

Minutes

Washington State Convention Center
Public Facilities District

Regular Meeting of the Board of Directors
May 25, 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 Room 2B, 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
J. Terry McLaughlin
Susana Gonzalez-Murillo, (by video conference / conference call)
Taylor Hoang (by video conference / conference call)
Tom Norwalk

Board Directors Absent

Robert Flowers
Craig Schafer
Katie Garrow

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
Tammy Canavan, Visit Seattle
Kelly Saling, Visit Seattle
Ali Daniels, Visit Seattle
Troy Anderson, Visit Seattle
Peter Andersen, Visit Seattle
Chris Connelly, Visit Seattle
Kristin Gillespie, Visit Seattle

Staff in Attendance

Melina Bermudez	Krista Daniel
Hannah Ermi	MacKenzie Gaspar
Andrew King	Michael McQuade
Sarah Quartararo	Lorrie Starkweather
Loni Syltebo	Earl Taylor
Mara Vostral	

II. APPROVAL OF MINUTES

March 28, 2023, WSCC PFD Board Regular Meeting

Mr. Norwalk made a motion to approve the minutes of the March 28, 2023, Regular Board meeting, as presented. Mr. McLaughlin seconded, and the motion was carried by the unanimous affirmative vote of all Directors present, in person and 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 2023)
2. Ratification of Additional Facility Project Contract List (May 2023)
3. Approval of Additional Facility Project Draw Schedule Payments, #101 (April 2023)
4. Approval of Additional Facility Project Draw Schedule Payments, #102 (May 2023)

Informational Items:

1. SCC Sales: April 2023 Summary Report
2. SCC Sales: Regional-Local Business – April 2023
3. SCC Monthly Expenditures Auditing Officer Certification
4. SCC Parking Report
5. Food Service Report (ARAMARK)

Mr. Finneran noted that the two April Action Items were reviewed and approved by the Facility Committee at their meeting on April 25, 2023, and the two May 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. Brown-Archie 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, in person and via video conference / conference call.

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 #102 dated May 12, 2023, and the Additional Facility Project Contract List for May 2023, which the Board just approved in the consent agenda. The Committee discussed some potential funding options, as has been discussed at previous meetings over the past few months, as well as the large list of punch-list items required to complete the Summit project.

B. Government Relations and Civic Outreach Committee

1. Update

Ms. Brown-Archie reported that the Government Relations & Civic Outreach Committee last met on April 25, 2023. The Committee received reports from Mr. Ceis, 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 to provide brief updates of the 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. Marketing Committee

1. Approval of Facility Rental Rate Increase, Resolution #2023-5

A RESOLUTION of the Board of Directors of the Washington State Convention Center Public Facilities District (the "District") approving the Facility Rental Rate Schedule for the District.

Mr. Norwalk advised that the Marketing Committee met on April 26, 2023. Staff presented a revised recommendation to the Marketing Committee regarding Convention Center rental rate increases after reviewing the initial rates with Visit Seattle per the Marketing Committee's request. Discussion centered around increasing rates by 5% per year, instead of 10%, 5%, and 3% as originally proposed, which was agreeable to Visit Seattle. The Marketing Committee reviewed the resolution and all of the proposed rates and agreed with the 5% per year rate increase. Resolution 2023-5 and the proposed rates (Exhibit "A") were distributed to the Board in their packets in advance of this meeting.

Mr. Norwalk made a motion to approve Resolution #2023-05, approving the Facility Rental Rate Schedule for the District. Mr. McLaughlin seconded, and the motion was carried by the unanimous affirmative vote of the Directors present, in person and via video conference / conference call.

2. Update on Board Mission and Vision Statement

Mr. Norwalk advised that the Marketing Committee also discussed direction for the Board Mission Statement and Values Statement and asked staff to draft up options for the Committee to review. Staff has done this, and the Marketing Committee will review at their next meeting. The draft will be provided to the Chair for his comments before the document is brought back to the full Board for approval at a subsequent regular Board meeting.

VI. VISIT SEATTLE & SCC Sales Reports

A. Visit Seattle Destination Overview

Ms. Canavan requested Mr. Andersen provide an update on Destination Performance.

Mr. Andersen provided a Hotel Performance Summary for the downtown Seattle area for April 2023, YOY 2019: Occupancy down 19%; Average Daily Room Rate up 6.7%; RevPar down 14.6%; Supply up 6.8%; Demand down 13.7%; Revenue down 8.8%.

Mr. Andersen reported on the Smith Travel Research (STR) Select Competitive Set numbers for April 2023. The Seattle Downtown market, along with our tracked competitive set, continue to make progress with occupancy rates (from 82.7% in Nashville, to 62.8% in Seattle Downtown, and to 55.6% in Portland CBD), average room rates (from \$300 in Nashville CBD, \$200 in Seattle Downtown, and to \$161 in Portland CBD), and RevPar (from \$264 in Nashville CBD, to \$126 in Seattle Downtown, and to \$90 in Portland). STR reported April year-to-date, Seattle Downtown occupancy rate of 55.5%, a 15% change over prior year; average room rate of \$190, a 10.3% change over prior year; and RevPar of \$105, a 26.9% change over prior year.

B. Visit Seattle Sales Report

Ms. Saling reported on Convention Sales Production for March and April 2023, for 2023 definite bookings and 2023 tentative bookings for SCC (both buildings) and for In-house. This report showed the estimated Lodging Tax for both definite and tentative bookings.

Ms. Saling provided an update on booking progress for the two buildings (Summit and Arch) for years 2023 to 2028, for booked (definite) business in March and April 2023 and for sourced (tentative) business in March and April 2023. Ms. Saling also reported on SCC room nights on the books compared to the West Coast competitive set and the Like-Size Cities competitive set, for years 2022 through 2027.

A brief overview of potential Microsoft upcoming programs for 2023 through 2026 was provided by Ms. Saling, for some programs where the contracts are currently being processed and others pending decisions in June 2023.

Ms. Saling provided updates on the Citywide Sales Strategy Project evolution. 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." Monthly meetings held with HQ hotel, SCC, and DOSMs to discuss business models and needs. Weekly meetings held to evaluate HQ hotel participation in blocks and discussion on what is needed on bids. Lead scoring system has been revised with criteria weighted based on hotel community feedback and will be implemented scoring new business by end of May. Lead updates to be provided to the community, to include lead scoring numbers and commentary from Mr. Andersen. Revised pace reports will be shared that track progress relative to new KPIs.

Ms. Daniels reported that Seattle Convention Center and Visit Seattle had recently been nominated for some awards, for example: Smart Stars 2023, World Travel Awards 2023, and The Stella Awards from Northstar Meetings Group. An overview of spring meetings media highlights was provided. Ms. Daniels advised that the Visit Seattle PR team will be assisting the APEC 2023 Public Affairs with media relations. It is expected that twenty-three member economies will be traveling with press pools, and Visit Seattle are planning activations and collateral for the media room. Ms. Daniels advised that Visit Seattle won a SABRE Award for their "Kissing in the Rain" booth campaign. A brief summary of updated creative assets was provided.

B. SCC Sales Report

Mr. McQuade announced that the Sales team were successful in the hiring of candidates for two open positions: Regional Sales Manager, Ms. Debra Hermansen; and Sales Administrative Assistant, Ms. Lorrain Kelley.

Mr. McQuade provided a year-to-date at-a-glance report for the period of March-April 2023. For this period, SCC & Visit Seattle Sales staff total combined top-line rent actualized was \$2,231,930 for Convention Center contracted bookings (29% of FY2023 goal), with total net rent actualized coming in at 38% of goal at \$2,154,755.

There were twenty-six (26) events booked in March and April, realizing 760 in forecasted hotel room night bookings, with 24,249 estimated delegates, and an estimated \$856,852 in top-line revenues.

There were twenty-eight (28) events hosted in March and April, realizing 748 in hotel room night bookings, with 18,948 delegates, and with \$881,398 in top-line revenues (rent, food & beverage, services, and parking). Year-to-date actuals saw 101,180 delegates, 2,841 in hotel room night bookings, and combined top-line forecast revenues of over \$2,064,145 for rent, food & beverage, parking, and subcontractor services.

VII. PRESIDENT'S REPORT

A. Report on Hiring of Staff

Mr. Blosser provided an update on the recruiting efforts, hiring challenges being encountered, status of open positions, and efforts by existing staff covering the vacancy shortages. The District (SCC) is seeing more interest and getting more initial responses since April which could be a result of the recently signed labor agreement, the new wages we have advertised, and the recent layoffs at local companies in the area. Mr. Blosser provided a brief summary of recruitment information:

- Currently seventy-two (72) total vacancies, with fifteen (15) in pipeline to be onboarded.
- Event Services has the most vacancies with twenty-one (21) Transportation Attendants needed.
- SCC hosted three (3) hiring events in April-May for total cost of \$1,184.50; with invitations extended to one hundred and twenty (120) potential applicants; and hired twenty-two (22). Additional hiring events are being planned for the next three (3) months.

Mr. Blosser advised that the SCC Human Resources team are working on a number of strategies to make an impact on the large number of vacancies including Indeed sponsorships, internal sourcing, and various hiring event styles.

B. Update on Property Insurance for WSCC PFD

Mr. Blosser advised that the Districts' All-Risk Policy is due for renewal at the end of June 2023. Alliant, our Insurance Broker, has advised that with the current loss conditions across the country it may be difficult to get the \$1-Billion in coverage. Staff will continue to work with our insurance brokers to get the limits and costs for coverage per the Boards' direction last November when the current policy was approved. With the renewal due at the end of June, staff is asking the Board to delegate authority, as done in the past, to finalize the insurance since renewal will occur between scheduled Board meetings. The goal would be to get the maximum coverage for the approved budget amount of no more than \$2.3 million premium cost. Staff will report out at the July Board meeting.

Ms. Brown-Archie made a motion to approve giving authority to the Finance Committee to approve the insurance coverage limits and costs to ensure the District meets the coverage renewal deadline, and the insurance policy to be brought to the full Board for ratification at the July 25, 2023, Board meeting. Mr. Norwalk seconded, and the motion was carried by the unanimous affirmative vote of all Directors present, in person and via video conference / conference call.

C. 2022 Annual Report Update

Mr. Blosser advised that the draft 2022 Annual Report is taking final shape, and once the draft is complete the document will be sent to the Chair for his review and comments, and then forwarded to the Board for their review. Once the Board's concurrence has been received, the Annual Report will be published, mostly in digital format as we have done in the past. Mr. Blosser anticipates the draft document to be to the Chair and the Board members soon, with the final document to be published by end of June/early July.

VIII. FINANCIAL REPORT

The Financial Report was distributed to the Board in their packets in advance of this meeting. Mr. Hecker advised that the WSCC Public Facilities District's theme of mixed financial results continues. The Center's year over year results show significant improvement but lag YTD budget expectation. While there is significant enthusiasm for the new convention center campus and leisure travel is rebounding, a cross current has developed from reduced business spending. This cross current is reflected in lower-than-expected lodging tax remittance and reduced F&B margins. Moreover, the implementation of a new labor agreement "retro-pay" eroded much of the first quarter operating expense savings. YTD, the Center consumed 38.4% of the annual operating deficit. The PFD's lodging remittance is behind budget by \$1.8 million yet continues to support internal and external marketing at the budgeted levels. Overall, the level of cash use is higher than anticipated but is an acceptable risk given what is likely to be a strong summer leisure travel season.

Mr. Hecker provided a reminder that the Regular Lodging Taxes is the funding source of Marketing Tax Revenues. Year over year results in the lodging tax do not reflect lodging performance because a portion of lodging tax is transferred to marketing revenues. Mr. Hecker advised that the Washington Department of Revenue has identified an amended return error that impacted the April lodging tax remittance data. A correction is expected in June.

XI. ADJOURNMENT

Ms. Brown-Archie made a motion to adjourn the May 23, 2023, Board meeting at 3:45 p.m. Mr. Norwalk seconded, and the motion was carried by the unanimous affirmative vote of all Directors present, in person and via video conference / conference call.