mr. Schafer asked Mr. Norwalk to provide a summary of the updated forecast information now contained in the Visit Seattle 2020 WSCC Scope of Work / 2020 Final Goals.

Mr. Norwalk advised that the Visit Seattle 2020 WSCC Scope of Work contains revised information for the Annual Sales Booking Goals, with a revised 2019 Goal and 2019 Forecast. The 2019 booking goals assumed the ability to contract for a March 2022 Summit opening and this date has now been changed to June 2022. The 2020 booking goal assumes a June 2022 Summit opening.

Mr. Schafer made a motion to approve Resolution # 2019-20, to adopt the 2020 Annual Strategic Marketing Plan and 2020 Annual Budget with Visit Seattle. Mr. Hillis seconded and the motion was carried by the unanimous affirmative vote of all the Directors present, in person and via teleconference.

D. Government Affairs Committee

1. Update

Ms. Brown-Archie reported that the Government Affairs Committee met earlier today, primarily to talk about the legislative climate and the Sales Tax Deferral bill. Ms. Brown-Archie requested Ms. Bogard provide a brief update to the Board. Ms. Bogard advised that at today's Committee meeting, discussion occurred regarding some of the details of the Sales Tax Deferral proposal and a tentative plan of action was agreed upon. Ms. Bogard and WSCC staff are preparing a one-page document to outline why this tax deferral is needed; the combination of some of the things that have occurred in building the new Summit facility, some cost increases, and the need to renovate the existing Arch facility. Ms. Bogard provided a brief update on items of interest to WSCC pertaining to local Seattle and King County governments following the recent elections. Ms. Brown-Archie reminded the Board that this will be a short legislative session and it is critical for WSCC to get this sales tax deferral. Language contained in the proposed bill will seek a sales tax deferral that basically will not require repayment until 2025 (5 years). By way of reference, Ms. Brown-Archie advised that the new arena's sales tax deferral bill which passed during the 2019 legislative session requires payments to begin from day 1. Ms. Brown-Archie also advised that Ms. Bogard is expanding her team to include Mr. Tim Boyd from TSB Communications Group, to assist with getting more coverage in this shorter legislative session time period.

2. Government Relations Consultant Report

Ms. Brown-Archie advised that the consultant update report from Ms. Bogard is contained within the Board packets.

VI. PRESIDENT'S REPORT

A. Review of New Organizational Chart for WSCC

Mr. Blosser provided an overview of the new organizational structure for WSCC in anticipation of the new Summit building. As the Board will recall, the pre-opening budget was approved in November and is very solid with respect to increasing our Communications, Marketing, Event Management and Sales efforts, with our initial focus in 2020 to be prepared for the opening of the Summit. Mr. Blosser presented diagrams of the 2020 Executive Team – Directors, 2020 and 2021 Assistant Directors, and 2020 Staff Highlights. Effective January 1, 2020, two positions have been reclassified:

- Mr. David Cononetz, Director of Facilities: David's position as Plant Service Manager has been reclassified to Director of Facilities. Transitioning Mr. Cononetz to the new Director of Facilities ensures

the expertise required relative to the dedication and critical understanding of how both buildings operate, the matters concerning mechanical, electrical and trades personnel, and all the maintenance contracts for all of WSCC systems and all equipment. This is already an important role for the existing Arch building but becomes even more important now with the second building.

- Ms. Mary Pauly, Director of Human Resources: Mary's position as Human Resource Manager has been reclassified to Director of Human Resources, in part relative to the increased volume of work that will be required as WSCC begins the recruitment/retention process for the necessary staff members to be hired, trained and in place prior to the opening of the Summit.

Mr. Blosser advised, as part of the conversation with the Long-Range Planning Committee, we have started to layout the succession and training process for WSCC employees and there will be some Assistant Director positions filled to help us solidify the management of the different disciplines that are in place. Mr. Blosser provided a brief outline of the timing for the various changes/reclassifications going forward beginning Q1 2020 through Q1 2021. One of the changes that will occur is in the Director of Operations position. Currently all the Set-Up is underneath the Director of Event Services and we are separating the Set-Up and the Housekeeping and making that an operational department under the Director of Operations. Mr. Blosser reiterated that with two buildings, we will require a Director and team who are 100% paying attention to set-up and housekeeping, and the already very busy Events team to do as much as they can to be in front of the clients and handling all the client issues. With respect to where we are in 2021, Mr. Blosser advised that staff will come back to the Long-Range Planning Committee and the Board regarding the numbers of positions/staff in the budget process for 2021, and that we are going to wait until the end of 2020 / early 2021 to better understand what the event schedule is tracking in order to staff accordingly with the additional staff, additional events, and additional functions and activities that each department will have with the Summit building opening.

Mr. Blosser advised that changes will occur under Communications as we begin to message the new brand and the marketing messaging for the facility. It is important that our messaging be in concert with that of Visit Seattle as we release our communications for the new building, as well as for outreach and other activities. Another component of the changes for the Communications Department are more specific to energizing our website and having the ability to create the necessary stories for the Outreach Program.

Mr. Finneran requested to know where the Exclusive Food & Beverage contractor, ARAMARK, falls on this updated organizational chart. Mr. Blosser stated that ARAMARK falls under the Vice President of Administration and the President/CEO and that dotted lines can be added to show that important reporting relationship.

Mr. Blosser briefly explained the changes foreseen for the Director of Event Services in that this position will become responsible for managing our service contractors as part of the whole event process. A dedicated Digital Specialist will also be added to the Event Services team to undertake all the scenarios surrounding the set up and editing of all digital event signage in both facilities. Currently the Event Managers are responsible for this task in the Arch building and it is extremely time consuming. With the opening of the Summit building, we are expecting to double the amount of digital signage work required, plus projection in the new building, and the potential opportunity for possibly selling advertising space or additional digital sign boards in the future. The new position will allow for the team to be very nimble on keeping up with the many signage edits (for example, 75 different meetings in 30 rooms on any given day) and allows the Event Managers to focus on managing our event clients and their event needs.

IX. ADJOURNMENT

Mr. Flowers made a motion to adjourn the December 17, 2019 Board meeting at 2:29 p.m. Ms. Brown-Archie seconded and the motion was carried by the unanimous affirmative vote of all Directors present, both in person and via teleconference.