

## Minutes

Washington State Convention Center  
Public Facilities District

Regular Meeting of the Board of Directors  
May 25, 2021

### I. CALL TO ORDER

Frank K. Finneran, Board Chairman, convened a regular meeting of the Washington State Convention Center Public Facilities District (WSCC) Board of Directors 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.

### 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  
Craig Schafer

#### Board Directors Absent

Denise Moriguchi

#### Officers in Attendance (by video conference / conference call)

Jeffrey A. Blosser, President / CEO  
Linda Willanger, Vice President of Administration / AGM  
Sam Hecker, 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  
Melinda Altamirano, ARAMARK  
Keith Hedrick, ARAMARK  
Matt Shea, ARAMARK  
Becky Bogard, Bogard & Johnson, LLC  
Matthew Hendricks, Hendricks - Bennett, PLLC  
Fred Eoff, PFM Financial Advisors, LLC  
Matt Griffin, 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, Director of Facilities  
Krista Daniel, Director of Event Services  
Daniel Johnson, Administrative Services Manager

Michael McQuade, Director of Sales  
Jules Miller, Accounting Manager  
Lorrie Starkweather, Executive Assistant to the President & Board  
Loni Syltebo, Director of Communications

Guests in Attendance (by conference call)

Mary Clare Kersten  
Karen Sudderth

II. APPROVAL OF MINUTES

March 23, 2021 WSCC PFD Board Regular Meeting; March 30, 2021 WSCC PFD Board Special Meeting; and April 27, 2021 WSCC PFD Board Special Meeting

Ms. Gonzalez-Murillo made a motion to approve the minutes of the March 23, 2021 Regular Board meeting, the March 30, 2021 Special Board meeting, and the April 27, 2021 Special Board meeting as presented. Mr. McLaughlin seconded, and the motion was carried by the unanimous affirmative vote of all Directors present via video conference / conference call.

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. 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 (April 2021)
2. Ratification of Additional Facility Project Contract List (May 2021)
3. Approval of Additional Facility Project Draw Schedule Payments, #77 (April 2021)
4. Approval of Additional Facility Project Draw Schedule Payments, #78 (May 2021)

Informational Items:

1. WSCC Sales: April Summary Report
2. WSCC Sales: COVID-19 Impact on Regional-Local Business – YTD April 30, 2021
3. WSCC Monthly Expenditures - Auditing Officer Certification
4. WSCC Parking Report:
5. Food Service Report

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

V. PFD COMMITTEE REPORTS

A. Addition Committee

1. Update Report

Mr. Finneran advised the Addition Committee met earlier today and discussion occurred regarding project costs and schedule, as well as a review of efforts to date to seek reimbursement of COVID-19 related expenditures from the State. Mr. Finneran requested Mr. Griffin to provide the Board with a brief presentation of the status of the Addition Project items related to costs and schedule.

Mr. Griffin advised that the construction team continues to make progress and the schedule remains on target. The Temporary Certificate of Occupancy (TCO) is now expected to be July 1, 2022. The

Addition Committee continues to actively follow potential progress of our request to the State for reimbursement of costs incurred because of COVID-19. He reminded the Board that the State was awarded \$4.3 Billion in federal funds specifically to deal with COVID-19 related issues, and this money is to be awarded and distributed. This money is separate from any monies to be designated from the City of Seattle or King County. The State has distributed some of that money, however the remainder has not been designated yet and information received feels this may occur during either a Special Legislative Session or during the 2022 Legislative Session. Mr. Griffin said that while there is money to be focused on tourism, we need to ensure that our request for this important source is successful as part of the Project's financial sources and uses.

On June 11, 2021, there will be a Topping Out ceremony in recognition of the last piece of structural steel being put into place on Site A, the main block. The event will be done following COVID-19 protocols and will be mainly electronic (video) in nature with a video being created with community leaders expressing appreciation to the construction workers for their work to complete the building. The Convention Center may also use the video to show clients the progress of construction and be able to talk about the building opening next year.

Pine Street Group (PSG), in cooperation with the King County Health Department, Mr. Blosser and the WSCC operations team, and Clark-Lewis, have arranged for a COVID-19 vaccination site to be held at The Conference Center (TCC) on the afternoon of June 4, 2021, for the construction workers and their families, as well as employees of the Convention Center to receive the vaccine. Mr. Griffin advises the hope is to get more people vaccinated and help to make a safer downtown, a safer worksite, and a safer community.

B. Government Affairs Committee

1 Taskforce Chair Update to the Board

Ms. Brown-Archie advised that the Taskforce (Ms. Brown-Archie, Ms. Gonzalez-Murillo, Ms. Grant, Ms. Moriguchi, Ms. Bogard, and Mr. Blosser) is now at a point to bring recommendations to the Board in terms of the Convention Center's role in engagement on what we view as a way of assisting the City to return to a path of civility. As reported previously to the Board, the Taskforce has had several meetings with community leaders and have benefited from Ms. Bogard's advice and experience. Following review of all information garnered from these meetings, the Taskforce has reached the conclusion that as dire as the circumstances are in Seattle, the Center's role should remain as a "concerned public agency" as we are a unique governmental entity not a business interest. The Taskforce feels we need to maintain our uniqueness as we engage in these topics, and that we should engage in conversations with City and County Councils to help them better understand who the Center is, what the mission of the Center is in terms of economic impact generated for taxes and job creation, as well as WSCC's past impact on the community with housing, public benefits, and dollars generated for housing options. These meetings should be conducted in a manner that promotes the Convention Center as a means of welcoming all guests to our city, with the intention of recognizing the diversity in our community as a strength and allow the elected officials an opportunity to better understand the Board and the operations.

Ms. Brown-Archie reminded the Board that over the years several elected officials have had a close relationship with the Convention Center and are now no longer in office. The upcoming election will bring changes to the councils, along with a new Mayor coming onboard. Our meetings will be important as we seek to ensure that the elected officials are aware that we are a public agency with a strong tie to the community, and we can build peer-to-peer relationships. Discussions would also stress the items that we need to be successful to provide economic benefits, and clearly downtown revitalization and the perception of a safe city will assist in our work to attract events and people to the downtown core.

The Taskforce believes the Convention Center, as dire as the homeless circumstances are, should not try to fill the role of housing advocate nor take a public stand on these types of issues at this time. The Board is not best equipped to engage in finding solutions to these problems, but by familiarizing the

elected officials on the economic benefits the Convention Center provides to the City, County, and State, may show our extreme interest in engagement in supporting those efforts.

Ms. Grant and Ms. Gonzalez-Murillo affirmed the Taskforce was a good experience as the group was able to consult with some of the best minds in the City, talked to several experts, and show that the Convention Center cares about the community, and does have different outreach efforts beneficial to the community.

2 Government Relations Consultant Report

Ms. Brown-Archie reported that the Government Affairs Committee met earlier today and received an update from Ms. Bogard. The consultant update report from Ms. Bogard is contained within the Board packets.

C. Finance Committee

1. Update

Mr. Flowers advised that the Finance Committee met earlier today and received an update on WSCC's investment strategy for our bond proceeds from Government Portfolio Advisors (GPA). Mr. Blosser advised that staff will be bringing recommendations on the investment strategies discussed today back to the Finance Committee for their approval and direction. The committee received an update from Pine Street Group regarding the Addition financing and reviewed the monthly operating financial report. Mr. Flowers wished to make the Board aware that there is a possibility of a revised operating budget being presented later in the year.

2. WSCC Financial Audit Update

Mr. Flowers requested Mr. Blosser and Mr. Hecker to provide an update on the WSCC Financial Audit. Mr. Blosser advised the report from the financial auditors should be received by the beginning of June and then a meeting will be scheduled with the Finance Committee for an Exit Interview.

D. Benefit Committee

1. Update

Mr. McLaughlin reported that the Benefits Committee met on May 7, 2021 and reviewed the 2021 1<sup>st</sup> quarter investment report results. The Committee also approved the extension of the contracts with RBC (Investment Broker) and Milliman (Plan Administrator) for an additional year, as provided for in the current agreements.

E. Marketing Committee

1. Update

Mr. Schafer reported that the Marketing Committee met on May 19, 2021. Mr. Smyton provided a review of the net square footage revenues per month per year for current and future years of WSCC events to provide the Committee with a better understanding of the numbers and to ensure we are tracking with expectations. Obviously the COVID-19 pandemic has affected the short-term years of 2020, 2021, and to some extent 2022 with events cancelling and less attendance, for the most part, resulting in lower revenues. The Marketing Committee will be provided with periodic reviews and this tool will help the sales teams understand what years need work for booking and raising the net revenue numbers, and what years and months are doing well. This will assist with forecasted yield management, new business, and with creating new strategies both from an event and revenue-generating standpoint for all future years.

The Committee also discussed the issues surrounding branding and the need for Arch signage now that the Summit has its funding, as well as the necessary elements required to complete the Board-approved branding switch once both buildings are open for business. Staff are dusting off the list of items put on hold in 2020 due to the COVID-19 pandemic to understand all the items needing to be

accomplished, necessary timing for completion, and monies needed to complete the necessary tasks along with prioritizing these items for review and approvals in the upcoming 2022 budget cycle.

Visit Seattle presented the Marketing Committee with an update of a new forecasting tool that will be used to show how business is tracking on a monthly basis going forward to provide us a better understanding of room night pickup, attendance for events, corresponding revenue generation, and how these numbers can be applied for use by the hotels and the Center going forward.

## 2. Approval of New License Agreement Language

Mr. Schafer advised that the Marketing Committee reviewed two requests from staff regarding language changes to the License Agreement. The first recommendation was identifying the language needed for the purpose and premises paragraphs as they overlap, and clarification has been requested by our clients to align this language with specific events, functions, and space usage. The second item recommended by staff was to create new service requirements language, that our service vendor partners are currently using in their operations, to coincide with these needed and requested changes so the license agreement reflects these new conditions. The updated License Agreement language was provided to the Board in their packets, and the Marketing Committee have reviewed the requested changes and agree with staffs' recommendation.

Mr. Schafer made a motion to adopt the updated License Agreement language as presented and outlined in the Board packets. Mr. Flowers seconded, and the motion was carried by the unanimous affirmative vote of all Directors present via teleconference / conference call.

## 3. Approval of Regional and Local Rental Rates

Mr. Schafer advised that staff presented recommended rental rate changes for the 2023 – 2025 regional / local events, with these increases being consistent with the previously approved rate increase of five per cent (5%) for a three-year period, and with the document being provided to the board in their packets. The current rental rates go through 2022 and these new rates need to be established for sales efforts going forward. Mr. Schafer advised that this approval also grants the President / CEO the discretion and ability to negotiate rates as necessary to secure desired pieces of business for the Center, as has been the process in the past. The Marketing Committee have discussed and reviewed these rate changes and agree with staff's recommendations.

Mr. Schafer made a motion to adopt the 2023 – 2025 Rental Rates for regional and local business as presented and outlined in the Board packets. Ms. Brown-Archie seconded, and the motion was carried by the unanimous affirmative vote of all Directors present via teleconference / conference call.

## F Facility Committee

### 1. Update

Mr. Hillis reported that the Facility Committee met on May 4 and reviewed the progress on the limited 2021 capital project program and all elements are tracking within the approved budget to date. He requested Mr. Blosser to provide an update to the Board.

Mr. Blosser advised that discussion took place regarding the need for reviving the Arch signage package now that the Summit funding has been secured and the branding and signage is necessary for Arch to ensure each building is identified correctly for our clients and users. Staff will be going back to the three qualified bidders for the original signage work that was postponed, due to COVID-19 pandemic impact on business operations, to receive their updates on costs and schedule. Staff will then evaluate the proposals to make a selection and return to the Facility Committee in June with recommendations on selection and project costs for the Committee's review and approval. Capital budget uses will be reviewed to ensure there is a source of funding available of this work, if approved.

Mr. Blosser advised that the Committee also discussed the future needs of the Arch building and what elements of the capital plan have been postponed or pushed into future years due to funding to be reallocated for debt service and other uses. Staff will review the list of items for years 2022, 2023, and

2024, how the projects will be prioritized, costs, and needs, and bring back to the Committee with recommendations.

G Outreach Committee

1. Update

In the absence of Ms. Moriguchi, Mr. Blosser reported that the Outreach Committee met on May 19 and received a progress report on the outreach goals for the Addition project and all items are exceeding Board-established goals to date. MWBE goals are tracking close to \$135 million, which is a \$6 million increase due to growth on contracts from existing partners, and well above the \$80 million goal established by the Board. Apprentices are currently over 18%, and this number is expected to grow incrementally over the summer with the construction workers. The Committee reviewed the WMBE data comparing contract amounts between minority-owned firms with non-minority WBE firms and the project is in line with the 55% paid out by the City. It was also noted that 10% of contract amounts have been awarded to Native American firms in the project. Updates to the community outreach were shared with the Committee via a new video (available on the website) which focuses on the public and workforce benefits the project is bringing to the community. The recipient of the first WSCC scholarship awarded through Tabor 100 has completed the fall quarter in the Culinary Arts Program at Renton Technical College and is now enrolled in the spring quarter as well. A discussion was held regarding the status of the Addition project's relationship with Contract Design & Development (CDD) and the firm's unhappiness with the project's contracting and bidding processes. Ms. Glenn reported that CDD has had similar complaints with other entities. Mr. Blosser was happy to report that the Strategic Partnership Program of Clark Lewis Construction, (GC/CM of the Addition project), will graduate seventeen students in June. This is the fourth graduating class in Seattle for an MBA-style program. Speakers at the graduation ceremony will include the new Director of the State Office of Equity, the WSDOT Director of Equal Opportunity, and WSCC Board members have been invited to participate with a video as part of the program.

VI. VISIT SEATTLE & WSCC SALES REPORTS

A. Visit Seattle Destination Overview

Mr. Norwalk provided a destination overview and reported that Smith Travel Research (STR) results for the month of April indicated an increase across all categories for Downtown Seattle against the same period last year: Occupancy up 203.8%; RevPar up 215.3%; and Average Room Rate up 3.8%. Smith Travel Research (STR) results for April year-to-date against the previous year indicated a continued decrease across all categories for our select competitive set, with Seattle Downtown results being Occupancy down 48.6%; RevPar down 65.9%; and Average Room Rate down 33.7%.

Mr. Norwalk provided a COVID-19 recovery update reporting on the efforts of the Downtown Revitalization Working Group's activation campaigns; an update on the Alaska cruise season and the Canadian border; and on the Governor's continued restrictions on occupancy levels for meetings and conventions.

B. Visit Seattle Sales Report

Ms. Saling reported on Convention Sales Production, advising that 2021 YTD actual bookings (Arch, Summit and In-House) were 85,423 down 60,441 from prior year. 2021 YTD tentative bookings (Arch, Summit and In-House) were 308,689, down 294,545 from prior year. In terms of WSCC groups impacted due to COVID-19, Ms. Saling reported that as of today, there are now 82 cancellations of national programs at the WSCC, and the sales teams have proposed re-booking future dates for 67 of these programs. Visit Seattle has not proposed dates to four of these groups due to yield management decisions, where those groups do not yet fit properly to maximize space and results in the WSCC. She provided a forecasted booking progress update on the two buildings (Summit and Arch) by quarter for years 2021 and 2022 showing pace to consumption target as of May 12, 2021.

Ms. Saling reported that Visit Seattle has begun a new national marketing initiative – Threshold 360, which is a virtual tool to allow the Sales & Services team to customize a tour of the city that can include WSCC, hotels, venues, downtown walkability, ease of travel from the airport, and more. This tool is being used by other DMOS and will be a benefit to our partners and clients.

#### C. WSCC Sales Report

Mr. McQuade advised that there has been an uptick in inquiries in the regional/local market with 53 inquiries being received by Convention Center staff between March 1 and May 21. These inquiries were for several events ranging in size from small to multi-year, and we've forwarded a few of these over to Visit Seattle to run point on. Mr. McQuade is pleased to see these inquiries coming in and advised that some have resulted in bookings. Mr. McQuade reported that for March and April 2021, WSCC & Visit Seattle Sales staff combined top-line rent totaled \$160,527 for Convention Center contracted bookings; with 6 events booked; 56 forecasted room nights; and estimated attendance of 1,848. In March 2021, WSCC Sales staff booked 2 new events for April 2021, with total forecasted attendance of 818; forecasted rent of \$5,000; forecasted services of \$1,200; with forecasted revenue of \$6,200.

Mr. McQuade provided a snapshot of the kind of business that had been on the books or expected to be on the books were it not for COVID-19 and advised this was to be a healthy two-month period.

Mr. McQuade spoke to the interesting and diverse types of events held at the Convention Center in the last several weeks. Mr. Blosser had touched on how busy May and early June are. Of the six events presented, the Idriss Mosque Holy Day Prayer Service is the only legacy event. The five other events are new to the Center. Mr. McQuade provided anecdotal information regarding the Showstopper – American Dance Championship, Microsoft Honey Dew Film Shoot, Washington State Bar Association (WSBA) Board of Governors 2-day meeting, Seattle Storm floor refinishing (storing flooring at WSCC), and Three Busy Debra's film shoot.

### VII. PRESIDENT'S REPORT

#### A. Report on Operations Status

Mr. Blosser advised that from an operational standpoint, we are awaiting further guidelines from the Governor regarding next steps in the phased closure of the state. All counties went to Phase 3 on May 18, and the next shift is to be upon the state actualizing a 70% vaccination rate or June 30 for opening all business in the state. Until we have clear direction, the operations at the Center remain as they are through that June 30 timeframe with masks being worn by all staff and contractors, staff and contractors required to enter the building through Security Control for a safety/health check as they report to the building, and our cleaning protocols will continue as we move forward with the event schedule.

Mr. Blosser was happy to report there were six events held at the Center in May through the first week of June. It was encouraging to be able to bring a small contingent of staff back to work because of the events, with 90% of staff contacted ready and willing to come back to work at the building. Mr. Blosser is hoping to have more staff recalled as we get more activity on the event schedule. Currently, there are no events scheduled in July or August, and he is reviewing all options to determine when to reopen the offices, whether for all staff or partial groups, and the timeframe necessary in order that staff can be trained on the new protocols and get acclimatized prior to the PAX event at the beginning of September. The event schedule for the 4<sup>th</sup> quarter (September, October, November, early December) is quite full and it's important that we get everybody back in, trained up, and answering questions for clients for the rest of the quarter and the first six months of 2022.

Mr. Blosser also reported that he participated in a tour of the Summit building himself last week and he was pleased with the results so far. The views of the City are incredible from all the different vantage points. He advised that he was able to view about 80% of the site and provided comment on some of the specific areas like the Hillclimb, Ballroom, prefunction space, back-of-house space, the Terrace, and Atriums. There will be a Topping Out ceremony held on June 11 to celebrate the last steel beam being put in place. Detailed planning is underway and will be provided to the Board once finalized.

ARAMARK is providing boxed lunches for the construction workers which will include a small thank you item from the Convention Center. We are excited about being able to participate in this event, both from a lunch standpoint as well as being able to sign the beam. This is milestone will be recorded on video and will be a marketing piece to share with clients, stakeholders, elected officials, etc., and will be shared on the website.

B. 2020 Annual Report Update

Mr. Blosser advised that the 2020 Annual Report has completed content review with the CEO. Staff are researching and drafting content and final review is slated for late June/early July with staff and the Board. The document will be posted electronically in July.

VIII. FINANCIAL REPORT

Mr. Hecker advised that the Financial Report for April 2021 had been reviewed by the Finance Committee earlier today and had been sent to the Board for review prior to today's meeting, and the full report is contained in the Board packet. An explanation was provided in terms of the year-to-date April 2021 status; to date revenues are ahead of budget by 159%, with operating expenses flat to budget. Net operating results are \$596,250, below budget by 21%. Mr. Hecker advised these are good results and show that staff and management are holding to the revised 2021 budget. When marketing expenses are added, the story remains positive with an operating loss of \$4.1 million versus budget of \$4.6 million. Non-operating revenues, or Hotel Lodging Taxes, continue to lag as we wait for the economy to pick up.

Mr. Hecker provided some highlights of the income analysis. Parking revenues continue to be the major driver of the better-than-expected budget picture. The garages generated \$210,920 in April and \$751,964 YTD. Early bird special rates increased to \$12 from \$10 and saw no impact to daily occupancy levels, running close to 80%. Both garages are benefiting from construction early bird and Virginia Mason Hospital employee parking. Mr. Blosser and Mr. Tesfaye are working with Virginia Mason Hospital to extend the parking arrangement through the end of the year. Retail rents are running 57.9% ahead of budget due to Summit storage payments.

Expenses are meeting the conservative October budget. With all the good news and reopening activities, we expect the Lodging Tax revenues to accelerate soon. April Lodging Revenues fell 52.1% year over year and the Sales Tax Credit Lodging Revenues collections decreased 57.3% from last year.

The April 2021 Cash Flow Report show the proceeds for the 2021 Junior Bonds issuance hit our cash position. Those dollars brought in nearly \$340 million and will be used for the Addition project. We are doing everything in our power to maintain our Unrestricted Reserves and add to it where we can. In addition, we continue to spend down our Payment Protection Plan (PPP) proceeds. Staff are doing an excellent job of tracking and maintaining the records and we expect that this loan will be forgiven by the State.

For Fund Distribution, we have been taking a very conservative approach to how the funds are being invested with most of the dollars in the State Local Government Investment Pool (LGIP) and those funds would be under a year in maturity. Mr. Hecker advised a new line item has been added to the Use of Funds report for the 2021 Bond fund proceeds, which is about 50% of overall liquidity. We continue to draw down the Operating Reserves as budgeted, with most of the dollars committed for the Addition project.

The Forecast for the next three months continues to look good. The YTD Operating Surplus and Loss indicates a loss of \$5.2 million, which is significantly below the Operating budget loss of \$5.7 million. When we add back in the PPP loan proceeds, we look to be flat for the year. This is due to the great work by staff and management to hold the line on expenses while doing better than expected on revenue and positioning us to end the year better than when we started 2021.



IX. ADJOURNMENT

Mr. Flowers made a motion to adjourn the May 25, 2021, Board meeting at 3:30 p.m. Ms. Brown-Archie seconded, and the motion was carried by the unanimous affirmative vote of all Directors present via teleconference / conference call.