

Minutes

Washington State Convention Center Public Facilities District

Regular Meeting of the Board of Directors December 20, 2022

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
Deryl Brown-Archie
Robert Flowers
Susana Gonzalez-Murillo
Jerry Hillis
J. Terry McLaughlin
Craig Schafer

Board Directors Absent

Katie Garrow
Taylor Hoang

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)

Matthew Hendricks, Hendricks - Bennett, PLLC
Gary Fluhrer, Foster Garvey (*Executive Session only*)
Fred Eoff, PFM Financial Advisors, LLC
Matt Griffin, Pine Street Group
Jane Lewis, Pine Street Group
Chris Raftery, Raftery CRE
Eileen Sullivan, Sullivan Advocacy
Tammy Canavan, Visit Seattle
Kelly Saling, Visit Seattle
Peter Andersen, Visit Seattle
Margery Aronson, WSCC Art Foundation
Cath Brunner, Addition Art Program

Guests in Attendance (by videoconference / conference call)

Tom Norwalk

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
Jules Miller, Accounting Manager
Sarah Quartararo, Communications Specialist
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, 2022, WSCC PFD Board Special Meeting

Mr. Hillis made a motion to approve the minutes of the October 26, 2022, 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

1. Recognition of the Service of Jerome L. Hillis, Resolution 2022-14

A RESOLUTION by the District Board Recognizing the Service of Jerome L. Hillis.

Ms. Brown-Archie made a motion to approve Resolution 2022-14, recognizing the service of Jerome L. Hillis. Mr. Schafer seconded, and the motion was carried by the unanimous affirmative vote of all Directors present by video conference / conference call.

2. Update on Board Member Re-Appointments / Appointments

Mr. Finneran advised that a full slate of Board positions have been confirmed for 2023. Mr. Flowers and Ms. Garrow have been re-appointed by the Mayor for 4-year terms to July 30, 2026. Mr. Finneran announced that Tom Norwalk has been appointed by the Governor for a 4-year term to July 30, 2026.

3. Board of Directors 2023 Committee Assignments, Resolution 2022-13

A RESOLUTION by the District Board ratifying recommendations related to the appointment of District Committees for 2023.

Mr. Finneran advised that the list of Board Committees for 2023 and their designated members is attached to Resolution 2022-13, and was provided to the Board in the Board packets in advance of today's meeting.

Mr. Schafer made a motion to approve Resolution 2022-13, ratifying the committee structure and assignments on the Board Committees for 2023, as presented. Mr. Flowers seconded, and the motion was carried by the unanimous affirmative vote of all Directors present by video conference / conference call.

4. Approval of Delegating Tasks to the Facility Committee, Resolution 2022-20

A RESOLUTION by the District delegating certain functions that were performed by the Addition Committee for the Summit Building project.

Mr. Finneran advised that the District is in the final stages of the construction of the Summit Building Project. Resolution 2017-10 had previously delegated certain authorities to the Addition Committee pursuant to the District by-laws. As the District intends to disband the Addition Committee at the end of 2022 as the Project nears completion, the District recognizes there remains the necessity for on-going administrative approvals for the Project and the District desires to delegate the

responsibility and authority to the Facility Committee, District President, and/or Board Chair as appropriate.

Mr. Hendricks advised that this enables the District to delegate to the Facility Committee, District President or the Board Chair the ability to perform necessary administrative functions for the Project, including but not limited to, approving draw schedules and contract documents (e.g., change orders) that are within the Board approved budget line items. It would further resolve that the Board Chair retains the contracting authority set forth for the Chair of the Addition Committee set forth in Resolution 2017-10, and that any financial activity performed pursuant to Resolution 2022-20 shall be reviewed and ratified by the District Board at a regular meeting.

Ms. Brown-Archie made a motion to approve Resolution 2022-20, approving the delegation of the ongoing administrative approvals for the Addition project to the Facility Committee, District President, or the Board Chair, for amounts within the Board-approved budget line items, and that any financial activity performed shall be reviewed and ratified by the District Board at a regular meeting. Mr. McLaughlin seconded, and the motion was carried by the unanimous affirmative vote of all Directors present by video conference / conference call.

5. 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 2022)
2. Approval of Additional Facility Project Draw Schedule Payments, #97 (December 2022)

Informational Items:

1. SCC Sales: November Summary Report
2. SCC Sales: Summary of Regional-Local Business – November 2022
3. SCC Monthly Expenditures Auditing Officer Certification
4. Visit Seattle Sales Report (November 2022)
5. SCC Sales Report (November 2022)
6. SCC Parking Report
7. Food Service Report

Mr. McLaughlin made a motion to approve the Consent Agenda as presented. Mr. Flowers 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 the Committee's focus is almost entirely on the schedule and getting the various approvals necessary to occupy the building in time to serve our first piece of business which is Redfin, and to accommodate our opening strategy towards the latter part of January.

Mr. Finneran requested Mr. Griffin to provide the Board with a brief comment on the status of the Addition Project items. Mr. Griffin advised that, as Mr. Finneran said, the emphasis is on getting the Temporary Certificate of Occupancy (TCO) for the building and getting the building open for SCC customers. The contractor had experienced more difficulties than expected in getting all the necessary testing organized and scheduled with the Seattle Fire Department. We have passed most of the tests with Seattle Department of Construction & Inspections (SDCI). Mr. Griffin said that there were several reasons for the complications in the schedule for the testing: some due to the contractor not being ready for the testing, some due to the Seattle Fire Departments' schedule and lack of manpower. Mr. Griffin advised

that Deputy Mayor Monisha Harrell has been helpful in assisting with the testing schedule with the fire department. It must be noted that the project and contractor teams have taken responsibility for part of the delays, and that Mr. Griffin was not placing the blame on the fire department. A rigorous testing program is scheduled to begin on Wednesday, December 21, 2022, and may be done concurrent with tests on other parts of the project with different inspectors. Mr. Griffin advised that all of the teams need to figure this out now with the Seattle Fire Department, the contractor, Pine Street Group, etc., and all work together to ensure the testing is completed and approvals received as quickly as possible for Mr. Blosser and the SCC Operations team to set up for the first event in Summit. On Quality, Mr. Griffin advised there were some issues encountered with the floors and ceilings. The contractor believes they have found good solutions for these items. On December 5, 2022, Mr. Blosser toured Mayor Harrell at Summit and Pine Street Group participated as well. The mayor was provided an update on the Addition project's outreach statistics to date for WMBE contracts and monies awarded, priority zip-code hires, and apprentices. Mr. Griffin advised that the Mayor was one of the people that requested these statistics be kept for this project.

B. Finance Committee

1. Report on 2023 Insurance Program

Mr. Flowers advised that the Finance Committee met December 19, 2022, and reviewed the insurance presentation from Alliant Insurance Services, the District's insurance broker, for 2023 insurance needs. As the Board will recall, the Board gave the Finance Committee the authority to approve insurance for 2023 if it meets the outlined parameters of \$1 billion of risk; \$50-\$75 million of earthquake insurance, for a total cost between \$1.8 - \$2.3 million dollars. The Committee approved the following option of 2023 insurance for District buildings: \$1 billion All Risk; \$75 million Earthquake; total cost for 2023 is \$2,239,145.

2. Approval to Recognize Additional Expenses for 2022 Operating Budget, Resolution #2022-15

A RESOLUTION approving additional spending authority for the Budget for the Washington State Convention Center Public Facilities District for Fiscal Year 2022 amending and superseding Resolution 2021-20.

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 two Operating Budget line items and expenditures for review and recommendation to the full Board for approval. These two categories are 1) Supplies, and 2) Visit Seattle Outside 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 2022-15 to increase the following line items expenditures for Fiscal Year 2022:

- | | |
|---|-----------------------------------|
| a) 2022 Operating Expense total: | from \$34,584,024 to \$34,692,809 |
| b) 2022 Total Marketing Expense Budget: | from \$6,474,000 to \$8,973,700 |

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 2023 Operating Budget, Resolution # 2022-16

A RESOLUTION by the District Board adopting an Operating Budget for the District for 2023.

Mr. Flowers advised that the proposed 2023 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 2023 budget.

Mr. Blosser and Mr. Hecker provided a summary of the 2023 budget overview narrative revenue and expense outlook. Mr. Flowers advised that the Finance Committee has reviewed the 2023 budget with staff in detail and agree with the proposed budget.

Mr. Flowers made a motion to approve Resolution # 2022-16, adopting the Operating Budget for 2023. Mr. Schafer 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. Marketing Committee

1. Approval of Visit Seattle 2023 Scope of Work and Goals, Resolution 2022-17

A RESOLUTION by the District Board approving Visit Seattle's 2023 Annual Strategic Marketing Plan Scope of Work and Goals.

Mr. Schafer advised that the Marketing Committee met on December 15, 2022, and reviewed the Visit Seattle 2023 program initiatives and goals, as attached to Resolution 2022-17 and contained in the Board packets. Visit Seattle is currently working with a consultant to gain more insight as to attendance numbers and types of events to ensure the right mix of booked events for the Center and the city. Adjustments to the 2023 program initiatives and goals may be necessary following the consultants' guidance provides the direction for any new measurements. Mr. Schafer advised that the Marketing Committee is comfortable with the process to date.

Mr. Schafer made a motion to approve Resolution 2022-17, approving Visit Seattle's 2023 Scope of Work and Goals as presented. Mr. Flowers 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.

D. Government Affairs Committee

1. Update

Ms. Brown-Archie reported that the Government Affairs Committee met earlier today, and received an update on City, County, and State activities. Mr. Blosser provided an update on a presentation to a City Council Committee, and Summit tours that were provided to the Mayor and Deputy Mayors. Ms. Brown-Archie advised that a great deal of the meeting today centered around the work that Mr. Blosser and Mr. Hecker have been involved with, along with Ms. Sullivan, on additional funding sources. Mr. Blosser provided an update on SCC efforts with the State Treasurer's office regarding a possible opportunity of exploring further our proposal to extend the State's credit enhancement to the PFD's 2021 Junior Lodging Tax Notes through an amendment to the transfer agreement. Mr. Hecker and Ms. Stacey Lewis (Pacifica Law Group, bond counsel to SCC) drafted a letter that was sent to Deputy Treasurer Richter, and a subsequent meeting was held with the State Treasurer's office, Chairman Finneran, Mr. Blosser, Mr. Hecker, Mr. Griffin, and Mr. Eoff to provide an overview of the letter which documents the possible assistance that may be available from the state relative to being able to engage the 2021 Junior Bonds inside of the 2% that the state allows for debt assistance and coverage for debt service, and there had been some requirements noted from the Treasurer's office that the county and the city also be part of this funding scenario. Mr. Blosser advised that the meeting with Deputy Treasurer Richter and his staff was a positive meeting, and Mr. Hecker is following up with some additional information as requested by the Treasurer. A tour of Summit was also provided to the Deputy Treasurer and his team. Mr. Hecker advised that while the Deputy Treasurer was amicable to the idea and the mechanics work, they requested follow up analysis on the cost to the state if the deficiency loan mechanism or the additional sales tax mechanism is applied to the 2021 Junior Bonds.

In summary, Ms. Brown-Archie advised that a significant part of the Government Affairs Committee's advocacy efforts have been focused on trying to help with the funding shortfalls that the District is anticipating, discussing and strategizing to create action plans. Ms. Brown-Archie acknowledged our lobbyist team of CBE and Eileen Sullivan for their assistance with pulling the pieces together. Ms. Brown-Archie advised that the Committee is also monitoring the civility situation in the city of Seattle, and it was noted that Visit Seattle's efforts with the media in terms of the negative perception of Seattle (homelessness, crime, etc.) have been working and we are seeing that Seattle is again being recognized in a more positive light.

2. Government Relations Consultant Report

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

E. Art Committee

1. Review and Potential Approval of one (1) Artist Concept for Summit Interior Commissions

Ms. Gonzalez-Murillo reminded the Board that at the November 22, 2022, Board meeting, a presentation of two Artist Concepts for Summit Interior Commissions: one to be installed on L9 (Dan Webb) and one for the B1/B2 Prefunction area (John Feodorov); was provided for the Board's review and potential approval. Following review and discussion, the Board did approve the artist concept for L9 (Dan Webb); however, the artist concept for B1/B2 (John Feodorov) was not approved as presented. The issue was that different Tribes may be opposed to having a "dot" landmarking a specific Duwamish Village (the Herring Houses) which appears on the three pieces of the artist's concept. The Board decided that while the art is beautiful, the Board did not wish to bring controversy from the other Tribes, and tasked Ms. Brown-Archie to do research on the subject and discuss with Ms. Gonzalez-Murillo. Following Ms. Brown-Archie's research, Ms. Gonzalez-Murillo and Ms. Brown-Archie communicated and then spoke with Ms. Lewis. It was determined that if the "dot" is removed that points out the Herring House (a specific Duwamish Village over the Duwamish River that the artist used as his theme) and if we are very careful with the wording that would be on the plaque that would be sourced in coordination with the Art Committee to ensure correctness of heritage, that Ms. Brown-Archie did approve going forward with those specific pieces. Ms. Brown-Archie clarified that the problematic issue was with the highlight of a single village as there are a number of Duwamish Villages and would have possibly included or excluded family members from the various villages depending on the artist's pointing to one specific village. Ms. Brunner has spoken with the artist, and Mr. Feodorov has decided to maintain the Duwamish River scene but without highlighting one village over the multitudes of others.

Ms. Gonzalez-Murillo made a motion to approve moving forward with the Artist Concept for Summit Interior Commissions by John Feodorov on the three panels illustrating the Duwamish River as modified. 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 WSCC Art Foundation Directors, Resolution 2022-18

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

Mr. Eric Breidenbach	Term renewal 3 Years	1/1/2023 to 12/31/2025
Ms. Cathi Hatch	Term renewal 3 Years	1/1/2023 to 12/31/2025

Ms. Gonzalez-Murillo made a motion to approve Resolution 2022-18, approving the appointment of Mr. Breidenbach and Ms. Hatch to the WSCC Art Foundation Board of Directors for a three (3) year term commencing January 1, 2023. Ms. Brown-Archie 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. Approval of 2023 Operating Goals, Resolution 2022-19

A RESOLUTION Adopting the Recommendation of the District Board for 2023 Operating Goals for the Washington State Convention Center Public Facilities District.

Mr. Blosser advised that the 2023 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 2023 Operating Goals.

Ms. Gonzalez-Murillo made a motion to approve Resolution 2022-19, adopting the 2023 Operating Goals for the District. Mr. Flowers seconded, and the motion was carried by the unanimous affirmative vote of all Directors present by video conference / conference call.

2. Update on Summit Grand Opening Activities

Mr. Blosser provided an update on the Summit Grand Opening activities. A press release went out on December 19, 2022, announcing the Grand Opening activities at the end of January 2023. Staff are finalizing lists for invitations and preparing to send out the invitations to the Ballroom Dedication, Ribbon-Cutting, and Hospitality events by the end of December. Mr. Blosser advised that the January Board meeting is scheduled for January 24, 2023; the Ribbon-Cutting Ceremony is scheduled for January 25, 2023, from 10:00 to 10:30 a.m., with tours to follow; and the Hospitality event the afternoon/evening of January 25, 2023; the Ballroom Dedication is scheduled for January 26, 2023; and then a Public Open House is scheduled for January 27. The Ballroom Dedication event is by invitation only; and all events require registration and rsvp's to ensure the correct staffing levels and food service levels measured.

3. Update on December 9, 2022, All-Staff Meeting

Mr. Blosser provided an update on the All-Staff meeting held on December 9, 2022. The meeting was held in the Arch building from 8:30 a.m. to 12:30 p.m., and the program included comments from the President/CEO, a safety briefing, a guided tour of Summit. Following the Summit tour, staff reconvened at Arch for a Q & A session, and Staff Appreciation luncheon.

VIII. FINANCIAL REPORT

The Financial Report for November 2022 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 the PFD has sufficient liquidity and financial resources to meet the needs of operating debt service and the Addition Project. We have identified at least 3 steps to begin stabilization of credit with managing volatility (operating and non-operating), and planning for refunding opportunities in 2028.

Mr. Hecker reported that November was a mixed month. There were a good number of events (17), lower food service margins, and lower building rent revenues but a great facility services month. Operating revenue missed expectations but only by 4.3% or \$109,172. Operating expense controls continued to help the bottom line which came in 17.6% below budget or \$571,726. The monthly operation loss was 67.5% below budget or \$462,554. YTD operating revenues continue to underperform by 5.0% or \$1.4MM but are up by a wide margin compared to last year (306.8%). YTD operating expenses are underbudget by 12.8% or \$4.0MM. YTD operating loss slightly widened to \$1.4MM but is 65.9% better than budget. The Center materially improved its expected loss since the beginning of the year to 25.0% of \$5.48MM.

IX. EXECUTIVE SESSION

Mr. Finneran announced that the Board of Directors would hold an Executive Session for fifteen (15) minutes to discuss with legal counsel representing the agency litigation or potential litigation, per RCW 42.30.110 (1) (i). The Executive Session commenced at 3:17 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, Mr. Hendricks, and Mr. Fluhrer.

At 3:32 p.m., the Executive Session was extended for ten (10) minutes. The regular open meeting reconvened at 3:42 p.m.

X. ADJOURNMENT

Mr. Hillis made a motion to adjourn the December 20, 2022, Board meeting at 3:43 p.m. Ms. Brown-Archie seconded, and the motion was carried by the unanimous affirmative vote of all Directors present via video conference / conference call.