

Minutes

Washington State Convention Center
Public Facilities District

Regular Meeting of the Board of Directors
January 23, 2024

I. CALL TO ORDER

Frank K. Finneran, Board Chairman, convened a regular meeting of the Washington State Convention Center Public Facilities District (SCC) at 1:00 p.m., by video conference via Microsoft Teams. At the chairman's request, Ms. 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
Tom Norwalk
Craig Schafer
Katie Garrow
Susana Gonzalez-Murillo
Robert Flowers

Board Directors Absent

Taylor Hoang
J. Terry McLaughlin

Officers in Attendance

Jeffrey A. Blosser, President / CEO
Linda Willanger, Vice President of Administration / AGM
Jon Houg, Vice President of Operations
Sam Hecker, Director of Finance / CFO

Consultants / Vendors in Attendance

Melinda Altamirano, ARAMARK
Matthew Hendricks, Hendricks - Bennett, PLLC
Ali Daniels, Visit Seattle
Peter Andersen, Visit Seattle
Troy Anderson, Visit Seattle
Chris Connelly, Visit Seattle
Eileen Sullivan, Sullivan Advocacies
Emelie East, CBE Strategic
Margery Aronson, SCC Art Foundation

Staff in Attendance

Melina Bermudez	Loni Syltebo
MacKenzie Gaspar	Lorrain Kelley
Krista Daniel	Earl Taylor
Katie Castle	Jules Miller
Michael McQuade	

II. APPROVAL OF MINUTES

November 21, 2023, WSCC PFD Board Regular Meeting and December 19, 2023, WSCC PFD Board Regular Meeting

Mr. Schafer made a motion to approve the minutes of the November 21, 2023, and the December 19, 2023, Regular Board meetings, as presented. Mr. Norwalk 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

Mr. Finneran advised due to the retirements that are taking place this year for Mr. Eoff and Mr. Blosser, the Board has concluded that it may be beneficial to look at the current structure of the Executive office and that the Long-Range Planning Committee has been tasked with re-evaluating our internal structure and to partner with the Search Committee to fill the position(s) that are needed to move the Center forward.

A. Presentation of 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 (January 2024) (*Motion*)
2. Approval of Additional Facility Project Draw Schedule Payment, #110 (January 2024) (*Motion*)

Informational Items:

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

Ms. Brown-Archie 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 call.

V. PFD COMMITTEE REPORTS

A. **Facility Committee**

1. Update

Mr. Finneran provided an update on the Facility Committee meeting that was held earlier today, January 23, 2024. Mr. Finneran stated that they are having good conversations regarding the top priorities which includes gap financing, completion of the punch list items, and the various issues with closing out the project. Things seems to be moving along at a reasonable pace, but the project team and operating team are lagging behind a little due to certain delays with the Art installation on 9th and Pike. These delays are expected to be caught up in the next month or two.

B. **Search Committee**

1. Update

Mr. Norwalk reported that the Search Committee has met several times in the past few weeks and have discussed not only Mr. Blosser's job description and the changes to that but also that Mr. Blosser and his team were able to get an RFP out. The RFP was shared with a very short list of search firms and is available online for others to apply. Mr. Norwalk advised that the Committee is looking to have proposals

back for review by the Committee by February 9, 2024, and is hoping to have contract discussions with the selected firm by end of the February. Discussion ensued.

C. Government Relations & Civic Outreach Committee

1. Update

Ms. Brown-Archie reported that the Government Relations & Civic Outreach Committee met earlier today and discussed many items. Ms. Brown-Archie advised the Committee is recommending the Board ratify support for Senate Bill 6158 as discussed in the committee meeting and presented in the board packets.

Ms. Brown-Archie made the motion to ratify support of the PFD legislation, Senate Bill 6158; Ms. Garrow seconded, and the motion was carried by the unanimous affirmative vote of all Directors present via video conference call.

2. Consultant's 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. VIST SEATTLE & SCC Sales Report

A. Visit Seattle Destination Overview & Visit Seattle Sales Report

Mr. Andersen provided a summary of Hotel Performance for the downtown Seattle area for Year-to-date December 2023, YOY 2019, Occupancy up 5.7%; Average Daily Room Rate up 3.4%; RevPAR up 9.3%; Supply down 1.3%; Demand up 4.3%; Revenue up 7.9%.

Mr. Andersen reported on the Smith Travel Research (STR) Select Competitive Set numbers for December 2023. The Seattle Downtown market, along with our tracked competitive set, continue to make progress with occupancy rates (from 64.0% in Vancouver Downtown, to 49.9% in Seattle Downtown, and to 41.6% in Houston CBD), average room rates (from \$214 in Boston CBD, \$182 in Seattle Downtown, and to \$190 in Phoenix Central), and RevPAR (from \$133 in Boston CBD, to \$91 in Seattle Downtown, and to \$74 in Phoenix Central). STR reported Full Year 2023, Seattle Downtown occupancy rate of 68.6%, an 5.8% change over prior year; average room rate of \$234, an 5.5% change over prior year; and RevPAR of \$160, a 11.6% change over prior year.

Mr. Connelly provided an update on booking progress for the two buildings (Summit and Arch) for years 2024 to 2030, for booked (definite) business in November and December 2023 and for sourced (tentative) business in November and December 2023. An overview of business on the books for Summit and for Arch for the years 2024 through 2030 was provided. Mr. Connelly provided an update on site visits for tentative business for both Arch and Summit. 55 site visits representing 339K in room nights and 48 planning visits representing 406K in room nights.

Ms. Daniels reported that Seattle Convention Center and Visit Seattle had recently been nominated for some accolades and awards, Best of Meeting Today 2023, The Stella Awards 2023, Prevue Visionary Awards, and Platinum Choice Awards 2023. An overview of recent meetings media highlights and leisure media highlights were provided. Ms. Daniels gave an update on November and December advertising with ads & advertorials in Skift Meetings Digital Guide, Smart Meetings, and PCMA Convene.

B. SCC Sales Report

Mr. McQuade provided a year-to-date at-a-glance report for the period of January to December 2023. For this period, SCC & Visit Seattle Sales staff total combined top-line rent actualized was \$8,256,315 for Convention Center contracted bookings (108% of FY2023 goal), with total net rent actualized coming in at 117% of goal at \$6,645,079.

There were twenty-five (25) events booked in November and December, realizing 554 in forecasted hotel room night bookings, with 37,709 estimated delegates, and an estimated \$1,263,188 in top-line revenues.

There were nineteen (19) events hosted in November and December, realizing 33 in hotel room night bookings, with 8,565 delegates, and with \$1,363,410 in top-line revenues (rent, food & beverage, services, and parking). Year-to-date actuals saw 159,511 delegates; 9,919 in hotel room night bookings;

and combined top-line forecast revenues of over \$8,480,472 for rent, food & beverage, parking, and subcontractor services.

VII. PRESIDENT'S REPORT

A. Completion of Operating Goals for FY2023, Resolution 2024-01

A RESOLUTION Approving Completion of the 2023 Operating Goal for the District.

WHEREAS, the Board of Directors of the Washington State Convention Center Public Facilities District ("District") 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; and

WHEREAS, the District Board feels it is in the best interests of the District to adopt annual operating goals and to review end of the calendar year performance for those goals as a guidance measure for the Board, District Officers and employees; and

WHEREAS, some 2023 operating goals were postponed and moved into 2024 due to timing or finishing of the Summit building program; and

WHEREAS, the individual Committees of the Board have monitored and reviewed the 2023 performance of the District throughout the year and are recommending approval to the Board that the 2023 Calendar Year Operating Goals for the District are complete with the outlines items postponed to 2024.

Mr. Blosser reported that the 2023 Operating Goals- End Year Report was included in the Board packets along with Resolution 2024-01. This report provides updates on all Operating Goals from the Strategic Planning Retreat in October to the end of 2023, representing the year-end status. Mr. Blosser walked through the eleven individual goals highlighting completion status for each. His comments reflected the issues and the changes the Board had made to the goals. Some goals were not completed, and some were modified given circumstances and funding issues and revenue shortfalls.

Mr. Blosser advised that the individual Committees of the Board have monitored and reviewed the 2023 performance of the District throughout the year and are recommending approval to the Board that the 2023 Calendar Year Operating Goals for the District are complete with the needed adjustments.

Mr. Norwalk made a motion to approve Resolution #2024-01, approving the satisfactory completion of the 2023 Calendar Year Operating Goals. Ms. Gonzalez-Murillo seconded, and the motion was carried by the unanimous affirmative vote of the Directors present via video / conference call.

B. Outreach Report (2023 year-end)

Mr. Blosser advised that the 2023 Year-End Outreach Report had been distributed to the Board in their packets prior to today's meeting.

Mr. Blosser advised that the Year-End report included SCC's organizational outreach objectives of Community, Inclusion, Marketplace, and Staff; Food & Beverage Update on local/regional food product procurement; STIA Bill Signing; the SCC Celebration of Art; Community Outreach; Sales updates on diverse community events; 2023 Hiring Statistics from Human Resources; and a Summary of Waste Diversion in tons.

VIII. FINANCIAL REPORT

The Financial Report was distributed to the Board in their packets in advance of this meeting. Mr. Hecker announced that the Public Facility District is now the proud owner of the Summit building. He stated that in 2023 the project met the criteria of being substantially completed and an economically viable asset and that upon meeting these criteria the project was capitalized and now being depreciated. Mr. Hecker advised the Office of State Treasurer reworked the credit enhancement mechanism to support the 2021 Jr bonds and ongoing deficiency loan payments. A deficiency loan of \$4.2MM was also initiated to cover debt payments. The PFD received a credit upgrade on Sr. and Sub debt to investment grade. The 2021 Jr debt remains unrated.

Mr. Hecker advised the slow start of 2023 was due to a COVID surge and then the pace of activity accelerated to reach new highs in total operating and monthly lodging tax revenue. For context, 2018

operating revenue high was 38.2MM and 2023 reached a new high of \$43.6MM. Total lodging tax revenue continues to lag reaching \$86.5MM in 2023 versus \$91.5MM in 2019. But a new monthly high of \$11.4MM was recorded versus 10.6MM in 2019. Other themes of the year are healthy F&B margins 39.0% realized versus 35.0% budgeted, more building rent due to less rental concessions, and disappointing parking revenues due to fewer downtown office and construction workers. Overall, operating revenues were up 64.1% over 2022 and current operating deficit was reduced by \$5.9MM (amended budget) or 4.4MM (original budget). The result lessened the impact on the unrestricted cash to about \$500K. The remainder of the operating deficit was made up of one-time revenue resources (legislative aid, Employee Retention Credit, and bond proceeds). All this good news should not hide the fact that the PFD issued another \$4.2MM Deficiency Loan which now stands at \$33.1MM in principal outstanding.

Mr. Hecker congratulated the SCC team again for their tremendous operational efforts to nearly breakeven in 2023 (absent one-time revenues), add \$2.0MM to operating reserves, and contribute \$2.0MM to capital spending. Mr. Hecker advised that MoM and YoY results can be found in the new lodging tax report as contained in the board packets. Regular lodging taxes are the funding source of Marketing Tax Revenues and Debt Service. Lodging Tax revenue results in the budget analysis report do not reflect lodging performance. Mr. Hecker spoke to the Budget to Actuals Report.

XI. ADJOURNMENT

Mr. Flowers made a motion to adjourn the January 23, 2024, Regular Board meeting at 3:25p.m. Ms. Gonzalez-Murillo seconded, and the motion was carried by the unanimous affirmative vote of all Directors present, in-person and via video / conference call.