

Minutes

Washington State Convention Center
Public Facilities District

Regular Meeting of the Board of Directors
November 21, 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., by video conference via Microsoft Teams. At the chairman's request, Mrs. Castle conducted a roll call of Board Directors to ensure a quorum in attendance, as well as to identify meeting attendees.

MEETING ATTENDANCE

Board Directors in Attendance (by video conference)

Frank K. Finneran, Chair
Deryl Brown-Archie, Vice Chair
Robert Flowers
Tom Norwalk
Craig Schafer
Katie Garrow
J. Terry McLaughlin
Susana Gonzalez-Murillo

Board Directors Absent

Taylor Hoang

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
Keith Hedrick, ARAMARK
Matt Shea, ARAMARK
Matthew Hendricks, Hendricks - Bennett, PLLC
Tammy Canavan, Visit Seattle
Peter Andersen, Visit Seattle
Chris Connelly, Visit Seattle
Eileen Sullivan, Sullivan Advocacies
Emelie East, CBE Strategic

Staff in Attendance

Melina Bermudez
Katie Castle
Michael McQuade
Loni Syltebo
Lorraine Kelly
Earl Taylor
Tony Sheehan
Renee Wasisco
Jules Miller

II. APPROVAL OF MINUTES

September 26, 2023, WSCC PFD Board Regular Meeting

Mr. Flowers made a motion to approve the minutes of the September 26, 2023, Regular Board meeting, as presented. Ms. Gonzalez-Murillo seconded, and the motion was carried by the unanimous affirmative vote of all Directors present, via video 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. Board Meeting Dates, Resolution 2023-07

A RESOLUTION by the District Board adopting it's 2024 Official Meeting Schedule.

Mr. Norwalk made a motion to approve Resolution 2023-07, establishing the SCC Board of Directors 2024 regular meeting schedule as presented. Ms. Gonzalez-Murillo seconded, and the motion was carried by unanimous affirmative vote of all Director present by video conference call.

B. Changing December 19, 2023, Board Meeting Time (Motion)

Mr. Finneran made a motion to approve moving the SCC December Board meeting from a 2:00pm start time to a 1:00pm start time. Ms. Brown-Archie seconded, and the motion was carried by the unanimous affirmative vote of all the Directors present by video conference call.

C. Ratification of District Officers, Resolution 2023-08

A RESOLUTION by the District Board ratifying recommendations related to the appointment of the District Officers and Administrative Officers for 2024.

Mr. Norwalk made a motion to approve Resolution 2023-08 as presented in the Boardbook packet ratifying the appointment of District Officers for 2024. Ms. Gonzalez-Murillo seconded, and the motion was carried by the unanimous affirmative vote of all Directors present by video conference call.

D. Discussion of Board Officers

Mr. Finneran made the announcement that he was intending to step down from the chairmanship as of December 31, 2023, followed by Ms. Brown-Archie's announcement that she would also be stepping down from the vice chair role as of December 31, 2023. Mr. Finneran nominated Mr. Tom Norwalk for chairman and Mr. Craig Schafer for vice-chair and a discussion ensued.

Mr. Finneran made a motion to approve the election of Mr. Norwalk as Chairman of the Board and Mr. Schafer, as vice-chair of the Board for 2024. Mr. Flowers seconded and the motion was carried by the unanimous affirmative vote of all Directors present by video conference call.

E. 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 & November)
2. Approval of Additional Facility Project Draw Schedule Payments, #108 (October & November)

Informational Items:

1. SCC Sales Productivity Report
2. SCC Monthly Expenditures Auditing Officer Certification
3. SCC Parking Report
4. Food Service Report (ARAMARK)
5. SCC Third Quarter Outreach 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, in via video conference call.

V. PFD COMMITTEE REPORTS

A. Facility Committee

1. Update

Mr. Finneran advised that the Facility Committee met earlier today and reviewed the Additional Facility Project Draw Funding Request #108 dated November 12, 2023, and the Additional Facility Project Contract List for October and November 2023, which the Board just approved in the consent agenda.

Mr. Finneran advised that the Committee is mainly focused on completing the remaining punch list items with Pine Street Group, of which reasonable progress has been made. While there are many items remaining, PSG and SCC continue to work together and meet to discuss these items on a regularly basis. Mr. Finneran advised there was still work being done to help secure financial resources to help us close the \$10M gap in financing leftover as a result of the pandemic.

B. Finance Committee

Mr. Flowers advised that the Finance Committee met on November 20, 2023, and that a number of items were presented to the Committee.

1. 2024 Draft Budget Update

Mr. Flowers advised that the Committee was presented with the fifth version of the 2024 draft budget as provided in the Boardbook packet. Mr. Blosser added that discussion took place on areas where staff is looking to increase revenues based on event related contracts and also where expenses can be lowered before presenting the final proposed budget to the full board for approval at the December SCC Board meeting.

2. Approval of 2024 Insurance: Property Coverage (Motion)

Mr. Flowers advised that Alliant Insurance Services, the SCC insurance broker, presented to the committee the current market conditions and the estimated renewal costs for property and earthquake insurance for 2024 as contained within the Board packets. Mr. Flowers advised that the committee reviewed the costs of all risk renewals and is recommended that SCC buy \$50M of earthquake insurance instead of the \$75M which will save approximately \$400,000.

Mr. Flowers made a motion to grant authority to the Finance Committee to finalize securing both all risk insurance and \$50M worth of earthquake insurance with the cost parameters for earthquake insurance being between \$900,000 - \$1,100,000 premium. If the costs for earthquake insurance do not fall within this range the Finance Committee will come back to the Board with a different recommendation. Mr. Schafer seconded, and the motion was carried by the unanimous affirmative vote of all Directors present via video conference call.

3. Report on SAO Audit Interview

Mr. Flowers shared that the State Auditor's office presented their annual exit interview pertaining to their performance audit of the PFD and that there were no findings.

C. Marketing Committee

1. Approval of SCC 2024 Sales Plans and 2024 Marketing & Communication Plan, *Resolution 2023-09*

A RESOLUTION by the District board approving the 2024 Sales Plan and 2024 Marketing & Communication Plan.

Mr. Schafer advised that the SCC 2024 Sales Plan and 2024 Marketing & Communications Plans are contained in the board packets. The Marketing Committee has reviewed these plans in detail with SCC staff and the plans were presented to the Board on October 24, 2023, at the Board Retreat. The Marketing Committee is recommending approval of the plans as contained in the board packets.

Mr. Schafer made the motion to approve Resolution 2023-09, to adopt the SCC 2024 Sales Plan and 2024 Marketing & Communications Plan. Mr. Flowers seconded, and the motion was carried by the unanimous affirmative vote of all Directors present via video conference call.

2. Approval of Visit Seattle Goals and Sales Plan, *Resolution 2023-10*

A RESOLUTION by the District Board approval of the 2024 Visit Seattle Goals and Sales Plan
Mr. Schafer advised that the Visit Seattle Goals and Sales Plans are contained in the board packets. These plans were reviewed by the Marketing Committee on October 16, 2023, and were also presented to the Board on October 24, 2023, at the Board Retreat.

Mr. Schafer made a motion to approve Resolution 2023-10, to adopt the 2024 Visit Seattle Goals and Sales Plan as outlined in the board packets. Mr. Norwalk seconded, and the motion was carried by the unanimous affirmative vote of all the Directors present by video conference call.

3. Review, Discussion, and Approval of Board Values Statement (*Motion*)

Mr. Schafer invited Mr. Norwalk to discuss the update on the proposed Board Values Statement. Mr. Norwalk advised that the proposed values statement was presented and reviewed on October 24, 2023, at the Board Retreat but that SCC staff went back and reviewed them making one notable change; adding a seventh value which reads *“Guide the operation of the Center to achieve credit ratings that allow for future investment to achieve the Board Mission”*.

Mr. Norwalk made the motion to adopt the proposed Board Values Statement as contained in the board packet. Ms. Gonzalez-Murillo seconded, and the motion was carried by the unanimous affirmative vote of all Directors present via video conference call.

D. Government Relations and Civic Outreach Committee

1. Update

Ms. Brown-Archie reported that the Government Relations & Civic Outreach Committee met earlier today and received reports from Ms. East and Ms. Sullivan regarding City, County, and State activities. Mr. Brown-Archie invited Ms. East from CBE Strategic and Ms. Sullivan from Sullivan Advocacy to provide brief updates of the consultant reports which were presented to the Committee.

2. Government Relations Consultant Report

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

VI. VISIT SEATTLE & SCC Sales Reports

A. Visit Seattle Destination Overview

Mr. Andersen provided a summary of Hotel Performance for the downtown Seattle area for Year-to-date October 2023, YOY 2019, Occupancy up 2.3%; Average Daily Room Rate up 1.1%; RevPAR up 3.5%; Supply up 0.7%; Demand up 3.1%; Revenue up 4.2%.

Mr. Andersen reported on the Smith Travel Research (STR) Select Competitive Set numbers for October 2023. The Seattle Downtown market, along with our tracked competitive set, continue to make progress with occupancy rates (from 80.6% in Vancouver Downtown, to 77.4% in Seattle Downtown, and to 58.0% in Houston CBD), average room rates (from \$367 in Boston CBD, \$235 in Seattle Downtown, and to \$138 in Phoenix Central), and RevPAR (from \$257 in Boston CBD, to \$220 in Seattle Downtown, and to \$233 in Phoenix Central). STR reported October year-to-date, Seattle Downtown occupancy rate of 70.9%, an 5.3% change over prior year; average room rate of \$240, an 5.5% change over prior year; and RevPAR of \$170, a 11.1% change over prior year.

B. Visit Seattle Sales Report

Ms. Canavan on behalf of Ms. Saling provided an updated on tentative business sourced and definite business booked in September and October 2023 for both Arch and Summit.

Ms. Canavan provided an update on booking progress for the two buildings (Summit and Arch) for years 2024 to 2028, for booked (definite) business in September and October 2023 and for sourced (tentative) business in September and October 2023. Ms. Canavan also reported on SCC room nights on the books compared to target, for years 2023 through 2028.

B. SCC Sales Report

Mr. McQuade provided a year-to-date at-a-glance report for the period of September – October 2023. For this period, SCC & Visit Seattle Sales staff total combined top-line rent actualized was \$7,247,176 for Convention Center contracted bookings (95% of FY2023 goal), with total net rent actualized coming in at 110% of goal at \$6,427,673.

There were eleven (11) events booked in September and October, realizing 14 in forecasted hotel room night bookings, with 22,285 estimated delegates, and an estimated \$351,787 in top-line revenues.

There were thirty-five (35) events hosted in September and October, realizing 7,403 in hotel room night bookings, with 42,376 delegates, and with \$3,689,771 in top-line revenues (rent, food & beverage, services, and parking). Year-to-date actuals saw 150,857 delegates; 12,636 in hotel room night bookings; and combined top-line forecast revenues of over \$7,149,488 for rent, food & beverage, parking, and subcontractor services.

VII. PRESIDENT'S REPORT

A. Approval of 2024 Operating Goals, Resolution 2023-11

A RESOLUTION by the District Board for the adoption of the 2024 Operating Goals for SCC

Mr. Blosser advised that the 2024 Operating Goals have been reviewed by the individual Committees and by the Board on October 24, 2023, during the Board Retreat. Mr. Blosser stated that the proposed 2024 Operating Goals are contained within in the board packets that were sent out before the meeting. Mr. Blosser and the SCC staff are recommending approval of the 2024 Operating Goals.

Ms. Brown-Archie made a motion to approve Resolution 2023-11, adopting the 2024 Operating Goals for the District. Ms. Gonzalez-Murillo seconded, and the motion was carried by the unanimous affirmative vote of all Director's present via video conference.

B. Report on Former Board Members Recognition on Summit Project

Mr. Blosser's memo to the SCC Board members regarding recognition for former board members who supported the Summit project was included in the board packets. Mr. Blosser provided a brief overview of the proposed plaque and a discussion ensued.

VIII. FINANCIAL REPORT

The Financial Report was distributed to the Board in their packets in advance of this meeting. Mr. Hecker reported a positive development with the S&P Global Rating upgraded the PFD's Sr and Sub Debt to BBB and BBB- from BBB- and BB+, respectively. The outlook is raised to positive from stable which means there is a 33% chance of the credit quality improving over the next two years. This view captures a very strong tax area (very strong incomes and growth industries), moderate pledge revenue volatility, strengthening MADS coverage, and substantial operating reserves. Mr. Hecker reminded that regular lodging taxes are the funding source of Marketing Tax Revenues. Year over year results in the lodging tax do not reflect lodging performance. Please refer to the Lodging Report for a more detailed analysis of lodging revenue activities.

Mr. Hecker advised that "Rocktober" budget beat expectation with a \$211K loss compared to a budget loss of 1.0MM. The reduced operating loss was due F&B margins beating budget and better revenue generation from building rents and facility services. YoY operating surplus fell 115% or 2.4MM. Year to date operating loss was 21.2% or \$803K better than budget but 267% or \$1.1MM larger than last year. Overall, YTD results can be described as much improved.

XI. Executive Session

Mr. Finneran announced that the Board of Directors would hold a closed executive session for fifteen (15) minutes to discuss a personal issue. The Executive session commenced at 3:33pm with all the board members present via conference call (Mr. Finneran, Ms. Brown-Archie, Ms. Garrow, Ms. Gonzalez-Murillo, Mr. McLaughlin, Mr. Norwalk, Mr. Flowers, and Mr. Schafer), Mr. Blosser, and Mr. Hendricks. The regular meeting reconvened at 3:47pm and at the chairman's request, Mrs. Castle conducted a roll call of the Board Directors to ensure a quorum in attendance following the Executive Session.

XII. ADJOURNMENT

Mr. Schafer made a motion to adjourn the November 21, 2023, Board meeting at 3:49 p.m. Ms. Brown-Archie seconded, and the motion was carried by the unanimous affirmative vote of all Directors present, via video conference call.