

Minutes

Washington State Convention Center
Public Facilities District

Regular Meeting of the Board of Directors
May 24, 2022

I. CALL TO ORDER

Frank K. Finneran, Board Chairman, convened a regular meeting of the Washington State Convention Center Public Facilities District (WSCC) at 2:02 p.m., by video conference / conference call via Microsoft Teams. At the chairman's request, Mrs. Starkweather 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 / conference call)

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

Board Directors Absent

Taylor Hoang

Officers in Attendance (by video conference / conference call)

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)

Margery Aronson, Addition Art Project
Melinda Altamirano, ARAMARK
Keith Hedrick, ARAMARK
Matt Shea, ARAMARK
Matthew Hendricks, Hendricks - Bennett, PLLC
Matt Griffin, Pine Street Group
Tammy Canavan, Visit Seattle
Kris Cromwell, Visit Seattle
Kelly Saling, Visit Seattle
Peter Andersen, Visit Seattle

Staff in Attendance

Melina Bermudez	Krista Daniel
Michael McQuade	Jules Miller
Lorrie Starkweather	Loni Syltebo
Earl Taylor	Susnios Tesfaye

Guests in Attendance (by conference call)

Lisa Libro	Karen Sudderth
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II. APPROVAL OF MINUTES

March 22, 2022, WSCC PFD Board Regular Meeting and April 26, 2022, WSCC PFD Board Special Meeting

Ms. Brown-Archie made a motion to approve the minutes of the March 22, 2022, Regular Board meeting and the April 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

A. Introduction of Visit Seattle President / CEO, Tammy Canavan

Mr. Finneran introduced Ms. Canavan and welcomed her to the WSCC PFD Board meeting. Ms. Canavan was the successful candidate for the Visit Seattle President / CEO position, to replace Mr. Norwalk who retired March 31, 2022. Ms. Canavan is pleased to return to the Pacific Northwest and looks forward to working with the Board and Seattle Convention Center staff going forward.

B. Introduction of New Board Members, Katie Garrow and Taylor Hoang

Mr. Finneran advised that Ms. Katie Garrow was appointed to the WSCC PFD Board of Directors by the Mayor of Seattle and confirmed by the City Council on April 12, 2022, to complete the four-year term (July 31, 2018 to July 30, 2022) for the Board position previously held by Ms. Nicole Grant. Ms. Garrow attended today's meeting and is looking forward to working with the Board and staff.

Mr. Finneran advised that Ms. Taylor Hoang was appointed to the WSCC PFD Board of Directors by the Mayor of Seattle and confirmed by the City Council on April 12, 2022, to complete the four-year term (July 31, 2020 to July 31, 2024) for the Board position previously held by Ms. Denise Moriguchi. Ms. Hoang was not able to attend today's meeting and will be introduced at a subsequent Board meeting.

C. Board of Directors 2022 Committee Assignments, amending and superseding Resolution # 2021-18, Resolution # 2022-04

A RESOLUTION ratifying recommendations related to the appointment of Washington State Convention Center Public Facilities District ("District") Committees for 2022, amending and superseding Resolution 2021-18.

Mr. Finneran advised that the Board of Directors Committee Assignments for 2022 have been amended to reflect the appointment of Ms. Garrow and Ms. Hoang to the WSCC PFD Board.

Approval of Resolution #2022-04 was carried by the unanimous consensus of all Directors present via video conference / conference call.

D. 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. Approval of Additional Facility Project Draw Schedule Payments, #89 (April 2022)
2. Approval of Additional Facility Project Draw Schedule Payments, #90 (May 2022)
3. Ratification of Additional Facility Project Contract List (April 2022)
4. Ratification of Additional Facility Project Contract List (May 2022)

Informational Items:

- A. WSCC Sales Summary: April 2022
- B. WSCC Monthly Expenditures Auditing Officer Certification
- C. WSCC Parking Report

D. Food Service Report (ARAMARK)

Mr. Flowers made a motion to approve the Consent Agenda as presented. Mr. Schafer 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 that the Addition Committee held its regular monthly meeting earlier today and received a status report from Pine Street Group (PSG). Mr. Finneran requested Mr. Griffin to provide the Board with a brief presentation of the current status of the Addition Project items.

Mr. Griffin provided a brief update advising that on Schedule, the contractor continues to work towards a date in early October for the Temporary Certificate of Occupancy (TCO). As the Board will recall, the TCO had seen an almost two and one-half month delay primarily as a result of the impact of the Teamsters' concrete delivery drivers strike. The work north of Olive is the work underground known as the Loading Dock area and also includes the pads for the two co-developments. The pad work for the office building which sits on the east block was sold to Hudson Pacific Properties (HPP) as planned on April 27, 2022, and construction began soon afterwards on the 500,000 square foot office tower. The residential pad which is on the western block north of Olive has been delayed due to the lack of concrete, however, should be completed in July. The work to get the Summit building open on schedule is the critical path on the work for the fire and life safety systems. On Budget & Finance while the delays did impact the project, the costs are currently holding as forecast and Mr. Griffin hopes to be close in terms of balancing Sources & Uses for the project at the end. Nevertheless Mr. Griffin advised that PSG continues to look for approximately \$10 to \$15 million of additional sources in case of some insufficiencies in resources so that the project can be completed as planned.

B. Finance Committee

1. Update

Mr. Flowers advised that the Finance Committee met on May 23, 2022. The Committee received an update from Pine Street Group on the Addition project finances and were provided an update on the annual financial audit from Moss Adams. The audit is expected to be completed and an Exit Interview scheduled in the next thirty (30) days. Mr. Hecker provided an overview of the April financial operating statement.

C. Benefits Committee

1. Approval of Vendors to Provide Retirement Plan Administration Services, Resolution 2022-05

A RESOLUTION designating the team of Milliman and RBC Wealth Management as vendors to provide the District with retirement plan administration services.

Mr. McLaughlin advised that the agreement for non-union Retirement Administrative Plans expires on June 30, 2022. A Request for Proposals (RFP) was issued on March 8, 2022, and proposals were received from five (5) companies with one (1) deemed as nonresponsive for not providing all requested proposal elements. After review of the responsive proposals, the Benefits Committee approved the selection by the Evaluation Team and is recommending the Washington State Convention Center Public Facilities District approve the award of Retirement/Pension Plan and Investment Management Service to Milliman and RBC Wealth Management. Mr. McLaughlin advised that as this is a new plan, the Board is required to approve the selection of the new Plan Administrator.

Mr. McLaughlin made a motion to approve Resolution #2022-05, approving the selection of Milliman / RBC Wealth Management to provide administrative services for the retirement program. Ms. Brown-Archie seconded, and the motion was carried by the unanimous affirmative vote of all Directors present, by video conference / conference call.

D. Art Committee

1. Approval of WSCC PFD Art Foundation Request to Accept Donated Art, Resolution # 2022-06

A RESOLUTION by the Board of Directors of the Washington State Convention Center Public Facilities District (“District”) approving the request from the Washington State Convention Center Art Foundation (“Art Foundation”) to accept art donated to the Art Foundation for display in the District’s facilities.

Ms. Gonzalez-Murillo reported that the Art Committee, comprised of Ms. Gonzalez-Murillo and Mr. Finneran, met on May 17, 2022, to review a request by the Art Foundation to accept art donated to the Art Foundation for display in the District’s facilities. This includes two (2) potential donations from Bank of America (currently on loan to WSCC Art Foundation and on display at the Center), and three (3) potential donations from a local law firm. A memo from the Art Foundation providing details of the donations was contained in the Board member’s packets for review. The memo listed the works and their artists, as well as a presentation of images of the artworks was provided to the Board for their review.

Ms. Gonzalez-Murillo advised that the Art Committee is recommending Board approval of the Art Foundation receiving this donation. Ms. Gonzalez-Murillo made a motion to approve Resolution 2022-06. Ms. Brown-Archie seconded, and the motion was carried by the unanimous affirmative vote of all Directors present via video conference / conference call.

E. Facility Committee

1. Update

Mr. Hillis reported that the Facility Committee has reviewed and approved a list of Capital Projects per the request of staff to bring all projects to the Committee for approval. Mr. Hillis requested Mr. Blosser provide the information to the Board on his behalf. Mr. Blosser advised that staff provided the following Capital Projects to the Facility Committee for the Committee’s approval:

- Removal of the Convention Place banners as they have been vandalized with graffiti and have been torn. The cost of this project is \$22,000, under the \$25,000 budget.
- Contract extension with Applied Wayfinding to help design the necessary kiosks and signage to create the needed wayfinding for each facility (Arch and Summit) and the wayfinding between the buildings as well. The cost of this project is \$80,000 of the approved \$200,000.
- Replacement of five (5) security cameras in strategic locations to better prevent transient infiltration and increase our ability to provide information to the Security team to help provide a safer environment. Cost \$33,135 of the \$35,000 budget.
- Replacement of the Arch PBX phone system and installation of new phone system for Summit. Current phone system in Arch does not meet current technology needs and it is very difficult to provide maintenance and service. The new system will provide a campus-wide phone system for both buildings and more integrated communication options. The cost is \$240,000 of a \$250,000 budget.

Mr. Hillis thanked Mr. Blosser for this report and advised that the Facility Committee will meet before the end of July to review project status and budgets for the first half of the year.

VI. VISIT SEATTLE & WSCC Sales Reports

A. Visit Seattle Destination Overview & Convention Sales Recap

Ms. Saling reported on the press coverage Visit Seattle has received regarding the appointment of Tammy Canavan as incoming President/CEO. Also, Peter Andersen has been hired as Senior Director – Convention Strategy, to fill the role previously held by Patrick Smyton.

Mr. Andersen reported on the Smith Travel Research (STR) Select Competitive Set numbers for April 2022. The Seattle Downtown market, along with our tracked competitive set, continue to make progress with occupancy rates (from 50.7% in Portland CBD, and 67.8% for Seattle Downtown, and up to 83.6% in Austin CBD), average room rates (from \$158 in Portland CBD, \$195 in Seattle Downtown, and up to \$280 in Boston CBD), and RevPar (from \$80 in Portland CBD, to \$132 in Seattle Downtown, and up to \$187 in Austin CBD). STR reported April 2022 Year-to-date, Seattle Downtown occupancy rate of 48.3%,

up 108.7% from prior year; average room rate of \$172, up 47.7% from prior year; and RevPar of \$83, up 208.2% over prior year.

Ms. Saling reported that the Seattle Tourism Improvement Area (STIA) assessment increased for the first time since 2011, with the Mayor signing into law an increase of \$2 to \$4 per occupied room night. The increase will come into effect for all current and future hotels in the STIA hotel area boundaries June 1, 2022. Based on the ordinance, these funds must be spent on leisure tourism, focused on shoulder season. Ms. Saling provided a comparison of total marketing budgets for the 2021 competitive destinations for funds received from Lodging Tax/Other and TIA/TID/TMD. Seattle and Vancouver, BC, are the closest in comparison: Vancouver with a total marketing budget of \$8.4 million (\$1.7 million from Lodging Tax/Other, \$6.7 million from TIA/TID/TMD), and Seattle with a total marketing budget of \$10.4 million (\$5.7 million from Lodging Tax/other, \$4.7 million from TIA/TID/TMD).

Ms. Saling provided an update on booking progress for the two buildings, Summit and Arch, for years 2023 to 2027 / pace to consumption targets, and 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 2021 through 2026.

Ms. Saling provided a brief update on Microsoft event business as it relates to the Seattle Convention Center for fall of 2022 and the next few years. Ms. Saling also provided an overview and summer booking information for the 2026 FIFA World Cup bid. In the middle of June, FIFA will be making the formal announcement of which cities are being awarded soccer matches for the 2026 Men's World Cup. Seattle is vying for a spot in the USA and if successful the match(es) will take place in the summer of 2026.

Ms. Saling also reported on SCC forecast versus business originally booked and remaining on the books, for attendance and room nights by quarter, as of May 17, 2022, for the period through 2022 Q4.

B. SCC Sales Report

Mr. McQuade provided a year-to-date at-a-glance report for the period of January to April 2022. For this period, SCC & Visit Seattle Sales staff total combined top-line rent actualized \$4,692,072 for Convention Center contracted bookings. For this period, SCC top-line rent actualized \$413,919 and 1,801 room nights.

There were eight events hosted in March 2022, realizing 58 in hotel room night bookings, with 7,916 delegates, and an estimated \$2,007,174 in top-line revenues. There were nine events hosted in April 2022, realizing 874 in hotel room night bookings, with 37,930 delegates, and an estimated \$4,058,205 in top-line revenues.

Year-to-date actuals saw 99,381 delegates, 1,893 in hotel room night bookings, and an estimated \$7,222,375 in top-line revenues (rent, food & beverage, services, and parking).

Mr. McQuade provided a summary of groups booked in March and April 2022. SCC Sales staff booked 13 new events into the Center with 8,560 estimated delegates, 0 forecast room nights, and \$139,861 in top-line forecast revenues.

VII. PRESIDENT'S REPORT

A. Report on Rebrand

Mr. Blosser provided an update on the Center's rebrand from the Washington State Convention Center to the Seattle Convention Center. While the project has been underway for a number of months, April 18, 2022, was the official cut-over day for the name change and rebrand scenario. Mr. Blosser explained the timing of the rebrand project activities such as the external monumental signage installation; rebrand-in-progress awareness; notification to clients, neighbors, retailers, vendors, contractors; distribution of media releases to local media and trade publications; official date of name change, April 18, 2022; and the rebrand awareness campaign via social media, signage, website, and advertising in 425 Business and the Puget Sound Business Journal, from April through December.

Mr. Blosser stated it was important for the Board to be aware that the public facilities district, as created by King County Ordinance 16883, remains the Washington State Convention Center Public Facilities District “doing business as” the Seattle Convention Center. Our official business name has not changed just our nomenclature has changed to doing business as (DBA) Seattle Convention Center (SCC).

Rebrand information has been provided to a number of media and industry publications for broad coverage. It’s been a beneficial move for the Center towards this year coming out of COVID, and as we prepare for a new campus it allows for an understanding of the new product with a new brand and new name. It also fits into how we are marketing the city that we represent, along with our partners at Visit Seattle as well as the hotel and hospitality communities. Mr. Blosser advised that the rebranded signage is very clean and crisp and will be extremely helpful for our patrons as they navigate to and between Seattle Convention Center and our buildings.

B. 2021 Annual Report Update

Mr. Blosser advised that the draft 2021 Annual Report is taking final shape, and once the draft is complete the document will be sent to the Chairman 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’ve done in the past. Mr. Blosser anticipates the draft document to be to the Chairman and the Board members by end of July/ mid-August, with the final document to be published soon thereafter.

VIII. FINANCIAL REPORT

The Financial Report was distributed to the Board in their packets in advance of this meeting. Mr. Hecker advised that the month of April was a solid month. The Center held nine events leading to an operating surplus of \$631,705 on revenues of \$3,439,568 and expenses of \$2,807,862. For the month, revenues met budget expectations of \$3.4M and expenses were underbudget by 13 % or \$418,272. YTD operating revenues underperformed budget expectation by 28.2% but are up by a wide margin compared to last year (+700%). YTD operating expenses are underbudget by 24.9% or \$2.86M. Operating loss YTD was 15.4% or \$135,604 overbudget. As a reminder, there are no lodging tax revenue to support either internal or external marketing expenses. A slower rate of hiring in the marketing areas reduced salaries and benefits resulting in expenses coming in 9.6% under budget for the month. Overall, YTD net operating and marketing losses improved from the prior month and met budget. This is an improvement from the start of the year.

Parking operations continues to perform well, beating budget by 37.1% MTD and 24.7% YTD. There are some early positive signs of office workers returning to downtown with the reserve parking at near full capacity. Parking continues to be supported by Summit construction, Virginia Mason Hospital staff, events returning, and the exceptional work of our Parking Manager Susnios Tesfaye.

Mr. Hecker reported that April Lodging Taxes collected (earned in February) were insufficient to cover the monthly debt service accrual. The SCC bond covenants have a waterfall of how priority obligations are paid. The first six priorities are bond interest and principal payments, the State of Washington’s Additional Lodging Tax, King County’s Note, and Marketing and Operation expenses. Therefore, funds were not available in March to set aside for marketing. This situation will continue for the foreseeable future.

Mr. Hecker advised that the majority of the District’s liquidity (78%) is maintained in the State LGIP Fund to be in a very short basis points environment. On Use of Funds, the majority of our funds are set aside for use for the Addition project, either in the form of bond proceeds or the segregation of funds for Summit. Mr. Hecker advised that the Use of Funds chart is provided to show the Board the Unrestricted, Committed, and Restricted funds, essentially dollars the Board has to spend or can change to spend, and dollars that cannot be spent that are already allocated.

Mr. Hecker reported on the three-month revenue/expense Forecast for 2022 and while the month of April was extremely strong and January was weak on the operating front the expectation is, even with those two month’s balancing out, that on the Operating side we will be meeting our budget

expectations for 2022. Mr. Hecker said this is a good indication that management is aligning services and needs with what is actually happening, and it tells the story that we are adjusting to the world that we currently live in. Mr. Hecker extended his appreciation to Convention Center management.

XI. ADJOURNMENT

Mr. Flowers made a motion to adjourn the May 24, 2022, Board meeting at 3:26 p.m. Ms. Gonzalez-Murillo seconded, and the motion was carried by the unanimous affirmative vote of all Directors present via video conference / conference call.