

## Minutes

Washington State Convention Center  
Public Facilities District

Regular Meeting of the Board of Directors  
July 27, 2021

### I. CALL TO ORDER

Frank K. Finneran, Board Chairman, convened a regular meeting of the Washington State Convention Center Public Facilities District (WSCC) at 2:00 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.

### MEETING ATTENDANCE

#### Board Directors in Attendance (by video conference)

Frank K. Finneran, Chair  
Deryl Brown-Archie, Vice Chair  
Robert Flowers  
Susana Gonzalez-Murillo  
Nicole Grant  
Jerry Hillis  
Denise Moriguchi  
Craig Schafer

#### Board Directors Absent

J. Terry McLaughlin

#### Officers in Attendance (by video conference)

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)

Melinda Altamirano, ARAMARK  
Keith Hedrick, ARAMARK  
Matt Shea, ARAMARK  
Becky Bogard, Bogard & Johnson, LLC  
Matthew Hendricks, Hendricks - Bennett, PLLC  
Fred Eoff, PFM Financial Advisors, LLC  
Matt Griffin, Pine Street Group  
Tom Norwalk, Visit Seattle  
Kelly Saling, Visit Seattle  
Kris Cromwell, Visit Seattle  
Patrick Smyton, Visit Seattle  
Troy Anderson, Visit Seattle  
Margery Aronson, WSCC Art Foundation

#### Staff in Attendance (by videoconference / conference call)

David Cononetz, Director of Facilities  
Krista Daniel, Director of Event Services  
Daniel Johnson, Acting Manager, Administrative Services  
Michael McQuade, Director of Sales  
Lorrie Starkweather, Executive Assistant to the President & Board

Guests in Attendance (by conference call)

Mary Clare Kersten  
Alex McLaughlin, MacKay Shiels LLC  
Karen Sudderth

II. APPROVAL OF MINUTES

May 30, 2021, WSCC PFD Board Regular Meeting and July 9, 2021, WSCC PFD Board Special Meeting

Mr. Schafer made a motion to approve the minutes of the May 30, 2021, Regular Board meeting, and the July 9, 2021, Special 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 / 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. Resignation of Ms. Denise Moriguchi

Mr. Finneran advised that Ms. Moriguchi had submitted her resignation from the WSCC PFD Board effective September 30, 2021. The focus will be on getting a replacement to fill the remainder of Ms. Moriguchi's term of office. Mr. Finneran, on behalf of the Board of Directors and Executive team, thanked Ms. Moriguchi for all she has accomplished for the District through her efforts and expertise on the Art, Finance, and Outreach Committees.

B. Board 2021 Strategic Planning Retreat Update

Mr. Finneran requested Mr. Blosser provide an update on the Board 2021 Strategic Planning Retreat. Mr. Blosser advised that the draft agenda was provided to the Board in their packets. The Retreat is being scheduled as a one-day meeting, with the current plan to be an in-person meeting onsite at the Center. The draft agenda shows the full day of meeting activities and reports. Mr. Blosser has secured Ms. Pamela Banks, Director, Seattle Office of Economic Development, as the luncheon guest speaker to talk about the revitalization of downtown Seattle area and perhaps provide us with ways that WSCC can assist in these efforts. The Board reception and dinner will also be held at the Center with ARAMARK providing the foodservice. Parking for the Board will be in the WSCC garage. Agenda items will include a review of the 2022 Operating Goals, a rebranding report, issues regarding opening the Summit building along with a status report, and a report on the Addition project from Pine Street Group as well.

C. 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 (June 2021)
2. Ratification of Additional Facility Project Contract List (July 2021)
3. Approval of Additional Facility Project Draw Schedule Payments, #79 (June 2021)
4. Approval of Additional Facility Project Draw Schedule Payments, #80 (July 2021)

Informational Items:

1. WSCC Sales: June Summary Report
2. WSCC Sales: COVID-19 Impact on Regional-Local Business – June 2020
3. WSCC Monthly Expenditures Auditing Officer Certification
4. WSCC Parking Report
5. Food Service Report

6. WSCC Outreach Report – Q2 2021

7. WSCC Mid-Year Retail Report

Mr. Hillis 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 / conference call.

V. PFD COMMITTEE REPORTS

A. Addition Committee

1. Update Report

Mr. Finneran advised the Addition Committee met this morning and discussed the priorities of the project leadership team, not the least of which is finances, costs, and schedule. One financing concern is the funds that were utilized to offset the costs\impacts of COVID-19 and concerns regarding whether we are going to be able to recover those expense monies from the State from their federal COVID Relief Funds. The construction schedule remains on the radar as the team works to maintain the Temporary Certificate of Occupancy (TCO) goal date of July 1, 2022, which will then accommodate the transition to full blown operation by the Convention Center in September 2022 for our first big piece of business next year.

Mr. Finneran requested Mr. Griffin to provide the Board with a brief presentation of the status of the Addition project items. Mr. Griffin advised that on the schedule, the contractor has stated the TCO dates remain July 1, 2022, which allows the Convention Center to move in materials, furniture, equipment and start some testing. A significant amount of work remains to be done to get us to the TCO date. There are currently approximately 800 workers on site for July and the contractor would like to get to 900 for August, 1,000 for September, and peaking in the fall at 1,100 workers on-site. Pine Street Group continues to move forward with hard-hat tours of the construction site with business leaders to provide them a better understanding of how exciting the new Summit building will be. The Convention Center and Visit Seattle teams have provided tours with clients and stakeholders, and Pine Street Group in coordination with Ms. Brown-Archie are working to schedule tours with some public officials.

B. Government Affairs Committee

1. Update

Ms. Brown-Archie reported that the Government Affairs Committee met earlier today and received an update from Ms. Bogard. Mr. Blosser advised the Committee that he will be submitting a request to the Seattle Department of Construction and Permitting for approval to extend the duration of the existing public closure of the building. The Committee reviewed the mid-year progress of 2021 operating goals. Mr. Schafer and Ms. Brown-Archie will be participating in the Summit building hard-hat tours with public officials. Mr. Schafer will be touring with City Councilmember Andrew Lewis, and a tour with King County Executive Dow Constantine will be set. Ms. Brown-Archie advised that the Board Taskforce and Government Affairs Committee will be planning some additional site tours after September with elected officials, coordinating with Ms. Bogard on those visits and what our messaging will be at that time. These tours will include available Taskforce and Government Affairs Board members.

2. Government Relations Consultant Report

Ms. Brown-Archie advised that the consultant update report from Ms. Bogard is contained within the Board packets. At Ms. Brown-Archie's request, Ms. Bogard provided a brief overview of her report. Mr. Hillis asked if Ms. Bogard had spoken with the Governor and other legislators regarding the name change for the Convention Center. Ms. Bogard replied that this has not been discussed yet with the Governor's Office, however she has spoken with WA State Senator Frockt and WA State Representative Ryu who have been key people on convention center issues over the last few years. Ms. Bogard said she should speak with staff in the Governor's Office, specifically with Director Lisa Brown at the Department of Commerce. Further dialogue occurred regarding any conversations held or to be held with King County elected officials on the name change as had occurred or will occur with State officials. Mr. Norwalk advised that he has not spoken to King County officials. Ms. Bogard volunteered to speak with King County

Executive Constantine, Councilmember Dembowski, and Councilmember Kohl-Welles if the Board so wished.

C. Finance Committee

1. Update

Mr. Flowers advised that the Finance Committee met earlier today and received a presentation from Government Portfolio Advisors (GPA), WSCC's contracted investment advisor, on a second quarter investment funds report.

The Finance Committee received an update on the 2018 Bond Tender Exchange from Mr. Eoff and Mr. Hecker, and Mr. Flowers advised that the process is moving very quickly on our efforts to improve the yield on the 2018 bonds. Mr. Hecker reported that the tender offer was launched today, and we will be looking to exchange out a portion of the 2018 Senior and Subordinate Debt, and the purpose of the exchange is to achieve cashflow savings in the near term and help reduce our overall cost of financing debt. Mr. Hecker spoke briefly on current interest rates and potential achievements on the tender/exchange are indicating that we may exceed expectations. Mr. Blosser advised that the tender offering period is scheduled to be ten days out on the market for investors to review the exchange, and a meeting with the Finance Committee is to be scheduled on August 9<sup>th</sup> to review and discuss the achievements and to potentially approve the sale. Mr. Finneran commented that as the market conditions have changed slightly the potential value or improvement in our financing circumstances could be significantly over the \$8 million initially projected, however there is no guarantee, and we await the results. Mr. Flowers said the financing team had worked diligently on this effort on behalf of the District.

The Finance Committee reviewed the mid-year progress report on the Committee's operating goals, and the June Financial Statement for the Convention Center was also reviewed.

D. Outreach Committee

1. Update

Ms. Moriguchi advised that the Outreach Committee met on July 20 and covered several different topics with the Addition Project outreach program. Pine Street Group presented the May 2021 outreach reports from Clark-Lewis, LMN Architects, Intelligent Partnership (IP), and Pine Street Group. The workforce and other trends are consistent with prior months. Actual paid-to-date WMBE contracts now exceeds the overall original goal of \$80 million and are tracking to be over \$135 million for the Addition project.

Ms. Moriguchi reported the Committee received an update from Mr. Kevin Washington from Tabor 100 on the WSCC Hospitality and Culinary Scholarships Program. The recipient of the first WSCC scholarship continues his education in the Culinary Arts program at Renton Technical College and Tabor plans to renew his scholarship for the upcoming school year to further advance his studies. The third scholarship and final \$2,500 will be awarded to a Hospitality Management student and Mr. Washington has been in touch with schools offering Hospitality Management programs such as University of Washington, Washington State University, Western Washington University, Green River Community College, Shoreline Community College, and Highline Community College. The deadline for applications is August 13<sup>th</sup> and this scholarship is targeted towards two-year students. Further discussion occurred about how to acknowledge these scholarships and the students inside of Tabor 100, both at the HUB and on their website.

The WSCC 2020 Annual Report is targeted for distribution at the end of July and Mr. Blosser has provided the Board with a draft for review and comments. The WSCC 2021 2<sup>nd</sup> Quarter Outreach Report and mid-year 2021 Operating Goals for the Outreach Committee were also reviewed and discussed.

The status of the relationship with Contract Design & Development LLC (CDD), and their continued dissatisfaction with the Addition contracting practices was discussed. CDD has said it plans to file a formal complaint regarding the Addition Project to draw attention to what they see as discriminatory practices of one of the subcontractors on the project. Ms. Lewis advised the Outreach Committee that Pine Street Group and Clark-Lewis will be able to respond when the content of the complaint is known.

E. Marketing Committee

2. Marketing & Sales Mid-Year Reports for Visit Seattle and WSCC

Mr. Schafer reported that the Marketing Committee met on July 21 and received 2021 mid-year progress reports from Visit Seattle on their goals and sales efforts. There was discussion on rebooking of cancelled events process with about 40% being rebooked and working with other groups who are waiting to see where the pandemic goes before making a decision. Visit Seattle discussed critical issues concerning the sales efforts like City of Seattle reputation; attendance forecasting to help hotels understand how many people will be attending events; hotel and WSCC availability as single hotels have been booking in-house business in the short term due to the pandemic and how that might affect the packages we can offer; and some trending regarding event segmentations; what types of events are booking and those where risk aversion may be factored into their booking decisions for meeting face-to-face. A discussion regarding the marketing of Summit to the industry occurred, as well as being able to hold events with MPI and PCMA in 2023 and 2024 to showcase the new facility.

WSCC Sales discussed how the local market is now starting discussions about dates for meetings and the requests for national convention bookings has significantly picked up in May and June. The WSCC Marketing and Communications Plan progress was reviewed and discussed as to where the plan has been able to accomplish certain items and those that were put on hold due to the pandemic, and an update on the building signage and branding efforts were also reviewed by staff for the Committee.

The Marketing Committee reviewed the progress report for the 2021 Operating Goals relating to the Marketing Committee items.

Mr. Schafer commended both WSCC and Visit Seattle sales and marketing teams for their efforts during this very difficult time.

F. Art Committee

1. Update Report

Ms. Gonzalez-Murillo reported that the Art Committee met on July 19 and the Addition Art Advisors met on July 20, 2021, and several key decisions were made relative to two art locations in Summit: 1. The Exhibit Hall Lobby wall that runs along Pine Street side of the building; 2. A sculpture location at a lobby terrace outside the Elliott Bay Meeting Room on Level 4 of the Summit building. These two locations. Decisions approved by the Board Art Committee (BAC) were:

- Proceed with commissioned artworks in both locations.
- Proceed with an invitational call with a panel consisting of three outside curators/artists, two Art Advisors and one BAC member, with intention to conduct selection meetings in September. The panel will select artists for both projects.
- Provide the panel with a list of artists considered through invitational processes for the UDM, Walk Ups and Entries projects, for project background and potential inspiration.
- Deleted from this list will be artists who were selected for those projects and any artists outside the designated geographic area for this project.
- The geographic area for this project is the Pacific Northwest, specifically encompassing Washington, Oregon, Idaho, Montana, and British Columbia.
- Amend the budgets to be \$550,000 for the B1/B2 location and \$150,000 for the L9 location, inclusive of all project components, including lighting.
- Once artists are selected, the Art Committee will bring back to the Board concepts for approval as has been done for all the other art projects for the Addition Project.

2. Approval of WSCC Art Foundation Request to Accept Donated Art, Resolution #2021-11

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 advised that the Art Committee also reviewed a request for the WSCC Art foundation to accept donated art for our facilities. The Committee reviewed the eight (8) pieces and are presenting them to the Board for approval for the Art Foundation to accept these pieces which will be displayed in either the Arch or Summit facilities. Information on these eight pieces is included in the board packets.

Ms. Gonzalez-Murillo made a motion to approve Resolution 2021-11 for the Board to approve the request from the WSCC Art Foundation to accept the art donated to the Art Foundation as part of their collection for display in the District's facilities. Ms. Grant seconded, and the motion was carried by the unanimous affirmative vote of all Directors present via video conference / conference call.

#### G. Facility Committee

##### 1. Approval for Additional Capital Fund Expenditures, Resolution #2012-12

A RESOLUTION by the Board Adopting a Revised 2021 Capital Budget for the District and Authorizing the President/CEO to enter into Agreement(s) with the Apparent Successful Proposer(s) to proceed with these approved projects.

Mr. Hillis advised that the Facility Committee met on July 13, 2021 to discuss the proposed Arch Signage Project and a broken escalator and the costs associated with both of those issues. Staff went back out to the three (3) original proposers who submitted bids to fabricate and install the Arch signage. As the Board will recall, the Signage Project was put on hold due to funding issues and the COVID-19 pandemic. Staff has now selected a bidder to do this work. The bids came in at \$385,000 for fabricating and installing the signage. Staff have also recommended the contract extension of Applied Wayfinding to assist with the signage process as well as a project management company, and both these costs are estimated to be close to \$75,000. An additional \$40,000 has been added in contingency to cover any issues with permits, street closures or other related project items. The escalator issue is with The Conference Center (TCC) escalator. This escalator has broken down and needs a new drive chain to resume operation. This repair is required in order that the escalator be fully functional and ready for the upcoming 4<sup>th</sup> quarter event schedule. For both these projects there is sufficient funding in the current Capital Projects Budget of over \$6.3 million as well as \$1.125 million allocated in the Unrestricted Reserve Account. The Committee has reviewed these requests and we are requesting Board approval of these increased costs and the revised 2021 Capital Budget in order that we can move ahead with these proposals.

Mr. Hillis made a motion to approve Resolution 2021-12 adopting a revised 2021 Capital Budget and authorizing the President/CEO to enter into Agreement(s) with the apparent successful proposer(s) to proceed with these approved projects. Mr. Flowers seconded. Discussion occurred with Mr. Finneran asking Mr. Hecker if the cost to repair the escalators is a Capital Expense or belongs under Repairs & Maintenance category. Mr. Hecker replied that while the escalator is a long-term asset, this repair is outside of normal maintenance, and maintains the long-term viability of the asset, thus Mr. Hecker considers it to be a Capital Expense. Further discussion occurred with Mr. Finneran requesting clarification re the \$1.125 million in the Operating Reserves. Mr. Blosser provided explanation. Being no further questions, Mr. Finneran called for the vote and the motion was carried by the unanimous affirmative vote of all Directors present via video conference / conference call.

#### H. Long-Range Planning Committee

##### 1. Update Report

In Mr. McLaughlin's absence, Mr. Blosser advised that the Long-Range Planning Committee met on July 20, 2021, and discussed many issues related to succession for the staff which has been moved totally into 2022 due to funding, as well as the Board succession plan as there will be five (5) Board member's terms expiring and up for reappointment in July 2022. Staff presented a detailed draft of the Summit grand opening plans to take place later next year after determination of the TCO date and event schedule for the new facility. Plans included opening plan vision to help us to stay on course as to what and who we want to celebrate, including our stakeholders, general public, project supporters, construction workers, hospitality community, art community, Board and staff. Many of these celebration elements could be combined in one event or on the same day pending funding and final decisions relative

to grand opening activities. Further information will be provided to the Board at the October 2021 Board Retreat.

Mr. Blosser advised that there was significant discussion of what the business model for the Convention Center looks like post pandemic; what does the industry expect; what will our new business model be with two buildings and perhaps staffing challenges in 2022; what are clients' expectations of service levels; and available funding for debt service, marketing, capital projects, repayment of borrowed funds from the State and operations. These items will continue as topics for discussion with the Long-Range Planning Committee through the year.

Mr. Blosser advised that renovations to the Arch building have been put on hold due to lack of hotel tax revenues to fund capital projects, and this item will be monitored as to when funding becomes available to provide these needed renovations to ensure both buildings present as viable options to our clients and stakeholders.

The Long-Range Planning Committee also reviewed the mid-year progress report of 2021 Operating Goals for the Committee.

## VI. VISIT SEATTLE & WSCC Sales Reports

### A. Visit Seattle Destination Overview & Sales Report

Mr. Norwalk provided a destination overview and reported that Smith Travel Research (STR) results for the month of June 2021 indicated an increase across all categories for Downtown Seattle against the same period last year: Occupancy at 51.9%, up 296.2%; RevPar at \$87, up 406.7%; and Average Room Rate at \$168, up 27.9%. Mr. Norwalk said that Seattle is picking up ground now compared to other markets, but certainly when you look up and down the competitive set list from Nashville down to San Diego, there are some markets that have been performing stronger, demand is stronger, where they've been open longer, and we continue to monitor those numbers and are seeing good growth and demand and seeing some growth in average room rates as well.

Mr. Norwalk provided a COVID-19 recovery update summary advising that leisure travel demand is seeing improved hotel performance, and that King County hotel revenue for June saw a pandemic record at \$100.1 million (vs \$213.1 million in 2019). Mr. Norwalk also provided an update on the efforts of the Downtown Revitalization Working Group's activation campaigns, including Visit Seattle's "I Know a Place" campaign, and Downtown Seattle Association's (DSA) "Love, SeaTown" campaign; an update on the Alaska cruise season; and the critical next steps in policy and recovery regarding the continued border issues with Canada, United Kingdom, and the EU. Mr. Norwalk advised that it is not inconceivable that, with the seriousness of the delta variant, the Governor may revisit social distancing along with masking for larger indoor gatherings which would be a setback and a concern for large business in the Center.

### B. Visit Seattle Sales Report

Ms. Saling reported on Convention Sales Production, advising that 2021 YTD actual bookings (Arch, Summit and In-House) were 142,840 down 45,162 from prior year. 2021 YTD tentative bookings (Arch, Summit and In-House) were 522,568, down 256,718 from prior year. Discussion took place on groups delaying confirmation of their events due to the delta variant. In terms of WSCC groups impacted due to COVID-19 for years 2020 through 2024, Ms. Saling reported that as of today there are now a total of 83 cancellations of national programs at the WSCC, and the sales teams have proposed re-booking future dates for 72 of these programs. Visit Seattle has not proposed dates to four of these groups due to yield management decisions, where those groups do not yet fit properly to maximize space and results in the WSCC. She provided a forecasted booking progress update on the two buildings (Summit and Arch) by quarter for years 2022 through 2026 showing pace to consumption target as of June 30, 2021.

Ms. Saling provided an update on client site visits, and thanked Ms. Grant and Mr. Schafer for their participation with the International Brotherhood of Electrical Workers (IBEW) site visit. Seattle is competing against San Diego for IBEW's 2026 event. Other client site visits included Materials Research Society, ASM International, SAE International, Major League Baseball (MLB), and Microsoft.

Ms. Saling provided an overview of Business on The Books vs Forecast, showing attendance and room nights by quarter as of June 14, 2021.

### C. WSCC Sales Report

Mr. McQuade provided an update on branding, showing examples of some of the updated tools including capabilities brochures, five market-specific info sheets, menus, floor plan booklets. The Event Planning Guide has been refreshed, as has the Convention Rate Schedules. New price sheets for Suite 10 and Suite 14 were created to include update images, and new images have been uploaded to the website.

Mr. McQuade reported that for May and June 2021, WSCC Sales staff booked 7 events, with total forecasted attendance of 11,172; forecasted rent of \$75,361; forecasted services of \$33,871; forecasted F&B of \$40,200; with forecasted top-line revenues (Rent, F&B, Services & Parking) of \$149,432.

Mr. McQuade provided a snapshot of the kind of business that had been on the books or expected to be on the books in May and June were it not for COVID-19 and advised this was to have been a healthy two-month period.

## VII. PRESIDENT'S REPORT

### A. Office Opening and Re-opening of the Building for Events

Mr. Blosser reported on the reopening process and advised that we are bringing staff who have been working remotely back to the office effective August 2, in order to be prepared for the September event schedule. The Executive team is working on the re-opening plans and processes for staff to include training on our new GBAC processes for cleaning and disinfecting, and to acclimatize staff to coming back to work at the building. The event schedule going forward starts with PAX West 2021 (September 1 through September 6, 2021). Mr. Blosser is hopeful there will be no additional restrictions placed on event attendance due to COVID-19.

Mr. Blosser advised that he is in conversations with the Seattle Department of Construction & Inspections regarding the closure of the building to the public. We received approval previously to close the building to the public through the end of August 2021. We are subsequently seeking approval for the temporary closure of the building to the public for both PAX West 2021 (September 2021) and then Comic Con 2021 (December 2021), like what we have done in the past to be able to restrict building access to event attendees who have purchased badges to gain entry. Staff are working with the client relative to ingress/egress of attendees, as well as client's concerns regarding possible verification of vaccination status and/or COVID-19 testing as part of the admittance process. We have also requested approval to close the building at 8:00 p.m., when there are no events in the facility, to assist the WSCC Security team to maintain security of the facility due to activities in and around the Convention Center, as well as closing the building on Thanksgiving weekend as we do not have events scheduled. The garages will remain open during regular posted operating hours. Mr. Blosser will provide an update once a response from the City is received.

Mr. Blosser advised that the Hubbell transient encampment was removed in June and that the tents along 8<sup>th</sup> Avenue are to be removed tomorrow. Mr. Forare and the WSCC Security team have done a very good job of connecting with both the Seattle Police Department's bike patrol and West Precinct, as well as the City's Homelessness Outreach & Provider Ecosystem (HOPE) team.

Mr. Blosser advised that the WSCC retailers will be reopening on September 1 to coordinate with the event schedule. As a result of the impact of COVID-19 requiring WSCC to close the building, WSCC had been providing, for the most part, a moratorium on retail rental amounts on a month-to-month basis. Mr. Johnson and Ms. Willanger have been communicating with the retailers to keep them updated on the re-opening plans, and we will resume conversations on retail rents and lease negotiations in September.

### B. 2021 Operating Goals Progress Report

Mr. Blosser advised that his operations status report for the 2021 Operating Goals mid-year progress is contained in the Board packets and was distributed to the Board prior to this meeting. Mr. Blosser verbally provided some highlights of his written report.

## VIII. FINANCIAL REPORT

The Financial Report for June 2021 had been reviewed by the Finance Committee earlier today and had been sent to the Board for review prior to today's meeting, and the full report is contained in the Board packet.

Mr. Hecker advised that there are three main themes six months into the 2021 financials: 1. the Operating Budget is doing very well; 2. Lodging taxes are improving; and 3. Liquidity reserves remain sufficient to meet the debt service needs, Summit construction progress, and Operations. Mr. Hecker advised that June was a good month which saw events returning to the building, and relative to the budget, we saw positive revenues. Parking operations continue to show strength, and Mr. Hecker highlighted that Parking operations are a real asset that Operations and Management can use to help support WSCC through COVID-19. Revenues from Parking operations are exceeding budget forecast by \$233,000. Expenses are holding the line indicating that staff and management are holding to the revised 2021 budget as we work through the COVID-19 pandemic. This means that with the PPP loan of approximately \$2 million and the better-than-expected revenue picture, Operations are budget neutral. The uncertainty lies in Lodging taxes which have remained under budget so far this year, however, are expected to see significant improvement over the summer months. Lodging taxes month-over-month are up significantly, but none of the data that has been imported to date is from a period where the State has been open. For Fund Distribution, we continue to take a conservative approach, maintaining most of our assets in cash or in the State Investment Pool (LGIP).

He provided a look at a new format for reporting Lodging Revenues, showing the break down by "Lodging Tax Revenue 60+", the "Sales Tax Credit", and "Monthly Short-Term Rentals". June Lodging Revenues 60+ decreased 28% year-over-year due to the Governor's Proclamation suspending tax collection in May, and YTD revenues are 50% below forecast. Sales Tax Credit revenues are flat, as well, due to the Governor's Proclamation suspending tax collection in May, with YTD revenues lagging forecast by 55%. The Extended Tax, or Monthly Short-Term Rental tax, are doing well up 484% year-over-year, with YTD revenues running approximately 65% ahead of last year.

The Forecast for the next three months continues to look positive. The YTD Operating Surplus and Loss indicates a loss of approximately \$2.3 million. When we add back in the PPP loan proceeds, we look to be flat for the year. This is due to the great work by staff and management to hold the line on expenses while doing better than expected on revenue and positioning us to end the year better than when we started 2021.

A question was asked about the repayment date for the PPP loan. Mr. Hecker replied that once the remaining funds are expended at the end of this month, we will start the process for forgiveness of the loan. Mr. Hecker has been in discussions with the president of the lending bank and understands that while most small PPP loans are being forgiven quickly, ours is large and may take time. Mr. Hecker extended thanks to Ms. Miller, Accounting Manager, for doing a fantastic job of documenting everything related to the PPP loan, and he feels confident that these funds will be forgiven.

## IX. ADJOURNMENT

Ms. Brown-Archie made a motion to adjourn the July 27, 2021, Board meeting at 3:37 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.