

Minutes

Washington State Convention Center
Public Facilities District

Regular Meeting of the Board of Directors
March 28, 2023

I. CALL TO ORDER

Frank K. Finneran, Board Chairman, convened a regular meeting of the Washington State Convention Center Public Facilities District (SCC) at 2:00 p.m., in Arch at 800 Pike - Yakima 1 Room, of the Convention Center. Meeting attendance was also available by video conference / conference call via Microsoft Teams.

MEETING ATTENDANCE

Board Directors in Attendance

Frank K. Finneran, Chair
Deryl Brown-Archie, Vice Chair
Katie Garrow
Taylor Hoang
J. Terry McLaughlin
Tom Norwalk
Craig Schafer

Board Directors Absent

Robert Flowers
Susana Gonzalez-Murillo

Officers in Attendance

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

Margery Aronson, Addition Art Project (by conference call)
Keith Hedrick, ARAMARK
Quiller McCurry-Willis, ARAMARK
Emelie East, Ceis Bayne East Strategic
Matthew Hendricks, Hendricks - Bennett, PLLC
Damon Koford, LMG
Matt Griffin, Pine Street Group
Matt Rosauer, Pine Street Group
Chris Raftery, Raftery CRE (by conference call)
Eileen Sullivan, Sullivan Advocacies (by conference call)
Tammy Canavan, Visit Seattle
Ali Daniels, Visit Seattle
Troy Anderson, Visit Seattle
Michael Woody, Visit Seattle
Kennedy James, Visit Seattle
Chris Connelly, Visit Seattle
Christopher Wright, Carney Badley Spellman, PS
Richard Yarmuth, Yarmuth LLP (by conference call)

Staff in Attendance

Melina Bermudez	Krista Daniel
Aaron Davis	Curt Davis
MacKenzie Gaspar	Dan Hammett
Andrew King	Michael McQuade
Tony Sheehan	Lorrie Starkweather
Loni Syltebo	Earl Taylor
Mara Vostral	Renee Wasisco

II. APPROVAL OF MINUTES

January 24, 2023, WSCC PFD Board Regular Meeting and March 7, 2023, WSCC PFD Board Special Meeting

Mr. Schafer made a motion to approve the minutes of the January 24, 2023, Regular Board meeting, and the March 7, 2023, Special Board meeting, as presented. Mr. McLaughlin seconded, and the motion was carried by the unanimous affirmative vote of all Directors present.

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 (February 2023)
2. Ratification of Additional Facility Project Contract List (March 2023)
3. Approval of Additional Facility Project Draw Schedule Payments, #99 (February 2023)
4. Approval of Additional Facility Project Draw Schedule Payments, #100 (March 2023)

Informational Items:

1. SCC Sales: December 2022 Summary Report
2. SCC Sales: Regional-Local Business – December 2022
3. SCC Monthly Expenditures Auditing Officer Certification
4. SCC Parking Report
5. Food Service Report (ARAMARK)
6. SCC Retail Report, 2022 Year End

Mr. Finneran noted that the two February Action Items were reviewed and approved by the Facility Committee at their meeting on February 28, 2023, and the two March Action Items were reviewed and approved by the Facility Committee earlier today. The four Action Items are being recommended to the full Board for approval.

Ms. Hoang made a motion to approve the Consent Agenda as presented. Ms. Brown-Archie seconded, and the motion was carried by the unanimous affirmative vote of all Directors present.

B. Appointment of 2023 District Committees, amending and superseding Resolution 2022-13, Resolution #2023-3.

A RESOLUTION ratifying a recommendation related to the appointment of Washington State Convention Center Public Facilities District ("District") Committees for 2023, amending and superseding Resolution 2022-13.

WHEREAS, the District Board had approved the 2023 District Committees with Resolution 2022-13 on December 20, 2022; and

WHEREAS, the District Board has determined it to be necessary and desirable and in the best interests of the District to provide for the organization of the District and to take certain actions as may be required from time-to-time.

Mr. Finneran advised that it was determined to be necessary and desirable and in the best interests of the District to add Ms. Garrow to the Government Relations and Civic Outreach Committee for 2023 to provide for the efficient operation and administration of the Convention Center.

Ms. Brown-Archie made a motion to approve Resolution #2023-03, approving the appointment of 2023 District Committees. Ms. Hoang seconded, and the motion was carried by the unanimous affirmative vote of all the Directors present.

V. PFD COMMITTEE REPORTS

A. Facility Committee

1. Update Report

Mr. Finneran advised that the Facility Committee met earlier today and reviewed the Additional Facility Project Draw Funding Request #100 dated March 12, 2023, and the Additional Facility Project Contract List for March 2023, which the Board just approved in the consent agenda. Mr. Finneran requested Mr. Griffin to provide the Board with a brief update on the status of the remaining Summit construction project items. The Facility Committee also received a report from staff on the final project expenditures for the 2022 Capital Projects, along with a list of 2022 carry-over items for 2023.

B. Government Relations and Civic Outreach Committee

1. Update

Ms. Brown-Archie reported that the Government Relations & Civic Outreach Committee met earlier today. The Committee received reports from Ms. East and Ms. Sullivan regarding City, County, and State activities. Discussion also took place regarding possible funding opportunities for the Convention Center.

Ms. Brown-Archie requested Ms. East and Ms. Sullivan to provide brief updates of their consultant reports which were reviewed at the Committee.

2. Government Relations Consultant Report

Ms. Brown-Archie advised that the consultant update report from Ms. East (CBE Strategic) and Ms. Sullivan (Sullivan Advocacy) is contained within the Board packets.

C. Long-Range Planning Committee

1. Update

Mr. McLaughlin advised that the Long-Range Planning Committee met on March 23, 2023. The Committee last met in October 2022. In early 2020, prior to the COVID-19 Pandemic and the significant impact on the Convention Center and our revenue sources, the Committee and staff were in the process of developing a capital improvement plan for the existing Arch building, while the Additional facility (now known as Summit) was being constructed. As the Board will recall, with the exception of emergent necessary maintenance and repairs, all capital improvement projects were put on hold pending financial recovery of the Lodging Tax revenues, event revenues, and availability of operational funds for the Convention Center. At the recent meeting, the Committee again reviewed staff's list of short- and long-term capital improvements for the Arch building, and they requested Mr. Blosser to provide a brief update to the Board. Mr. Blosser has tasked staff with reviewing and prioritizing the short- and long-term capital items, and the costing for each item so that when funds become available, we have an understanding of those items. Mr. Blosser explained that the short-term list items were more esthetic relative to the building as, for the most part, the Arch building and its features are still pre-1988 in age and design. The long-term issues pertain to how we support the building operations, for example, conveyance systems, back of house areas, heating and cooling systems, moveable walls, etc.; those kinds of items that are necessary from an operating standpoint. Mr. Blosser advised that staff will bring the prioritized list and costing information back to the Facility Committee for review at their next meeting. Mr. Finneran advised that there is

currently a significant contest for funding dollars within the hospitality industry, government entities, and public agencies, and that the District will need assistance with short-term funding, as we await economic recovery in the area and within the hospitality industry.

D. Benefits Committee

1. Approval of WSCC Employee Retirement Contribution Plan – Amendment 3, Resolution 2023-4

A RESOLUTION authorizing amendment of the WSCC Employee Retirement Contribution Plan to reflect the Employer’s current legal name.

WHEREAS, the Washington State Convention Center Public Facilities District (“District”) sponsors the WSCC Employee Retirement Contribution Plan (“457(b) Plan”) for the benefit of employees of the District; and

WHEREAS, Section 9.01 of the 457(b) Plan allows the District to amend the Plan from time to time; and

WHEREAS, the Plan was amended and restated effective January 1, 2014; and

WHEREAS, pursuant to Section 9.01 of the Plan, Washington State Convention Center Public Facilities District DBA Seattle Convention Center Inc. (f/k/a Washington State Convention Center, Public Facilities District) (the “Employer”) is authorized to amend the Plan; and

WHEREAS, the Employer wishes to amend the Plan to reflect the Employer’s current legal name.

NOW THEREFORE BE IT RESOLVED that the District hereby approves the amendment of the 457(b) Plan, effective July 1, 2022.

Mr. McLaughlin explained that this Resolution authorizes the amendment of the WSCC Employee Retirement Contribution Plan to reflect the District’s current legal name of Washington State Convention Center Public Facilities District DBA Seattle Convention Center Inc., and he made a motion to approve Resolution 2023-4. Ms. Garrow seconded, and the motion was carried by the unanimous affirmative vote of all the Directors present.

VI. VISIT SEATTLE & SCC Sales Reports

A. Visit Seattle Destination Overview & Visit Seattle Sales Report

Ms. Canavan introduced two new Visit Seattle team members: Mr. Chris Connelly, Senior Director of Sales; and Ms. Kennedy James, VP Talent & Culture. Ms. Canavan provided a Hotel Performance Summary for the downtown Seattle area for February 2023, and an overview of the U.S. Monthly Hotel Report (top 25 markets comparison) for February 2023.

In Ms. Saling’s absence, Ms. Canavan reported on Convention Sales Production for January and February 2023, for definite bookings and tentative bookings for SCC (both buildings) and for hotel self-contained In-house. This report showed the estimated Lodging Tax for both definite and tentative bookings.

Ms. Canavan provided an overview of Visit Seattle Conventions Team activities slated for Q2 2023. The team are set to be busy attending meetings, conferences, and making sales calls across the country.

Ms. Canavan provided updates on the Citywide Sales Strategy Project. This project is to develop a collaborative framework for the success of the expanded Seattle Convention Center, with the goal to create alignment with the convention center and hotel partners to define success, KPI’s, and the criteria of “good business.” Two meetings have been conducted with headquarter hotels (“HQ”) hotels and SCC to discuss business models/needs, with discussion including topics such as: the percentage of HQ hotel participation at bid stage (compared to requested peak nights); possible reevaluation of changes to the recommended number of events by size; and the possible incorporation of tracking hotel tax contributions as KPI.

Ms. Daniels reported that the Summit Opening received major coverage generated by Visit Seattle FAM’s and press pitches in collaboration with GreenRubino, including 22 stories placed by Visit Seattle; two inclusions in the PCMA News Junkie; and coverage airing on all major local broadcast stations.

B. SCC Sales Report

Mr. McQuade introduced three new Sales team members: Mr. Dan Hammett, Sales Operations Coordinator; Mr. Curt Davis, National Sales Manager; and, Mr. Aaron Davis, Assistant Director of Sales.

Mr. McQuade provided a year-to-date at-a-glance report for the period of January-February 2023. For this period, SCC & Visit Seattle Sales staff total combined top-line rent actualized was \$670,961 for Convention Center contracted bookings (9% of FY2023 goal), with total net rent actualized coming in at 11% of goal at \$309,176.

There were twenty-four (24) events booked in January and February, realizing 945 in forecasted hotel room night bookings, with 17,636 estimated delegates, and an estimated \$1,457,899 in top-line revenues.

There were seventeen (17) events hosted in January and February, realizing 2,093 in hotel room night bookings, with 82,232 delegates, and with \$1,182,748 in top-line revenues (rent, food & beverage, services, and parking). Year-to-date actuals saw 82,232 delegates, 2,093 in hotel room night bookings, and combined top-line forecast revenues of over \$1,182,748 for rent, food & beverage, parking, and subcontractor services.

VII. PRESIDENT'S REPORT

A. Report on Summit Opening and Business for January to March

Mr. Blosser provided an update on the events leading up to the grand opening of the Summit building, from official Groundbreaking August 14, 2018; Topping Out Ceremony June 11, 2021; Temporary Certificate of Occupancy (TCO) January 9, 2023; First Client Event January 11, 2023; to Grand Opening Week January 23-27, 2023. Mr. Blosser shared highlights from the Official Ribbon-Cutting Event, the Hospitality Industry Event, the Reception to commemorate the naming of the Summit Ballroom as the Frank K. Finneran Ballroom, and the Public Open House. He commended Center staff and our Service Partners for a job well done! The Seattle Convention Center: 1 Center | 2 Buildings | Endless Possibilities!

VIII. FINANCIAL REPORT

The Financial Report was distributed to the Board in their packets in advance of this meeting. In light of the current situation regarding failures of two banking institutions, Mr. Hecker reassured the Board that the PFD's banking and treasury services have low exposure and risk to current disruption in the banking sector. Treasury functions are diversified into buckets – daily operating, near-term liquidity, and short-term investments. There are two institutions for all treasury operations (1) the State of WA Local Government Investment Pool and (2) US Bank which is the operating bank and custodian. Banking and custodial services are two different business entities and not exposed to the same risk.

Mr. Hecker advised that enthusiasm and understanding grows for the new convention center campus. Fourteen events were held between Arch (10) and Summit (4). Month-to-date (MTD) operating revenues just missed budget by 3.5% or \$83,700. Operating expenses are behind budget by 11.3% or \$438,000. The 2023 budget assumes all open positions would be filled and new labor union contracts executed at the start of the year. This has not happened. As a result, YTD results will likely not continue the current trend. Mr. Hecker reported there is sufficient lodging tax to support marketing expenses in 2023. So far net marketing results are better than expected because of slow hiring which has reduced expenses. YTD net operating and marketing losses will not hold current levels due to labor contract implementation and timing. Non-operating revenues fell short of budget by 20.8% due to weaker than expected lodging tax revenues.

E. EXECUTIVE SESSION

The Chairman announced that the Board of Directors would hold an Executive Session to discuss litigation or potential litigation with legal counsel consistent with RCW. 42.30.110 (1) (i) as permitted by the Open Public Meetings Act, for twenty (20) minutes. The Executive Session commenced at 3:35 p.m. In addition to the Board members present (Finneran, Brown-Archie, Garrow, Hoang, McLaughlin, Norwalk, Schafer); attendance at the Executive Session included Mr. Blosser, Mr. Hendricks, Mr. Hecker, Mr. Griffin,

Mr. Rosauer, and Mr. Wright, all in person; with Mr. Raftery and Mr. Yarmouth in attendance by video conference / conference call. The regular open meeting reconvened at 3:55 p.m.

XI. ADJOURNMENT

Mr. Norwalk made a motion to adjourn the March 28, 2023, Board meeting at 3:59 p.m. Ms. Brown-Archie seconded, and the motion was carried by the unanimous affirmative vote of all Directors present.