

Minutes

Washington State Convention Center Public Facilities District

Regular Meeting of the Board of Directors December 15, 2020

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., by video conference / conference call via Microsoft Teams. At the chairman's request, Mrs. Starkweather conducted a roll call of Board Directors to ensure a quorum in attendance, as well as to identify meeting attendees.

MEETING ATTENDANCE

Board Directors in Attendance (by video conference / conference call)

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

Board Directors Absent

Denise Moriguchi
Craig Schafer

Officers in Attendance (by video conference / conference call)

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 (by video conference / conference call)

Margery Aronson, Addition Art Project
Cath Brunner, Addition Art Project
Melinda Altamirano, ARAMARK
Keith Hedrick, ARAMARK
Becky Bogard, Bogard & Johnson, LLC
Matthew Hendricks, Hendricks - Bennett, PLLC
Mindy Johnson, LMG
Matt Griffin, Pine Street Group
Jane Lewis, Pine Street Group
Tom Norwalk, Visit Seattle
Kelly Saling, Visit Seattle
Kris Cromwell, Visit Seattle
Patrick Smyton, Visit Seattle

Staff in Attendance (by video conference / conference call)

David Cononetz	Krista Daniel
Daniel Johnson	Jules Miller
Kristi Russell	Lorrie Starkweather

Michael McQuade
Paul Smith

Michael Murphy

Guests in Attendance (by conference call)

Mary Clare Kersten
Alma Elahee
Dale Clark

Karen Sudderth
Brian Olin
Sam Hecker

II. APPROVAL OF MINUTES

October 26 & 27, 2020 WSCC PFD Board Special Meetings and November 24, 2020 WSCC PFD Board Regular Meeting

Mr. Hillis made a motion to approve the minutes of the October 26 & 27, 2020 Special Meetings and the November 24, 2020 Regular Board meeting, as presented. Mr. Flowers seconded, and the motion was carried by the unanimous affirmative vote of all Directors present via video conference / conference call.

II. 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. Reappointment of Board Members

Mr. Finneran advised that notification has been received that Mr. McLaughlin has been reappointed by the King County Executive for subsequent 4-year terms ending July 30, 2024.

B. Consent Agenda

Mr. Finneran presented the Consent Agenda to the Board. The following action items and informational reports had been sent to the Board for review prior to today's meeting:

Action Items:

1. Ratification of Additional Facility Project Contract List (December 2020)
2. Approval of Additional Facility Project Draw Schedule Payments, #73 (December 2020)

Informational Items:

1. WSCC Sales: November Summary Report
2. WSCC Sales: COVID-19 Impact on Regional-Local Business – November 2020
3. WSCC Monthly Expenditures Auditing Officer Certification
4. Visit Seattle Sales Report – November 2020
5. WSCC Sales Report – November 2020
6. WSCC Parking Report
7. Food Service Report (ARAMARK)
8. WSCC Social Media Overview

Mr. Hillis made a motion to approve the Consent Agenda as presented. Mr. McLaughlin seconded, and the motion was carried by the unanimous affirmative vote of all Directors present by video conference / conference call.

V. PFD COMMITTEE REPORTS

A. Addition Committee

1. Update Report

Mr. Finneran requested Mr. Griffin to provide the Board with an update on the project financing. Mr. Griffin provided a brief update on construction, advising that progress was made this past month and that construction is moving along reasonably well. The Project is still being impacted by some COVID-related issues, and hampered by the steel erector, American Bridge, not keeping pace. The excavation

work north of Olive Way, where there were concerns about finding archaeological objects in the soil, has gone quite smoothly. Mr. Griffin advised that when the press conference was held May 2020, Pine Street Group basically stated that there was enough cash to run the Project until May 2021, but without future financing the Project could not move forward beyond that date. It was also stated at the press conference that if Pine Street Group did not have a good handle on a plan for that financing by the end of 2020, the process towards shutdown would need to begin. Unfortunately, the shutdown would occur at a time when there are to be approximately 1,000 people working on the site.

Mr. Griffin applauded King County Executive Constantine and King County for their leadership over the past few weeks and for their announcement that King County would provide a \$100 million loan as part of the Addition Project's financing package (\$315 million). However, King County's \$100 million loan is contingent upon finding a similar amount from the City of Seattle and the State, and to date we do not know the outcome of this request of the City and State. Mr. Griffin extended appreciation to Ms. Grant for her assistance with the County and for addressing the City and other agencies on behalf of the Project and we appreciate her leadership from the M.L. King County Labor Council. Mr. Griffin and Mr. Rosauer met today with the City of Seattle Building Department and Seattle Fire Department in preparation for the end of December and the potential shut-down plan to start detailing the components of the plan and the steps to be taken to shut-down the Project. Mr. Finneran advised that he would appreciate a motion to direct Pine Street Group to prepare a shut-down plan and submit the plan to the Addition Committee by January 11, 2021, for review and then submission to the full Board for action. This may require a Special Meeting of the Board in January.

Ms. Brown-Archie made a motion that the WSCC Board directs Pine Street Group to submit a shut-down plan by January 11, 2021, to the Addition Committee for review and action by the Board at a Special meeting, as soon after that date as practical. Mr. Flowers seconded, and the motion was carried by the unanimous affirmative vote of all Directors present by video conference / conference call.

B. Finance Committee

1. Update

Mr. Flowers advised that the Finance Committee met today and received an update on the Addition Project financing plan from Pine Street Group and the Finance Committee supports the recommendation.

1. Approval of 2021 Operating Budget, Resolution # 2020-15

A RESOLUTION by the District Board adopting an Operating Budget for the District for 2021.

Mr. Flowers advised that the proposed 2021 Operating Budget is contained in the Board packet and had been sent to the Board for review prior to today's meeting. Mr. Flowers requested Mr. Blosser provide an overview of the 2021 budget. Mr. Blosser explained the process for the forecast, and as 2020 was such a difficult year staff could not utilize the 2020 numbers as a comparative for the 2021 operating budget. Staff have been working with the Finance Committee to review worst case scenarios over the past three months, and as it appears that it will be at least the third quarter before we will have business in the building, we need to be prepared in the event something else happens for which are unknowns at the present. Mr. Blosser explained that the Center is looking at a \$6 million loss for 2020 and we will be utilizing the Capital Projects Reserve Funds as well as Operating Reserves to get through this year. We anticipate having approximately \$7.7 million as a balance going forward, and staff are working to keep the budget numbers under the \$6 million loss to ensure we have room in the budget if something else happens that we have not anticipated. Mr. Blosser reported that WSCC has submitted \$3.4 million in COVID-related costs to the State and these are currently under review. If we are successful in receiving some reimbursement from the CARES Act, those funds will go back in the Operating Reserve. Mr. Blosser reiterated that staff have been very diligent with respect to keeping expense costs down, and he provided a summary of the expense types. There was zero dollars budgeted for Marketing Tax as all the revenues generated for the taxes will go to pay debt service. The \$5 million itemized for the Visit Seattle marketing contract will come out of the Unrestricted Reserves to ensure we can market for 2021, 2022 and beyond.

Mr. Flowers advised that the Finance Committee has reviewed the 2021 budget with staff in detail and agree with the proposed budget.

Mr. Flowers made a motion to approve Resolution # 2020-15, adopting the Operating Budget for 2021. Mr. McLaughlin seconded, and the motion was carried by the unanimous affirmative vote of all the Directors present, both in person and by video conference / conference call.

C. Facility Committee

1. Approval of 2021 Capital Project List

Mr. Hillis advised that staff had submitted a very short list of items for the Facility Committee's review of \$485,000, normally between \$4-\$6 million annually for capital projects. Due to the COVID-19 stay-at-home orders and no business in the building, the funds normally used for the capital plan may be required for other areas. The projects submitted are mainly repair elements based on historical needs or code required work for the building's operations. There are also requested monies for Information Technology, COVID-related costs, and for Operations to comply with the Governor's orders and guidance when we have events back in the building. The Facility Committee has reviewed these items and agrees with staff's recommendation. As well, all expenditures will be approved by the Committee prior to staff engaging the services to maintain control of the budget for 2021 except those items that are considered code requirements.

Mr. Hillis made a motion to approve the 2021 capital projects list at the \$485,000 expenditure level and directs the President/CEO to bring all expenditures requested to the Facility Committee in advance for approval, excluding items that are approved and are code required. Mr. McLaughlin seconded, and the motion was carried by the unanimous affirmative vote of all the Directors present by video conference / conference call.

D. Government Affairs Committee

1. Government Relations Consultant Report

Ms. Brown-Archie reported that the Government Affairs Committee met earlier today, and Ms. Bogard provided a comprehensive update on a proposed remote legislative session, proposed legislative reorganization following the November election, convention center financing, the Governor's shutdown orders, Mayor Durkan's announcement that she will not be seeking re-election, and highlights of what is happening with the City of Seattle and King County currently. Ms. Brown-Archie requested Ms. Bogard to provide a brief overview of her report to the Board. Following Ms. Bogard's report, Ms. Grant asked if there was any sense of what Mayor Durkan's decision to not seek re-election might mean for the Addition Project. A brief speculative discussion occurred. Ms. Brown-Archie advised that the consultant update report from Ms. Bogard is contained within the Board packets.

E. Art Committee

1. Discussion and Potential Approval: Addition Project Art Concepts Review (Entries Art)

Ms. Gonzalez-Murillo asked Ms. Lewis to present the update on the Entries Art. Ms. Lewis reminded the Board that a group of five Native American artists have been working on a collection of artworks for the Olive and Pine building entries. The Board reviewed the early concepts for the entry artworks at the May 26 and July 21, 2020 Board meetings, and today's presentation includes the final concepts as well as an additional collaborative artwork. Ms. Lewis introduced Ms. Brunner to provide a brief status review.

Ms. Brunner provided an overview of the 9th & Pine Plaza locations where several artworks are to be located. The locations for the artworks were done collaboratively with the artists, design team, and the WSCC staff. The artwork is staged around the edges and flanking primary entry points to each one of the main building locations, so not to impede gathering or foot traffic, and serves as type of welcoming beacon. Staff also encouraged all five artists to look at both locations as there was a strong desire not to set up a situation where one entry would seem more important than the other. The locations of the artwork also serve as reinforcement for wayfinding, helping to ensure guests are in the correct place,

whether entering the building from Olive Way or from the Pine Street Plaza. Ms. Brunner provided a brief recap of the individual artists, their work, and the locations selected. As Ms. Lewis had mentioned, there is a collaborative artwork being created by the five artists working together. The artists were encouraged to create a collaborative work and they have really done an outstanding job. The artists selected the metaphor of a “kelp forest” and their artwork will be created in metal with carved figures at the tops. The kelp design was chosen by the artists as a metaphor for the work of Indigenous women. A kelp forest exists below the surface of the water, with people often not aware that it is there, but it supports and nourishes all the undersea life. The artists felt that this is an apt metaphor for the work of Indigenous women who are often the support structure of their society, as they often operate behind the scenes and under the surface to support the work of their communities. Each artist worked on and created the design motifs for a piece of the collaborative artwork. The collaborative works were specifically designed to address the accessible entry to the facility and make that seem as important, as welcoming, and as inclusive as any other entry point into the facility.

Ms. Brunner provided an update on the Land Blessing that was to be held on the construction site on November 22, 2020, but due to the strict COVID-19 restrictions and the request from the Governor that all gatherings be significantly limited, the artists agreed with the Art Advisors team that we should not try to stage a larger ceremony, and Ms. Lewis was able to go onsite with one of the Indigenous artists and several Native Healers to conduct a smaller, but equally meaningful ceremony to bless the land. Ms. Lewis and Ms. Brunner have also promised the artists that there will be large multi-tribal dedication event planned as part of the opening celebrations at the Summit and we are setting aside some monies from the budget to do that work. Ms. Brunner provided a brief update on the budget amounts for the Art Program. In the course of presenting these works the stories behind them are so compelling and so beautiful that the staff, the Board Art Committee, as well as the Art Advisors have all encouraged the program to look at a way of providing interpretive materials to tell the stories of these works, and the program will earmark some budget monies. Ms. Gonzalez-Murillo thanked Ms. Lewis and Ms. Brunner for their presentation.

Ms. Grant made a motion to approve the Entries Art Concepts as presented. Mr. Flowers seconded. Mr. Finneran called for discussion.

Ms. Grant expressed that she feels the significance of this collaboration in this project cannot be overstated and she wished to go the extra mile to convey that if there is any way in which the Board can invest in elevating this program and its artists, we should investigate doing, either with some of the Programs’ contingency fund or with the Convention Center’s existing communications resources, to showcase these artists and the significance of the collaborative artwork. Ms. Gonzalez-Murillo agreed with Ms. Grant. Ms. Brown-Archie agreed with Ms. Grant’s comments about elevating these artists, but with regard to the artists or program creating a story that may have some historical significance, cautioned Ms. Lewis and Ms. Brunner to allow some level of review of the stories before the artists become too invested in the process, to ensure sure that you do not run afoul of the historical conflict among Tribes, as that is not something that the Center would want to have to mediate or be part of, so please be sensitive to that. Ms. Lewis appreciates Ms. Brown-Archie’s comments and will take this under advisement. Mr. Hillis asked if it was possible to solicit private funds to help finance this art. Ms. Brunner advised that it has been her experience that it may be possible, however it is often the case in the field of public art that many people believe that the public construction budget, and the 1% set aside, or in this case the 0.5% set aside is a meaningful way of funding artwork that is intended to be available for the public.

Mr. Finneran reminded the Board that there is a motion on the table to approve the art concept as proposed in this presentation and called for the vote. The motion was carried by the unanimous affirmative vote of all the Directors present by video conference / conference call.

VI. PRESIDENT'S REPORT

A. COVID-19 Update on WSCC Operations and a Look Ahead for 2021

Mr. Blosser provided an update on WSCC Operations and a look ahead at 2021, and stated he feels we still have a difficult four to six months ahead of us and the operating budget for 2021 reflects this issue. Mr. Blosser gave a big shout out to WSCC staff and partners for the incredible job they have done in a very, very difficult conditions in terms of all the situations and changes we have had to go through during 2020. We have kept ourselves engaged, reduced costs as much as possible, and have been preparing for events in the second half of 2021. The team has created a very good Safety-First Opening Program for the building, and Mr. Taylor and the Operations team have been putting together new cleaning and disinfecting protocols for the building. Mr. Taylor and the GBAC Taskforce team have done a good job researching and preparing documentation to submit for GBAC STAR Accreditation and will be submitting the documents in January. There are twenty elements listed in the accreditation requirements that the team had to put together, and we hope to be accredited in February 2021 ahead of any of our events being at the building.

Mr. Blosser was glad that WSCC could fund Visit Seattle. The WSCC and Visit Seattle Sales teams are working very hard to keep as much business in the building and City as we possibly can; obviously not for 2020 or 2021, but for where we have been able to move a lot of business into the future years which is very good for Seattle and the Convention Center. The teams are really working hard to ensure that as much business as possible is booked into the second half of 2021 and beyond. Mr. Blosser is optimistic that with the vaccinations coming to Washington State in December / January, that an immunization process will begin and that by the second half of 2021 meeting planners will regain a sense of confidence about having face-to-face or hybrid meetings in third & fourth quarters of 2022. Mr. Blosser advised that things are still uncertain with the timing of the Governor's orders, but staff and our partners are trying to do as much as possible to be prepared for the return of business in 2021, with Comicon moving to December, Pax on track to occur in September, and a few other conventions looking to come to Seattle during the last four months of the year.

Stay tuned for next year, we think it is going to be better. Mr. Blosser will continue to update the Board on the COVID issues as they come forward.

B. WSCC Art Foundation Directors, Resolution # 2020-16

A RESOLUTION by the Board of Directors of the Washington State Convention Center Public Facilities District ("District") approving members of the Washington State Convention Center Art Foundation ("Art Foundation") Board of Directors.

WHEREAS, the following individuals have the necessary qualifications to serve as members of the WSCC Art Foundation Board of Directors, and have been designated for renewal for an additional (3) three-year term of service for such membership by the Chair of the District Board Art Committee:

- | | | |
|-------------------|----------------------|------------------------|
| 1. Jane McConnell | Term Renewal 3 Years | 1/1/2021 to 12/31/2023 |
| 2. Donna Wolter | Term Renewal 3 Years | 1/1/2021 to 12/31/2023 |

Ms. Gonzalez-Murillo made a motion to approve Resolution #2020-16 pertaining to the reappointment of Ms. Jane McConnell and Ms. Donna Wolter as members of the Washington State Convention Center Art Foundation Board of Directors for the terms as outlined above. Ms. Brown-Archie seconded, and the motion was carried by the unanimous affirmative vote of all the Directors present by video conference / conference call.

VII. FINANCIAL REPORT

Mr. Firth wished to recognize Ms. Kristi Russell, Interim Accounting Manager, and introduce Ms. Jules Miller, WSCC's new Accounting Manager, for their work to smoothly transition their roles and job functions.

Mr. Firth advised that the Financial Report for November 2020 had been reviewed by the Finance Committee and had been sent to the Board for review prior to today's meeting. November is the eighth

consecutive month the building has been totally shutdown except for the parking garages and some retail rent. Parking generated \$155,964 and amounted to 160% of the budget. Freeway Park Garage construction early bird and public parking generated \$31,353 or 52% of \$60,016. In the Main Garage during the work week Virginia Mason Hospital employees average 233 parkers and the All-Day Special 211 parkers. The Main Garage generated revenues of \$98,948 for November.

Operating revenues for Building Rent, Food Service, Facility Services were earned from service fee charges on deposit funds. Other revenue is interest from Operating funds invested in the State LGIP. Retail revenues were under budget by 23%. Operating expenses for November were under budget for the month by 29.0%, with year-to-date numbers being under budget by 5.3%. Operating Loss for November was \$742,412, with year-to-date Operating Loss at \$7,366,041. In-house Marketing expenses were \$55,473, over budget by 2.7%, and primarily included Sales and Marketing Salaries and WSCC portion of salary for the Senior Director of Convention Strategy position at Visit Seattle. For the month of November, the Marketing Loss was \$555,473, with the total actual Operating and Marketing Loss amount being \$1,297,885. Capital Improvements for the month of November were \$0, and WSCC YTD \$1,896,823. Addition Project expenditures for November were \$26,185,463. Mr. Firth reported that November Lodging Revenue collections (earned in September) were \$89,381.95. The Department of Revenue and the State Treasurer's report on Additional Lodging collections for November was \$366,281; and Extended tax for November was \$89,382.

Mr. Firth advised that we expect Parking Revenues to continue to be fueled by the construction early bird, the 12-hour special, and Virginia Mason Hospital employee parking. However, with the holidays and the weather we expect revenues to taper off somewhat in November and December compared to what was realized in October.

VIII. ADJOURNMENT

Mr. Flowers made a motion to adjourn the December 15, 2020 Board meeting at 3:15 p.m. Ms. Gonzalez-Murillo seconded, and the motion was carried by the unanimous affirmative vote of all Directors present by video conference / conference call.