

Minutes

Washington State Convention Center Public Facilities District

Regular Meeting of the Board of Directors November 23, 2021

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, Ms. Starkweather conducted a roll call of Board Directors to ensure a quorum in attendance.

MEETING ATTENDANCE

Board Directors in Attendance (by video conference)

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

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
Keith Hedrick, ARAMARK
Becky Bogard, Bogard & Johnson, LLC
Gary Smith, Clark-Lewis
Matthew Hendricks, Hendricks - Bennett, PLLC
Fred Eoff, PFM Financial Advisors, LLC
Matt Griffin, Pine Street Group
Tom Norwalk, Visit Seattle
Ali Daniels, Visit Seattle
Kris Cromwell, Visit Seattle
Troy Anderson, Visit Seattle
Margery Aronson, WSCC Art Foundation

Staff in Attendance (by videoconference / conference call)

Melina Bermudez, Director of Human Resources
David Cononetz, Director of Facilities
Michael McQuade, Director of Sales
Tony Sheehan, Director of Information Services
Lorrie Starkweather, Executive Assistant to the President & Board
Loni Syltebo, Director of Communications
Earl Taylor, Director of Operations

II. APPROVAL OF MINUTES

September 28, 2021, WSCC PFD Board Regular Meeting

Mr. Hillis made a motion to approve the minutes of the September 28, 2021, Regular Board meeting, as presented. Ms. Brown-Archie 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 Committees Discussion

Mr. Finneran advised that Mr. Blosser had provided a memo to him with regards to Board Committee restructuring recommendations, and this memo was included in the Board packets. Mr. Finneran requested Mr. Blosser to provide a summary of these recommendations. Mr. Blosser advised that staff were given direction at the October 26th Board Retreat meeting to review the current structure of the Board Committees and bring forward recommendations for Board Committees for 2022 and 2023. These recommendations were included with the memo in the Board packets. Discussion occurred. Mr. Finneran stated he would like the Addition Committee to remain intact through substantial completion of the punch-list, whenever that might occur, and then the Addition Committee would be dissolved, with responsibilities for Summit building then falling under the purview of the Facility Committee. Mr. Blosser advised that staff are recommending combining the Government Affairs Committee and Outreach Committees into one committee, with this committee being named Government Relations & Civic Outreach Committee. Ms. Brown-Archie agreed with the name change for the combined Government Affairs and Outreach Committees, however, wishes to ensure that minority outreach be integrated across various committees. Discussion took place regarding where the responsibility or accountability for minority outreach should be placed, whether across all the Committees or integrated into the President/CEO's job description or evaluation component. Mr. McLaughlin advised that thought should be given to how, as an organization, what kind of responsibility do we take or think we should take, to enhance issues of diversity in the community, and if each of the committees could be responsible for taking on a leadership position in those areas of discipline. Mr. Finneran advised this is a broader topic for the Board to discuss, and tasked Mr. Blosser with taking these comments under advisement while finalizing the format of the Committee structure for Board approval in December or January.

2. District Regular Meeting Dates Fiscal Year 2022, Resolution 2021-13

A RESOLUTION by the District Board Adopting its 2022 Official Meeting Schedule.

Mr. Schafer made a motion to approve Resolution 2021-13, establishing the WSCC Board of Directors 2022 regular meetings schedule as presented. Ms. Gonzalez-Murillo seconded, and the motion was carried by the unanimous affirmative vote of all Directors present by video conference / conference call.

3. Ratification of District Officers, Resolution 2021-14

A RESOLUTION by the District Board ratifying recommendations related to the appointment of District Officers and Administrative Officers for 2022.

EXHIBIT "A" – Officers Appointed by the Chairperson: President/CEO, Jeffrey Blosser; Board Treasurer, Sam Hecker; Secretary, Linda Willanger.

EXHIBIT "B" – Administrative Officers Appointed by the President: Vice President Administration, Linda Willanger; Vice President Operations, Jon Houg.

Mr. Flowers made a motion to approve Resolution 2021-14 ratifying the appointment of Board and District Officers for 2022. Ms. Gonzalez-Murillo seconded, and the motion was carried by the unanimous affirmative vote of all Directors present by video conference / conference call.

4. 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 (October 2021)
2. Ratification of Additional Facility Project Contract List (November 2021)
3. Approval of Additional Facility Project Draw Schedule Payments, #83 (October 2021)
4. Approval of Additional Facility Project Draw Schedule Payments, #84 (November 2021)

Informational Items:

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

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 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 issues, as well as an extension for the Owner-Controlled Insurance Program (OCIP) policy for the Addition project which is being brought to the full Board for approval.

Mr. Finneran requested Mr. Griffin to provide the Board with a brief presentation of the status of the Addition Project items and the OCIP insurance. Mr. Griffin advised that on the schedule, the contractor continues to work towards a July 1, 2022, Temporary Certificate of Occupancy (TCO). There are approximately 1,000 workers onsite and the contractor would like to hire an additional 100 to 200 workers. It is anticipated that the weather components would be closed out by end of December and then move towards the important steps of the testing of the life safety systems in March 2022 which is always a critical milestone. On the costs, other than reconciling cost issues with the contractor regarding the delayed schedule resulting from the slower steel erection by American Bridge (AB), most other cost items remain in line. On quality, the number of items that need to be resolved with the architect and owner choices are almost complete.

2. Approval of OCIP Insurance Extension

Mr. Griffin provided explanation regarding the Owner-Controlled Insurance Program (OCIP) policy for the Project and the details pertaining to the extension of the policy due to the longer life of the Project mostly resulting from the delays in steel erection. The OCIP policy extension was discussed today at the Addition Committee meeting, and the five Addition Committee Directors are recommending the extension of the OCIP policy in the amount of \$150 million.

Mr. Flowers made a motion to confirm the extension of the Owner-Controlled Insurance Program Policy coverage limits on the Addition Project to be \$150 million based on the analysis of the remaining risks on the Project. Mr. McLaughlin seconded, and the motion was carried by the unanimous affirmative vote of all Directors present via video conference / conference call.

3. Approval of 2022 Addition Project Construction Budget

Mr. Finneran advised that the 2022 Addition Project Construction Budget (the Project draw schedule) showing the monthly Project drawdowns for 2022 is contained in the Board packets and requires Board approval. Mr. Griffin reported that the 2022 Addition Project Construction Budget (the draw funding schedule) in the amount of \$408,000,000 and dated November 13, 2021, reflects the remaining monies in the Project budget being completed in 2022, and was reviewed by the Finance Committee on November 16, 2021. Mr. Griffin stated that he believes the timing of each month is not as important however this approval recognizes that the \$408,000,00 will be spent in 2022. Mr. Blosser advises the Board approval of this 2022 Addition Project Construction Budget is the authority to spend this amount.

Mr. McLaughlin made a motion to approve the 2022 Addition Project Construction Budget (draw funding schedule) in the amount of \$408,000,000 and dated November 13, 2021, which was presented to the Finance and Addition Committees. Mr. Hillis seconded, and the motion was carried by the unanimous affirmative vote of all the Directors present by video conference / conference call.

B. Finance Committee

1. Update

Mr. Flowers advised that the Finance Committee met November 16, 2021 and a number of items were presented to the Committee. The Washington State Auditors Office presented the entrance conference which provided an overview of the elements that the auditors will be reviewing this year for their audit process. As well, Pine Street Group provided information regarding the OCIP insurance cost increases and the 2022 Addition Project construction budget.

2. Approval to Authorize Securing a Loan for FF&E Items for the District, Resolution 2021-15

A RESOLUTION of the Board of Directors of the Washington State Convention Center Public Facilities District, authorizing the issuance and sale of one or more series of parking bonds of the District in the aggregate principal amount of not to exceed \$20,000,000 for District purposes and to pay costs of issuance; and delegating authority to approve the final terms and sale of the bonds.

Mr. Flowers advised that the Finance Committee reviewed a proposal from JPMorgan to fund the Addition Project FF&E (furniture, fixtures, and equipment) costs through securing a bond in the amount of \$20 million, which will provide cash funding of \$17.9 million to the projected budget of \$18.8 million. Staff will need to work to fit the purchases inside the loan amount. The Committee has reviewed the bond information and are recommending the Board approve the loan documents to secure the Addition Project FF&E.

Mr. Flowers made a motion to approve Resolution 2021-15, authorizing the issuance and sale of one or more series of parking bonds of the District in the aggregate principal amount of not to exceed \$20,000,000 for District purposes and to pay costs of issuance and delegating authority to approve the final terms and sale of the bonds. Ms. Gonzalez-Murillo seconded, and the motion was carried by the unanimous affirmative vote of all the Directors present by video conference / conference call.

3. Approval of 2022 Insurance: Property Coverage

Mr. Flowers advised that the Finance Committee reviewed the property insurance coverage proposal for WSCC from the District's insurance broker, Alliant Insurance Services, to renew the property insurance through Liberty Mutual for the Arch building for the 2021-2022 year. Mr. Blosser reported that staff are looking to budget dollars for the Summit property insurance as well and will meet with the Finance Committee in 2022 Q2 to get a better feeling for when the TCO will occur and the building becomes the responsibility of the District which will then trigger the necessary property insurance needs. Mr. Blosser advised this has been a complicated process due to the increased costs of All-Risk and Earthquake limits, as well as being an expensive premium in a difficult fiscal year.

Mr. Flowers made a motion to approve the insurance proposal for WSCC's Property Insurance as presented for 2021-2022, directing staff to secure the needed property insurance from Liberty Mutual for a cost of \$435,285, which is \$23,846 higher than last year for the same coverage limits. Ms. Brown-Archie seconded, and the motion was carried by the unanimous affirmative vote of all the Directors present by video conference / conference call.

C. Facility Committee

1. Approval of 2022 Capital Projects and Budget

Mr. Hillis advised the Facility Committee met on November 10, 2021, to review progress on the 2021 Capital Projects and to review the proposed 2022 Capital Project List and budget. Staff is on track to complete the 2021 projects well within the approved budget, so much so that it is expected there will be a \$300,000 carry forward from 2021 to 2022. Staff provided the Committee with a review of the proposed 2022 Capital Projects and these were included in the Board packets. One additional item was added to the 2022 Capital Project budget during discussion at the Committee meeting regarding the functionality of the freight elevator. An additional \$400,000 amount is necessary to refurbish the South Hand Carried Freight Elevator to ensure this vital conveyance system continues to operate smoothly for our event needs and building operations. This \$400,000 is a maximum amount not to be exceeded unless approved by the Facility Committee. There will also be a signage package funds carried forward from the 2021 projects for the completion of the exterior signage work for changing the building's name to Seattle Convention Center that will span two fiscal years. This work is anticipated to be completed in March 2022. The Facility Committee is also in agreement with staff's recommendations and budget for 2022.

Mr. Hillis made a motion to approve the 2022 Capital Projects items and associated budget. Ms. Gonzalez-Murillo seconded, and the motion was carried by the unanimous affirmative vote of all the Directors present by video conference / conference call.

D. Marketing Committee

1. Approval of WSCC 2022 Sales Plan and 2022 Marketing & Communications Plan, Resolution # 2021-16

A RESOLUTION by the District Board approving the 2022 Sales Plan and 2022 Marketing & Communications Plan.

Mr. Schafer advised that the WSCC 2022 Sales Plan and the 2022 Marketing & Communications Plans are contained in the Board packets. The Marketing Committee has reviewed these plans in detail with WSCC staff and the plans were presented to the Board on October 26, 2021, at the Retreat meeting. The Marketing Committee is recommending approval of Resolution 2021-16 to approve the 2022 WSCC Sales Plan and Marketing & Communications Plan

Mr. Schafer made a motion to approve Resolution # 2021-16, to adopt the WSCC 2022 Sales Plan and 2022 Marketing & Communications Plan. Mr. Flowers seconded, and the motion was carried by the unanimous affirmative vote of all the Directors present by video conference / conference call.

2. Approval of Visit Seattle 2022 Scope of Work and Goals, Resolution # 2021-17

A RESOLUTION by the District Board approving the 2022 Annual Scope of Work and Goals with Visit Seattle.

Mr. Schafer advised that the Marketing Committee discussed the issues with lower funding levels for Visit Seattle and how that affects staffing and production for 2022 and future years. The Visit Seattle 2022 WSCC Scope of Work and Strategies are contained in the Board packets. These documents were reviewed by the Marketing Committee and presented to the Board at the Retreat by Mr. Norwalk and the Visit Seattle team. The Marketing Committee is recommending approval of Resolution 2021-17 to approve the 2022 Visit Seattle Sales and Marketing Plans, as well as the 2022 Goals.

Mr. Schafer made a motion to approve Resolution # 2021-17, to adopt the 2022 Annual Scope of Work and Goals with Visit Seattle. Mr. Flowers seconded, and the motion was carried by the unanimous affirmative vote of all the Directors present by video conference / conference call.

E. Government Affairs Committee

1. Update

Ms. Brown-Archie reported that the Government Affairs Committee met on November 22, 2021, and received an update from Ms. Bogard. The Committee discussed the 2022 legislative agenda and our focus will be to receive the requested COVID funding from the State. Ms. Brown-Archie advised that currently the Committee is not aware of other legislation that could impact the Convention Center, however Ms. Bogard will continue to monitor and provide updates. The Committee also discussed the civility issues in Seattle and are pleased with the election results and feel that there will be a shift with the newly elected officials appearing to have a greater appreciation for both compassion and enforcement moving forward. Mr. Blosser advised that representatives from Downtown Seattle Association (DSA), WSCC, One and Two Union building management, Paramount Theatre, and Visit Seattle were able to meet with two State Senators to talk about the issues occurring on state property and along the I-5 corridor, and the look, feel, and issues surrounding safety for the people living in these areas, the graffiti, the trash, and health issues. DSA will be creating a document that will be sent to the two Senators for discussion with the Washington State Department of Transportation (WSDOT) regarding potential methods to get these areas cleaned up.

2. Government Relations Consultant Report

Ms. Brown-Archie advised that the consultant update report from Ms. Bogard is contained within the Board packets. At Ms. Brown-Archie's request, Ms. Bogard provided the Board an overview of her report to the Government Affairs Committee earlier today, as well as highlights of information contained in her report.

F. Benefits Committee

1. Update on Employee Benefits

Mr. McLaughlin reported that the Benefits Committee met on November 3, 2021, to discuss the 2022 health benefits renewal for administrative (non-represented) employees. As the Board will recall, WSCC's small pool of non-represented employees joined the Association of Washington Cities (AWC) in 2013 and subsequently healthcare costs were significantly reduced by joining AWC's pool. Employees have traditionally contributed into the medical, dental, and vision costs, and receive quality plans at an economical rate that was not possible as a stand-alone group. AWC has informed us that the current medical and dental plans offered will charge slight increases in 2022. Mr. McLaughlin provided information regarding 2022 medical plan and dental plan modifications. Life insurance and AD&D coverage costs will decrease. This is for informational purposes to let the Board know the WSCC Benefits Committee is recommending these employee contribution increases for 2022. The costs associated with the benefits program will be in the budget document for 2022. The WSCC has benefitted from being a part of the AWC pool which has provided quality plans at an affordable cost.

VI. VISIT SEATTLE & WSCC SALES REPORTS

A. Visit Seattle Destination Overview & Sales Report

Mr. Norwalk and Ms. Saling provided an overview of the Visit Seattle monthly report for October/November 2021 which had been sent to the Board for review prior to today's meeting, and the full report is contained in the Board packet. An overview of the 2022 Scope of Work, 2022 Sales Goals was presented, along with an overview of the 2022 Initiatives for Convention Sales & Services; Marketing & PR; Public Affairs; and the initiatives being planned for introducing Summit Building.

C. WSCC Sales Report

Mr. McQuade provided an overview of the WSCC Sales report for October/November 2021, which had been sent to the Board for review prior to today's meeting, and the full report is contained in the Board packet.

VII. PRESIDENT'S REPORT

A. Introduction of New Management Team Members

Mr. Blosser provided the Board an introduction of new management team members: Ms. Melina Bermudez, Director of Human Resources; Mr. Bek Hassanov, Operations Manager (dayshift), and, Mr. Anthony Robinson, Operations Manager (swing shift), both reporting to Director of Operations.

VIII. FINANCIAL REPORT

The Financial Report for October 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 October 2021 did have an operating loss of \$395,000 despite eight shows and another strong month of parking revenues. We missed budget by approximately \$187,000 due to lower food service and higher wages and benefits than anticipated. Year-to-date operating revenues are down 22.9% compared to budget, and operating expenses are under budget by 7.9%. Unfortunately, the gains made earlier in the year have not been enough to overcome the weakness we are seeing now. Year-to-date operating loss is now 13.0%, or \$627,000 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 \$10.3 million versus \$9.2 million budgeted, or 11.3% over budget. Lodging tax revenues are reported with a two-month lag. October lodging tax revenue was the second month the State economy was fully open. Lodging tax fully covered debt service and the State Sales Tax was banked for future months.

IX. EXECUTIVE SESSION

Mr. Finneran announced that the Board of Directors would hold an Executive Session consistent with RCW.42.30.110 (1) (g) as permitted by the Open Public Meetings Act for twenty (20) minutes. The purpose of the Executive Session was to review the WSCC President's performance for fiscal year 2021 and consider his contract and compensation for fiscal year 2022. The Executive Session commenced at 3:45 p.m. In addition to the Board members present by video conference / conference call (Finneran, Brown-Archie, Flowers, Gonzalez-Murillo, Hillis, McLaughlin, Schafer); attendance at the Executive Session included Mr. Blosser and Mr. Hendricks. The regular open meeting reconvened at 4:05 p.m.

X. POSSIBLE ACTION RELATING TO PRESIDENT'S CONTRACT AND COMPENSATION

Upon reconvening the regular open meeting, Mr. Finneran proposed that the Board renew the President's employment contract for the period beginning November 2021 through November 2022, and that the contract be renewed with no changes.

Ms. Brown-Archie made a motion to approve the renewal of employment contract for Jeffrey Blosser for 2022 with no changes. Mr. Hillis seconded, and the motion was carried by the unanimous affirmative vote of all Directors present by video conference / conference call.

XI. ADJOURNMENT

Mr. Flowers made a motion to adjourn the November 23, 2021, Board meeting at 4:06 p.m. Mr. McLaughlin seconded, and the motion was carried by the unanimous affirmative vote of all Directors present via video conference / conference call.