

**WSCC PFD Board Strategic Planning Retreat
October 26-27, 2020**

Washington State Convention Center Public Facilities District
Board of Directors Strategic Planning Retreat
October 26-27, 2020
WSCC – Remote Meeting (via Microsoft Teams)

Tuesday, October 27, 2020, 9:00 a.m. to 12:00 p.m.

In attendance (by videoconference / conference call):

Frank K. Finneran	Chairman, WSCC PFD Board of Directors
Deryl Brown-Archie	Vice-Chair, WSCC PFD Board of Directors
Robert Flowers	Director, WSCC PFD Board of Directors
Susana Gonzalez-Murillo	Director, WSCC PFD Board of Directors
Nicole Grant	Director, WSCC PFD Board of Directors
Jerry Hillis	Director, WSCC PFD Board of Directors
J. Terry McLaughlin	Director, WSCC PFD Board of Directors
Denise Moriguchi	Director, WSCC PFD Board of Directors
Craig Schafer	Director, WSCC PFD Board of Directors
Jeffrey A. Blosser	President & CEO, WSCC PFD
Linda Willanger	Vice President – Administration / A.G.M, WSCC PFD
Jon Houg	Vice President – Operations, WSCC PFD
Chip Firth	Chief Financial Officer, WSCC PFD
Michael McQuade	Director of Sales, WSCC PFD
Krista Daniel	Director of Event Services, WSCC PFD
David Cononetz	Director of Facilities, WSCC PFD
Paul Smith	Director of Information Systems, WSCC PFD
Mary Pauly	Director of Human Resources, WSCC PFD
Earl Taylor	Director of Operations, WSCC PFD
Loni Syltebo	Director of Communications, WSCC PFD
Daniel Johnson	Administrative Services Manager, WSCC PFD
Lorrie Starkweather	Executive Assistant to the President & Board of Directors, WSCC PFD
Michael Murphy	Project Coordinator, WSCC PFD
Matthew Hendricks	General Counsel to WSCC, Hendricks & Bennett
Keith Hedrick	General Manager, ARAMARK
Becky Bogard	Government Affairs Consultant, Bogard & Johnson LLC
Fred Eoff	Financial Consultant, Public Financial Management, LLC
Tom Norwalk	President & CEO, Visit Seattle
Ali Daniels	SVP / Chief Marketing Officer, Visit Seattle
Kelly Saling	Vice President – Convention Sales & Services, Visit Seattle
Kris Cromwell	Vice President – Finance, Visit Seattle
Troy Anderson	Director of Sales, Visit Seattle
Patrick Smyton	Senior Director - Convention Strategy, Visit Seattle
Matt Griffin	Pine Street Group
Matt Rosauer	Pine Street Group

Arnetta Libby	Pine Street Group
Jane Lewis	Pine Street Group
Margery Aronson	WSSC Addition Art Advisor
(Unknown Caller)	(832) 978-6141
(Unknown Caller)	(228) 243-1134

a. Chairman’s Welcome

Board Chairman Frank Finneran welcomed attendees to the WSSC PFD Board of Directors Strategic Planning Meeting and provided an overview of the schedule and agenda for Day 2. The Chairman reminded the group that as a quorum of Directors were in attendance, the meeting is considered a “special meeting” under the Open Public Meetings Act.

a. Revised Mission Statement (10-26-2020)

Mr. Finneran provided a recap of the “Review Mission & Vision” agenda item at the start of the Retreat meeting yesterday. Following review and discussion, it was suggested that the Board modify the Board’s Mission Statement to include the word “safe”. The revised Mission Statement was provided for the Board to review:

Mission Statement (revised 10/26/2021)

Through the professional actions of our staff, we will provide our guests with a distinctive level of service excellence while maintaining **a safe and** fiscally responsible, self-sustaining operation that contributes economic and other civic benefits for the people of the City, County, and Washington State.

Mr. Finneran advised that unless there were other comments or suggestion, the revised Mission Statement will be approved at the November 24, 2020 regular meeting of the Board. Mr. Hillis requested that the existing phrase “.....self-sustaining operation that contributes economic and other civic benefits for the people of the City, County, and Washington State” be strengthened as the current wording emphasizes more the internal workings as opposed to the external, especially as the Convention Center is currently seeking funding to complete the Addition from the City, County, and State. Mr. Finneran requested that Mr. Hillis draft wording and challenged Ms. Willanger to do the same.

2. Round Table Discussion of Issues Facing WSSC – Short and Long-Term

Mr. Finneran advised this discussion was prompted by the memo from Mr. Blosser to all the Board members last week and requested Mr. Blosser to provide the items in the memo along with his thinking as to how the Board should possibly deal with the issues. Mr. Blosser advised his bullet points were starting point conversation issues he thought were germane to where we are today.

Mr. Blosser advised there was some discussion on this item yesterday in terms of Seattle’s reputation, with Mr. Norwalk and several of the Board members commenting. Topics for discussion were related to “Downtown Seattle Safety, Civility and Security” with respect to the safety and security concerns for downtown area, event attendees, and staff; as well as how can we assist in combatting the negative image currently portrayed on the news to clients looking to select Seattle for future business; how to convey to everyone that it is safe to come downtown and to meet at WSSC and stay in Seattle hotels; will meeting with City Council and other business groups assist with this cause; how can we get an audience with the right people (Council members, Committees, staff members) to better understand the direction being taken with their new efforts; what level of participation will the WSSC Board play in these efforts to find a possible solution. Significant conversation was held with a variety of good ideas discussed.

Another topic for discussion was “Capital Projects/Deferred Maintenance” with respect to perhaps putting the 2021 and 2022 projects on hold until funding is available; What are the priorities in terms of keeping the building functional for these 2 years; How do we fund regular maintenance needs or replacements that come up in a 30-year old building; Do we utilize these funds for the operations to get us through these two tough years; Do we keep a running list of items and push them into future years?

Another topic for discussion was “Budget Issues for 2021 and 2022” with respect to the lack of events in the Center during first quarter of 2021 and perhaps April and May, decisions on the operations will need to be determined as funds will not be available; Do we look to shutting down the whole operation to preserve monies; How do we support the Addition Project, pay our bills and support staff in this down time; If this direction is taken, how will the building be protected; Are there different funding sources we can tap outside of the normal channels to keep up the sales efforts, client communications, and working with Visit Seattle for future bookings; As we have been running a bare bones operation since March, do we cut into this earlier in 2021 understanding it may jeopardize sales options, customer service, building maintenance for events in 2021 and 2022; What happens to the funding of our partners like Visit Seattle and ARAMARK; What will be the messaging to our community hospitality partners, governmental entities and our clients? Significant dialogue was held surrounding these very important questions .

Some action items from the discussions:

- Look into the availability of Councilmember Andrew Lewis to speak to the Board regarding the current situation.
- The Board to encourage Mr. Blosser and Mr. Norwalk to lead the way to make a difference.
- Start to set up one-on-one meetings with each Council (City and King County) to begin dialogue.
- Per the Chairman’s request, convene an Ad Hoc Taskforce for a coordinated effort to better understand the issues before us here in the City of Seattle, with the taskforce being comprised of Ms. Brown-Archie, Ms. Gonzalez-Murillo, Ms. Grant, Ms. Moriguchi, and Ms. Bogard.

3. WSCC Operating Goals

a. Review of 2020 Operating Goals Report

Mr. Blosser provided an update on the Operating Goals for 2020. As the mid-year goals review was presented at the end of July, Mr. Blosser spoke to the challenges 2020 has seen due to the impact of COVID-19, the specific actions that have had to occur, and more changes being foreseen over the remainder of the year. A highlight of goal results to date were contained in the Board packets. Mr. Blosser advised that for the remainder of 2020, he anticipates continued monitoring of our economic crisis and the phasing protocols from the Governor to better understand what opportunities exist for events to return to WSCC with limited staffing and resources to service those events and to keep operations at an essential level. Mr. Blosser thanked Ms. Bogard for her help with reappointment of Board members. As well, Summit staffing efforts have been pushed to 2022. Mr. Blosser will be meeting with Mr. Torgelson at the City regarding keeping the building closed to the general public for the remainder of 2020, as well as a discussion for permitting the same actions for 2021.

Finalization of the 2020 Operating Goals to occur upon the closing of the year end financials in January and will be brought before the Board for approval at the January board meeting.

b. Preview of “Draft” Operating goals for 2021 “Draft”

A draft set of Operating Goals for 2021 was included in the Board packets for review.

Mr. Blosser provided an overview of the 2021 goals as listed in the Board packet. As discussed during earlier today, the newly formed Ad Hoc Taskforce is to be included in Goal #1 (Outreach and Government Affairs combined goal) and will be comprised of Ms. Brown-Archie, Ms. Gonzalez-Murillo, Ms. Grant, and Ms. Moriguchi, with a goal of outreach to the City and County Councils.

The 2021 Capital Projects will be brought back to the Facility Committee for review in early December and then brought to the Board for approval in December.

Mr. Blosser advised the proposed 2021 Operating Goals will be brought to the Board for approval at the regular board meeting in November.

4. Finance Committee (Mr. Bob Flowers, Chair)

a. Proposed 2021 Operating Budget Discussion

Mr. Flowers advised that the draft 2021 Operating Budget with base case scenarios will be brought to the Finance Committee for further review in November and finalized in December for approval. Mr. Blosser spoke to the draft 2021 Operating Budget document and advised that staff are continuing to work to cut costs where possible. With no significant business on the books for Q1 and Q2 it is going to be a very difficult period. Mr. Blosser advised that parking revenue will continue as the garages remain open, and that most 2021 revenues are forecast to be generated during Q3 and Q4. The Sales team continues to see event cancellations coming in for Q1 and Q2. With regard to salaries and benefits for staff, Mr. Blosser advised that unfortunately additional lay-offs and reductions are being reviewed.

b. Property Insurance Recommendation Discussion

Mr. Blosser advised that staff have been working with our broker, Alliant Insurance, on the property insurance premiums for 2021 and Alliant are finalizing proposals. The current policy expires at the end of November. Mr. Blosser advised that across the county insurance rates are increasing 15 – 20% based on 2020 premiums and will continue to be expensive for the next few years. Discussion occurred regarding the state of insurance around the country and how civil disorder has played a role in the increase in the dollar value of the premiums. Discussion occurred regarding the possibility of restructuring our debt service to provide added liquidity. Mr. Eoff advised that this is a good point and on the financial advisor's radar screen. Mr. Blosser advised that Alliant is looking into any possible cost deductions or discounts that could be benefit WSCC for the short-term and wanted to bring this to the Board for discussion. The President will bring the Property Insurance back to the full Board in November for approval.

5. Chairman's Wrap-Up Discussion

a. WSCC Ability to Fund Debt Service 2021 to 2023

Mr. Finneran wished to address the issue of WSCC's ability to service our debt in 2021, 2022, and 2023. The recent study by CBRE suggests less receipts in the early years by \$10 Million and more receipts in the later years. Discussion occurred with Mr. Griffin, Mr. Eoff, and Mr. Finneran regarding the WSCC unrestricted fund reserves, the estimated TOT taxes in 2021/2022, and the Convention Center's cash account balances. Further discussion followed regarding the draft Addition Project financing plan that was reviewed at the Finance Committee in October and the need to better understand the funding necessary after accrued liabilities for ongoing Center operations and debt service. Mr. Blosser added that the \$1.5 Million for Visit Seattle needs to be recognized as well.

Mr. Finneran tasked Mr. Blosser and Mr. Firth with preparing a report showing all accounts "net" to December 31, with a column for the reductions that will occur between this date up to December 31. Mr. Firth to reduce the unrestricted reserve fund by the \$41 Million to be utilized by Mr. Eoff and show where it is being distributed to, in order to have the net amount for discussion.

b. Board Officers Election and Discussion

Mr. Blosser provided notification to the Board that the election of the Board Officers (Chair and Vice-Chair) will be conducted at the November 24, 2020 regular meeting of the Board. Per the WSCC Bylaws, the Board Officers are elected to a two-year term (2021 – 2022).

Ms. Moriguchi expressed that she believes Mr. Finneran is doing a good job and asked if Mr. Finneran and Ms. Brown-Archie were willing to stand for re-election. Ms. Gonzalez-Murillo thanked Mr. Finneran and Ms. Brown-Archie for their strong leadership during these particularly tough times. Mr. Finneran and Ms. Brown-Archie both advised that they were willing to stand for re-election, if that was the will of the Board. Ms. Gonzalez-Murillo nominated Mr. Finneran for the position of Chair. Ms. Grant nominated Ms. Brown-Archie for the position of Vice-Chair.

c. 2021 Board Meeting Dates

A draft schedule of 2021 Board meeting dates was distributed to the Board for review.

Ms. Brown-Archie asked that, given the unusual times, should the Board think about meeting on a more frequent basis, particularly during the first half of 2021? Mr. Blosser advised that Special Meetings could be scheduled if necessary.

Mr. Finneran advised that Board members will be asked to approve the meeting schedule for 2021 at the Regular November 24, 2020 Board meeting.

d. Discussion of Retreat Issues and Strategies

Chairman Finneran thanked the Board, staff, and our guests for a productive meeting, and advised that the Board has provided staff with a lot of work to do. Mr. Finneran asked the Board members to direct any suggestions or concerns regarding the retreat meeting to Mr. Blosser or Mrs. Starkweather.

6. Conclusion of WSCC PFD Board 2020 Strategic Planning Retreat

Mr. Hillis made a motion to adjourn the meeting, and Ms. Moriguchi seconded. The meeting was adjourned at 11:25 a.m.