

Minutes

Washington State Convention Center
Public Facilities District

Regular Meeting of the Board of Directors
December 21, 2021

I. CALL TO ORDER

Frank K. Finneran, Board Chairperson, 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 chair's request, Ms. 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
Robert Flowers
Susana Gonzalez-Murillo
Jerry Hillis
J. Terry McLaughlin
Craig Schafer

Board Directors Absent

Deryl Brown-Archie, Vice Chair

Officers in Attendance (by video conference)

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

Consultants / Vendors in Attendance (by video conference / conference call)

Melinda Altamirano, ARAMARK
Matt Shea, ARAMARK
Becky Bogard, Bogard & Johnson, LLC
Gary Smith, Clark-Lewis
Matthew Hendricks, Hendricks - Bennett, PLLC
Stacey Lewis, Pacifica Law Group
Fred Eoff, PFM Financial Advisors, LLC
Matt Griffin, Pine Street Group
Tom Norwalk, Visit Seattle
Kris Cromwell, Visit Seattle
Kelly Saling, Visit Seattle
Margery Aronson, WSCC Art Foundation

Guests in Attendance (by conference call)

John Beardmore, Fidelity Investments
Noelle Cuoto, Seattle Southside Regional Tourism Authority
Meagan McGuire, Seattle Southside Regional Tourism Authority

Staff in Attendance (by videoconference / conference call)

Melina Bermudez, Director of Human Resources
David Cononetz, Director of Facilities

Krista Daniel, Director of Event Services
Michael McQuade, Director of Sales
Tony Sheehan, Director of Information Services
Lorrie Starkweather, Executive Assistant to the President & Board
Loni Syltebo, Director of Communications

II. APPROVAL OF MINUTES

October 26, 2021, WSCC PFD Board Special Meeting

Mr. Schafer made a motion to approve the minutes of the October 26, 2021, Special 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.

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

1. Board of Directors 2022 Committee Assignments, Resolution 2021-18

A RESOLUTION by the District Board ratifying recommendations related to the appointment of District Committees for 2022.

Mr. Finneran advised that at this time, the Board Committee structure will remain the same as 2021, pending the appointments by the Mayor of the two vacant Director seats.

Mr. Hillis made a motion to approve Resolution 2021-18, ratifying the membership on the Board Committees for 2022, as presented. Mr. Flowers seconded, and the motion was carried by the unanimous affirmative vote of all Directors present by video conference / conference call.

2. 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 2021)
2. Approval of Additional Facility Project Draw Schedule Payments, #85 (December 2021)
3. Resolution 2021-24, Amended and Restated Parking Revenue Bond - Rescinding Resolution 2021-15

Informational Items:

1. WSCC Sales: November Summary Report
2. WSCC Sales: COVID-19 Impact on Regional-Local Business – November 2021
3. WSCC Monthly Expenditures Auditing Officer Certification
4. Visit Seattle Sales Report (November 2021)
5. WSCC Sales Report (November 2021)
6. WSCC Parking Report
7. 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 video conference / conference call.

V. PFD COMMITTEE REPORTS

A. Addition Committee

1. Update Report

Mr. Finneran advised the Addition Committee met earlier today and discussed pending project items such as schedule, finance, and the continued efforts to recover funds from the State for COVID-19 expenses.

Mr. Finneran requested Mr. Griffin to provide the Board with a brief presentation of the status of the Addition Project items. Mr. Griffin advised that on the schedule, the contractor continues to work towards a July 1, 2022, Temporary Certificate of Occupancy (TCO). Unfortunately, this is not getting any easier due to a combination of hurdles, for example: finding enough qualified workers; the impact of COVID-19's Omicron variant; and the Teamsters strike which is making it difficult to get concrete. Mr. Griffin advised that the Federal OSHA regulations for employers with one hundred employees requiring vaccination or weekly testing, is currently before the courts and may be delayed until early February, and we are trying to foresee how this will cause disruption in the construction workforce on the Project. Pine Street Group are working on a program with the General Contractor to incentivize people that are not fully vaccinated.

Mr. Griffin advised that the office co-development component, north of Olive Street, should be in a place to close the transaction of selling the office podium to HPP in January 2022, with HPP looking to potentially begin construction in April 2022. On the residential co-development project, Mr. Griffin advised that the podium should be completed in April 2022. On financing and costs, PSG continues to reconcile cost issues with the contractor regarding the delayed schedule resulting from the slower steel erection by American Bridge (AB), and most other cost items remain in line. On financing, Mr. Griffin advised that work continues for recovery from the State of \$30 million in expenses related to the impact of COVID-19. Ms. Bogard is leading this task and has advised the monies were not included in the Governor's budget at this time. It is hoped to be discussed further with legislators in the upcoming legislative session.

2. Ratification of Purchase and Sale Agreement for the Horton Street Property, Resolution 2021-23

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 2021-23 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 and requested Mr. Blosser to provide explanation. Mr. Blosser advised that staff had made a recommendation to the Addition Committee regarding this Purchase & Sale Agreement to be brought to the Board for approval. The Due Diligence Period (65 days) will commence following Board approval and signing of the Purchase & Sale Agreement, to conclude by the end of February.

Ms. Gonzalez-Murillo made a motion to approve Resolution 2021-23, approving the ratification of the Purchase and Sale Agreement for the 150 South Horton Street property. Mr. Hillis seconded, and the motion was carried by the unanimous affirmative vote of all Directors present via video conference / conference call.

B. Finance Committee

1. Update

Mr. Flowers advised that the Finance Committee met December 17, 2021, and received a financing update from Pine Street Group on the Addition Project. Staff provided the Committee a presentation on items in the 2021 Budget that will go over \$100,000 per line item needing to be reviewed and adjusted for the 2021 Budget. The Finance Committee was presented the 2022 Operating Budget for review and discussion. The Committee also reviewed the selection process for the District's Financial Audit Contractor. Three firms submitted proposals and the firm presenting the most qualified response was

Moss Adams. Staff will proceed to finalize contract negotiations for the selected firm to conduct the District's financial audits.

2. Approval to Recognize Additional Expenses for 2021 Operating Budget, Resolution #2021-19

A RESOLUTION approving additional spending authority for the Budget for the Washington State Convention Center Public Facilities District for Fiscal Year 2021 amending and superseding Resolution 2020-15.

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 five Operating Budget line items and expenditures for review and recommendation to the full Board for approval. These five categories are 1) Salaries; 2) Wages; 3) Benefits; 3) Utilities; and 4) In-house Marketing. Mr. Flowers stated that the Finance Committee are in agreement with staff's recommendation per the attached resolution document.

Mr. Flowers made a motion to approve Resolution 2021-19 to increase the following line items expenditures for Fiscal Year 2021:

- | | |
|------------------------|--------------------------------------|
| a) Salaries: | from \$1,748,279 to \$1,887,971 |
| b) Wages: | from \$2,231,361 to \$2,832,202 |
| c) Benefits: | from \$2,116,810 to \$2,649,732 |
| d) Utilities: | from \$2,015,950 to \$2,213,799; and |
| e) In-house Marketing: | from \$321,116 to \$860,218 |

Mr. Schafer seconded and the motion was carried by the unanimous affirmative vote of all the Directors present, in person and via video conference / conference call.

3. Approval of 2022 Operating Budget, Resolution # 2021-20

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

Mr. Flowers advised that the proposed 2022 Operating Budget and budget overview narrative 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 2022 budget.

Mr. Blosser and Mr. Hecker provided a summary of the 2022 budget overview narrative revenue and expense outlook. Overall, the proposed 2022 Operating Budget is a conservative budget. Mr. Flowers advised that the Finance Committee has reviewed the 2022 budget with staff in detail and agree with the proposed budget.

Mr. Flowers made a motion to approve Resolution # 2021-20, adopting the Operating Budget for 2022. Mr. Hillis 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. Government Affairs Committee

1. Update

In Ms. Brown-Archie's absence, Mr. Blosser reported that the Government Affairs Committee met on December 16, 2021, and reviewed the Committee charge and Operating |Goals for 2022. After review and discussion, it was decided to recommend leaving the Government Affairs and Outreach Committees separate until the two vacant Director positions have been appointed by the Mayor. Staff modified the Government Affairs charge and goals and the revised documents were distributed to the Committee members for review. The Government Affairs Committee charge remains under review and will be finalized in January. The Committee received an update from Ms. Bogard, and discussed City Council dynamics, Mayor-elect Harrell's transition teams, homelessness, other civility matters, and Mr. Blosser's communications with State Senators about I-5 clean up.

2. Government Relations Consultant Report

Mr. Blosser advised that the consultant update report from Ms. Bogard is contained within the Board packets. At Mr. Blosser's request, Ms. Bogard provided the Board an overview of her report to the Government Affairs Committee on December 16th, as well as highlights of information contained in her report.

D. Art Committee

1. Update

Ms. Gonzalez-Murillo advised that the Art Committee met on December 13, 2021 and received a presentation on the Convention Place Artwork status. This artwork will be located off 9th Avenue and will represent what was on the site prior to the building of Summit. The Committee also discussed the status of the Addition Art Budget for all projects and how each project is shaping up. A discussion was held regarding the Pike and 9th Avenue public art program as the proposed Pendulum artwork was cancelled due to cost issues. This specific location will need art for design review requirements and the Committee is pursuing possible options and will report back to the Board.

2. Approval of WSCC Art Foundation Directors, Resolution 2021-22

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, according to the Art Foundation Bylaws, members of the Board of Directors of the Art Foundation are appointed by the Chair of the District Board Art Committee, with the approval of the District Board; and

WHEREAS, Ms. Margery Aronson does have the necessary qualifications to serve as a member of the Art Foundation Board of Directors, and has been designated for renewal for an additional three (3) year term of service by the Chair of the District Board Art Committee

Ms. Aronson January 1, 2022 through December 31, 2024

Ms. Gonzalez-Murillo made a motion to approve Resolution 2021-22, approving the appointment of Ms. Margery Aronson to the WSCC Art Foundation Board of Directors for a three (3) year term commencing January 1, 2022. Mr. Flowers seconded, and 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 2022

Mr. Blosser advised that it was very nice to have Comic Con at WSCC at the beginning of December and presented some images of the recent event. Mr. Blosser reported that both PAX West and Comic Con are contracted for 2022. Currently, there are thirty-seven conventions booked for 2022 as well as thirty-five major regional shows in the Arch building.

Mr. Blosser advised that the Omicron variant is causing concerns and hopefully will play out in January as to the severity and if it causes any event-related cancellations. We have projected less event attendance and less spend for our events and this is reflected in the budget to be conservative and we are cautiously predicting stronger attendance in the second half of 2022. Mr. Blosser advised that the WSCC Human Resources team have done a good job of preparing us for the Federal OSHA regulations, currently before the courts, for employers over one hundred employees to have mandated vaccinations or weekly testing. WSCC is ready to go no matter the direction the Federal OSHA mandates take in January.

In addition to being busy with the upcoming event schedule, Mr. Blosser advised that staff will be putting together the Summit Opening Program and Budget; Staffing plans; FF&E purchasing and staging;

and Training Program for Summit; with these processes to be completed in 2022. The Arch signage and rebranding will also take place in the first quarter of 2022.

B. Approval of 2022 Operating Goals, Resolution 2021-21

A RESOLUTION Adopting the Recommendation of the District Board for 2022 Operating Goals for the Washington State Convention Center Public Facilities District.

Mr. Blosser advised that the 2022 Operating Goals have been reviewed by the individual Committees and by the Board at the Retreat and were forwarded to the Board in their packets. Mr. Blosser and staff are recommending approval of the 2022 Operating Goals.

Mr. Hillis made a motion to approve Resolution # 2021-21, adopting the 2022 Operating Goals for the District. Ms. Gonzalez-Murillo seconded, and the motion was carried by the unanimous affirmative vote of all Directors present by video conference / conference call.

VIII. FINANCIAL REPORT

The Financial Report for November 2021 had been sent to the Board for review prior to today's meeting, and the full report is contained in the Board packet. Mr. Hecker summarized his report, advising that November operating loss was \$680,916 despite thirteen events and another strong month of parking revenues. Net operating loss missed budget by \$162,018 due to lower food service, lower facilities services, and higher salaries, wages, and benefits. YTD operating revenues are down 22.9% compared to budget and operating expenses are under budget by 9.0%. Unfortunately, the gains made earlier in the year have not been enough to overcome the weakness we are seeing now. YTD operating loss is now 14.8% or \$788,400 more than budget. When marketing expenses are added we again see a reversal of the positive story with a combined operating and marketing loss of \$11.5 million versus \$10.2 million budgeted or 12.4% over budget. Lodging tax revenues are reported with a two-month lag. November lodging tax nearly covered debt service. The State Additional Sales Tax was used to cover the shortfall.

IX. ADJOURNMENT

Mr. Flowers made a motion to adjourn the December 21, 2021, Board meeting at 2:50 p.m. Mr. Hillis seconded, and the motion was carried by the unanimous affirmative vote of all Directors present via video conference / conference call.