

Minutes

Washington State Convention Center
Public Facilities District

Regular Meeting of the Board of Directors
July 30, 2019

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., in Room 303 of the Convention Center.

MEETING ATTENDANCE

Board Directors in Attendance

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

Officers in Attendance

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

Consultants / Vendors in Attendance

David Dolquist, ARAMARK
Keith Hedrick, ARAMARK
Rebecca Bogard, Bogard & Johnson, LLC
Steve Fitzpatrick, GES
Matthew Hendricks, Hendricks - Bennett, PLLC
Colin Green, LMG
Jill Hashimoto, LMG
Matt Griffin, Pine Street Group
Jane Lewis, Pine Street Group
Margery Aronson, Addition Art Project
Tom Norwalk, Visit Seattle
Kelly Saling, Visit Seattle
Kris Cromwell, Visit Seattle
Patrick Smyton, Visit Seattle
Troy Anderson, Visit Seattle
Cameron Hart, Visit Seattle

Staff in Attendance

Diana Cross	Krista Daniel
Daniel Johnson	Shannon Leahy
Michael McQuade	Michael Murphy
Paul Smith	Loni Syltebo
Susnios Tesfaye	

II. APPROVAL OF MINUTES

May 28, 2019 WSCC PFD Board Regular Meeting

Mr. McLaughlin made a motion to approve the minutes of the May 28, 2019 Regular Board meeting as presented. Ms. Gonzalez-Murillo seconded and the motion was carried by the unanimous affirmative vote of all Directors present, both in person and via teleconference.

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. Ratification of District Officers superseding Resolution 2018-10, Resolution 2019-7

A RESOLUTION by the District Board ratifying recommendations related to the appointment of District Officers and Administrative Officers for 2019, amending and superseding Resolution 2018-10.

Mr. Blosser introduced Mr. Jon Houg, WSCC's new Vice President of Operations. In November 2018, the District Board had approved the slate of District Officers for 2019 by Resolution 2018-10. With the position of Vice President of Operations now being filled by Mr. Houg, the Board-approved Administrative Officers for 2019 require this amendment. On behalf of the Board, Mr. Finneran welcomed Mr. Houg to the team.

Ms. Brown-Archie made a motion to approve Resolution 2019-7, amending the District Officers for 2019 and superseding Resolution 2018-10. Ms. Grant seconded and the motion was carried by the unanimous affirmative vote of all Directors present, both in person and by teleconference.

B. Introduction of Visit Seattle Team Members

Mr. Norwalk introduced Mr. Troy Anderson. Effective June 7, 2019, Mr. Anderson was promoted from National Account Director (West Coast) to the position of Director of Sales. In this new role, he will provide day-to-day leadership of the Seattle-based contingent of the Visit Seattle convention sales team, including several regionally based sellers. Mr. Norwalk introduced Mr. Cameron Hart. Effective July 22, 2019, Mr. Hart joined the Visit Seattle sales team as National Account Director (West Coast). In this new role, he will sell the Washington State Convention Center, Seattle and area hotels to corporations, associations, and other large groups on the West Coast.

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 2019)
2. Ratification of Additional Facility Project Contract List (July 2019)
3. Approval of Additional Facility Project Draw Schedule Payments, #55 (June 2019)
4. Approval of Additional Facility Project Draw Schedule Payments, #56 (July 2019)

Informational Items:

1. WSCC Sales Productivity Report
2. WSCC Monthly Expenditures Auditing Officer Certification
3. WSCC 2018 Annual Report
4. Visit Seattle Sales Report
5. WSCC Sales Report
6. Monthly Parking Reports
7. Monthly Food Service Report
8. WSCC Outreach Report 2019 Q2

Mr. Hillis made a motion to approve the Consent Agenda as presented. Ms. Moriguchi seconded and the motion was carried by the unanimous affirmative vote of all Directors present, both in person and by teleconference.

V. PFD COMMITTEE REPORTS

A. Addition Committee

1. Update Report

Mr. Finneran requested Mr. Griffin to provide the Board with a brief presentation of the current standing of the Addition Project items.

Mr. Griffin provided a brief update on the construction schedule and the delays the project has encountered since the start of construction with the excavation of the site and basic concrete work. For example water, soft soil, archaeological materials, and lower productivity on the concrete installation has put the project approximately forty (40) days behind schedule. Mr. Griffin reported that some of those setbacks have been rectified and work is progressing. Mr. Griffin advised that another complication on the costs and finances has been the uncertainty surrounding the steel costs and the pending tariffs. Mr. Griffin stated that the project has an \$100 million steel contract with most of that steel being fabricated in China and if the steel is held up in a port, this item quickly falls onto the critical path.

On the project quality issues, decisions continue to be made regarding the various finishes. Mr. Griffin noted that there are many items requiring decisions for work that will not occur for a couple of years, and it is important to try to get as many decisions behind us and ask as few questions as possible in order that the contractor can get the work in place. Pine Street Group (PSG)'s role is now more to facilitate an environment where the contractor can move as quickly and smoothly as possible. We know there are things that require submittals, things that need approval, and ask that we do that expeditiously, and ensure that the contractor has the right information. Mr. Griffin advised that areas such as the mixing zone design continues to be refined, working around the prospective retailers, and PSG is optimistic that the decisions will be made as expeditiously as possible in order that the contractor may make progress.

The Addition Committee was provided an update on the residential co-development at this morning's meeting during Executive Session.

2. Discussion and Potential Action Regarding Residential Co-Development for the Addition Project

Mr. Finneran advised that a discussion occurred at today's Addition Committee regarding the residential co-development for the Addition project and a potential agreement with an entity called C & M Res, LLC which is led by Matt Griffin and other local investors. After a lengthy discussion, the Addition Committee voted today to recommend to the full Board that the Chairman be authorized to enter into negotiations with C & M Res, LLC for the development of the residential co-development for the Addition project.

Mr. Hillis made a motion to authorize the Chairman to enter into negotiations with C & M Res, LLC for the development of the residential condominium co-development for the Addition Project. Ms. Moriguchi seconded. Mr. Finneran called for the question and any discussion. Mr. Finneran noted that this morning's vote by the Addition Committee Directors was not unanimous in moving the recommendation to the full Board, with Ms. Grant abstaining. Being no further discussion, the motion was carried by the affirmative vote of eight (8) Directors present, both in person and via teleconference; with Ms. Grant abstaining from the vote.

B. Government Affairs Committee

1. Mid-Year Report

Ms. Brown-Archie requested Mr. Blosser to provide an overview of the Government Affairs Committee goal progress. Mr. Blosser reported that the Waterfront Local Improvement District was approved by City Council after many meetings with major stakeholders to make sure the City was

responsible for the costs of maintenance and capital upkeep of the developments. Assessments are now being finalized in the process and we will need to review them in the future. Efforts to achieve a construction sales tax deferral were very strong with HB-2015 but did not make the final cut for the budget. With respect to the under 60-room exemption legislation enacted in 2018, the City began to receive the first of hotel taxes collected for the under 60 room properties as well as the short-term rental units. The City is estimating these receipts will be close to \$10 million for 2019, and City Council is now debating the process, required staffing, and projects that the money will be spent on. WSCC staff continue to track this progress. With the assistance of Vice-Chair Brown-Archie meeting with Deputy Mayor Moseley, WSCC was successful in achieving an exemption to the land use codes for both the March 2019 Comic Con and the September 2019 PAX events to provide the necessary safety needs required by show management.

2. Government Relations Consultant Report

Ms. Brown-Archie advised that the consultant update report from Ms. Bogard is contained within the Board packets. Ms. Bogard provided an overview of the contents of this report.

C. Finance Committee

1. Update

At Mr. Flowers request, Mr. McLaughlin advised that the Finance Committee met this morning and was provided a review of the monthly WSCC Financial Statement and a mid-year review of the operating goal progress. Mr. Flowers reminded the Directors that WSCC has \$1,056,000,000 under management and our advisors have done a good job of working with Pine Street Group to make sure that we are getting maximum yield and also making funds available for draw.

2. Investment Report – 2nd Quarter 2019

On behalf of Mr. Flowers, Mr. McLaughlin advised that the Finance Committee met today and reviewed the 2019 second quarter investment update on the WSCC PFD portfolio of investments currently managed by Government Portfolio Advisors.

D. Outreach Committee

1. Outreach Mid-Year Report

Ms. Moriguchi reported that the Outreach Committee met July 15, 2019 and reviewed the reports from the Addition Project general contractor, architects, and Pine Street Group regarding WSCC MWBE (Minority/Women-owned Business Enterprises) goals. Goals continue to be on track to exceed the project's \$80 million goal, with total goals tracking to reach \$96 million. Addition Project consultants, Mr. Tony Johnson and Ms. Regina Glenn, would like to see more transparency in some of the reporting being done including contract values, timing, and the progress of the project. The Outreach Committee are reviewing this request and will decide if more reporting results are needed as some of the subcontractors are concerned about reporting this type of information.

Ms. Moriguchi advised that web-based newsletter reporting is being created to better show project information and reports regarding WMBE participants, jobsite diversity, apprenticeships and other information discussed. The Outreach Committee has agreed to this approach and reviewed sample reports and the actual version will be brought to the Committee in September.

The Committee also reviewed the Tabor 100 Economic Development HUB support request and the benefits that could be achieved for providing a onetime support of \$10,000. It was agreed the benefits made sense and that there was a good nexus which benefits the WSCC Outreach goals. The Committee approved the \$10,000 support for the HUB to come from the Addition Project funds. Lastly, we did review the mid-year progress report on the Operating Goals.

The Outreach Committee reviewed the mid-year progress reports for the WSCC Operating Goals. The Committee requested that the Plymouth Housing event, held recently on the Skybridge, be added to

the WSCC support of non-profit housing under the Outreach goals. The Committee accepted the work to date towards the Outreach goals contained in the WSCC Operating Goals.

E. Marketing Committee

1. Marketing & Sales Mid-Year Reports

Mr. Schafer reported that the Marketing Committee met on July 18 to review the year-end Operating Goal progress for Visit Seattle and WSCC Sales Department and the WSCC Marketing & Communications Department. The Committee is satisfied with the progress towards meeting the goals and has accepted goals #7 and 8.

2. Update on Branding

Mr. Schafer reported that with respect to goal #9 (Branding and Signage), the Marketing Committee met with LMN Architects, Pine Street Group and Hornall Anderson concerning the exterior signage for the Summit building. LMN and signage consultants had some concerns about using the Board-approved logo and colors of the new branding name with Seattle Convention Center regarding how it would look on the building. There was discussion on two options – horizontal versus stacking – and the Committee approved the stacked version without the logo or color for the building name for the exterior signage. Mr. Schafer advised that while there would not be color in the exterior signage on the Summit building, it was agreed that there will be color signage on the interior portion of the building. Mr. Schafer advised there was also discussion about the building address and the need for the numbers to be displayed prominently for wayfinding purposes. LMN and the signage company are working on address signage elements as well as window signage treatments by the entrances and will bring these items back to the Marketing Committee for review and approval. The design team for the Arch building will explore options in this same direction to maintain consistency between the buildings. The new logo and branding schemes will be used on all collateral materials used by WSCC, as previously approved by the Board.

3. Approval of Event Cancellation Language for WSCC License Agreements

Mr. Schafer advised that the Marketing Committee reviewed the recommended new cancellation/liquidated damages language for the license agreement. Mr. Schafer requested Mr. McQuade to provide a brief summary of these recommended changes. Mr. McQuade reported that WSCC (and the city of Seattle) lost a very large program for February 2020 and WSCC's cancellation damages were approximately \$300,000 for this program. At the suggestion of some of the Board members, Mr. McQuade and staff did some research with seven (7) venues; five (5) convention centers and two (2) regional centers; and found that the standards contained in WSCC's existing contract language is per the norm across the national convention markets. There are five (5) convention centers (two in Canada and three in the USA) that actually have contract language similar to hotels that call out a food and beverage minimum; that food and beverage minimum is then defined as liquidated damages in the event that a cancellation for that event occurs. We found that each facility does things a little differently. The recommendation contained in the Board packets was crafted after reviewing these variables and calls out a stipulated food and beverage minimum. This will change our current license agreement language to calling out a food and beverage minimum and then identifying a scale and schedule of when that food and beverage minimum is defined and how much of that food and beverage minimum is applied as liquidated damages. Mr. McQuade advised that the language can be implemented effective immediately, however there are some operating guidelines to be drafted. It is staff's recommendation that we have the operating guidelines rolled out by end of this calendar year and the new event cancellation language would apply only to large convention programs with that criteria that is called out in the recommendations, specifically a minimum of 250 room nights on peak and minimum food and beverage threshold, and if the rent was negotiated based on that food and beverage minimum. Visit Seattle has offered support for this recommendation as well and have requested that when we are working with customers, we will negotiate what that food and beverage minimum will be for their program, and that the scale be adjustable on a customer to customer basis.

Further discussion followed. Mr. McQuade advised that this is simply a change in the language in the license agreement and as such only requires a motion of the Board to approve. Mr. Finneran requested to know who has the authority to amend the license agreement on WSCC's behalf. Mr. Blosser stated that the President has the ability to alter these criteria, if need be, in so far as the negotiations are concerned.

Mr. Schafer made a motion to approve the new cancellation/liquidated damages language to be incorporated into the WSCC license agreement. Mr. McLaughlin seconded and the motion carried with the unanimous affirmative vote of all Directors present, both in person and via teleconference.

F. Art Committee

1. Update

Ms. Gonzalez-Murillo reported that on behalf of the Art Committee, Ms. Grant and Ms. Moriguchi attended the Addition Art Advisors on July 16 to review projects. Interviews for the Party Room Soffit and the Entries Art Projects begin July 31 and Ms. Gonzalez-Murillo will attend.

The Art Committee has been meeting monthly following the meetings of the Addition Art Advisors to ensure that the review and approval process for the various Addition art projects proceeds expeditiously. The Art Committee met on July 16 following the Addition Art Advisors meeting. Ms. Brunner provided a status report and presentation regarding the Urban Design Merit Concept: Garage Door, Site A, Olive Way. The project received conceptual approval from the Art Committee and the Addition Art Advisors.

2. Review of Addition Project Art Concepts: Urban Design Merit – A1 Garage Door Art

Ms. Gonzalez-Murillo requested Ms. Lewis to provide an overview of the concept being brought before the Board. Ms. Lewis advised that this artwork is 30% concept and falls into the Urban Design Merit bucket which is the group of artworks that were determined in concert with our work with the Seattle Design Commission. As the Board may recall, Urban Design Merit consists of 5 garage doors, the loading dock exit lane wall on Site C, and the relight on Site C. The Board has reviewed all of those concepts except this last garage door. Ms. Lewis advised that the art concept being presented to the Board today is the A1 Garage Door Art, and the artist is Lauren Iida. This Summit building garage door is on Olive Way. Photos of the concept were presented to the Board along with a brief description.

A question arose concerning how this particular piece of art would be protected from graffiti and vandalism. Ms. Lewis advised that it would be like all the art around the building and is going to require significant protection from graffiti and taggers. Ms. Lewis does not know how this can or will be done for these doors. A suggestion was made to encase the doors in a protective coating. Mr. Flowers expressed concern that this is a large piece of artwork to be unprotected from vandalism. Further discussion occurred with Mr. Finneran advising that the protection of this piece should be brought up to the artist. Ms. Brunner stated that there is a protective finish that could be applied, but it's a question of whether or not the materials that this particular artist uses would be distorted or ruined in any way with the application. Ms. Gonzalez-Murillo advised that some guidance will be provided to the artist. Mr. Blosser stated there is normally a maintenance schedule provided for each piece of artwork.

Ms. Gonzalez-Murillo stated that the concept has received the approval of the art advisors and the Board Art Committee, and the Addition Art program is seeking the Board's concurrence on this concept in order that the project can continue to move forward. Ms. Gonzalez-Murillo made a motion to this effect, with Ms. Grant seconding the motion. With the consensus of the Board members in attendance, both in person and via teleconference, Mr. Finneran concurred with the A1 Garage Door Art concept as presented.

3. Mid-Year Report

Ms. Gonzalez-Murillo reported that at the July 16 meeting, the Art Committee reviewed Operating Goal #10 progress to date. The Committee is satisfied with the progress towards meeting this goal.

G. Facility Committee

1. Mid-Year Report

Mr. Hillis reported that the Facility Committee met on July 17 and reviewed progress on the 2019 unrestricted reserve capital projects list. All projects except two are on track to be completed within the year; with the WSDOT lighting controls being pushed into 2020, and the exterior signage project which has been held up due to some design issues and should be completed first quarter of 2020. The 5-year capital project list will be submitted to the Committee later this fall along with the 2020 capital project items for Board approval. Mr. Hillis advised that the Committee had an extensive discussion regarding the revitalization of the Arch building priority list created by staff as requested by the Committee. There was discussion around available financing amounts, project design timing, and how this project might be completed. Staff was instructed to start the selection process for architect / design work and come back to the Committee with the documents prior to soliciting for these services. Mr. Hillis advised that staff have been meeting with the Freeway Park Association to find ways to improve the usage of the park for our guests and the public.

The Facility Committee also reviewed the mid-year operating goals progress report and have accepted the report by the staff.

H. Long-Range Planning Committee

1. Mid-Year Report

Mr. McLaughlin reported that the Long-Range Planning Committee met July 17 and reviewed mid-year operating goals for the Committee. Mr. McLaughlin advised that staff had also submitted the Arch renovation plans and priorities as requested by the Facility Committee in order that the Long-Range Planning Committee could see where they stand. The Arch renovation plans and priorities will also be part of the integrated goals for the Facility and Long-Range Planning Committees.

Mr. McLaughlin reported that discussions have occurred concerning the extension of the ARAMARK food and beverage management contract which needs attention by no later than September 30 to give proper notices per the contract language. Some ARAMARK personnel issues around bonuses and the delivery of salary and wage increases came into play earlier this year from ARAMARK corporate headquarters. This caused some local management concerns and had a negative effect with the current team at WSCC. Mr. Blosser had a conversation with the ARAMARK President of Sports & Entertainment Division as to needing more influence in creating goals, approving bonuses and to ensure the current team is being paid in accordance with the Seattle market to stay competitive. After discussion with ARAMARK and consultation and guidance from WSCC's general counsel, Mr. Hendricks, and WSCC's bond counsel, Pacifica Law Group, new language has been proposed to be made to the contract as part of the extension terms, ensuring a correct legal standing for WSCC in this matter.

Mr. McLaughlin advised that the Committee also discussed two other principle goals; the establishment of a communications plan for the Convention Center that defines the mix of public relations, public affairs, and corporate communications with the Board to define and outline the public positioning of WSCC messaging; and the succession planning, both for the Board and for staff. There are four (4) Board terms requiring renewal or replacements in 2020 and staff have had 2 retirements in the past month. Ms. Gonzalez-Murillo asked if there will be an increase in WSCC staff with the Summit building opening. Mr. Blosser advised that there will be a need for more staff, and that an organization chart is currently being put together outlining how staffing the new building is to be structured. This updated organization chart will be brought back to the Long-Range Planning Committee for discussion.

2. Approval of Amendment to Contract for Exclusive Food and Beverage Management Services, Resolution #2019-8

A RESOLUTION Approving an Amendment to the Contract for Exclusive Food and Beverage Management Services for the Washington State Convention Center Public Facilities District (“District”) adopted by Resolution 2015-9.

Mr. McLaughlin advised that at the conclusion of those discussions with ARAMARK and given the reality of the new building coming online and the significant challenges that creates, staff and the Long-Range Planning Committee are recommending the extension of the ARAMARK contract for an additional three (3) years as per the terms of the current agreement, with a new expiration date at the end of 2022. The amendment to the contract adds provisions regarding Contractor’s Employee Compensation and Contractor’s Bonus Awards as a means of helping ensure that the Contractor’s catering staff serving the WSCC are compensated appropriately for superior performance, and to make minor modifications to the Insurance Costs, Equipment and Small wares Inventory, and Contractor’s Tax Position provisions under the contract.

Mr. Blosser advised that in addition to the three (3) year extension, this amendment to the contract allows WSCC to have the focus to understand the ARAMARK bonus structure to the Seattle scale versus the national scale used by ARAMARK. Mr. Blosser advised that the amendment structured the contract a little bit more in favor of ARAMARK in terms of the value of the contract.

Mr. McLaughlin made a motion to approve Resolution #2019-8, approving an amendment to the Contract with ARAMARK for an additional three (3) years through December 31, 2022. Mr. Hillis seconded. Mr. Finneran called for any discussion. Ms. Brown-Archie wanted to ensure that the Board and staff are comfortable with the commitment that ARAMARK management made in this matter, that they will be able to expand their services to make sure that, with the Summit building opening, the food service maintains or exceeds the current quality. Mr. Blosser replied that the language in the contract amendment includes any other buildings that are managed by the Public Facilities District. Being no further discussion, the motion was carried by the unanimous affirmative vote of all Directors present, both in person and by teleconference.

I. Benefits Committee

1. Mid-Year Update

Mr. McLaughlin advised that the WSCC Benefits Committee, comprised of WSCC non-represented employees and Mr. McLaughlin as Board Liaison, have met quarterly to review materials including a market review, performance reports, cash flow reports, fund scorecard, and fund analytics. At the May 16, 2019 meeting, the Benefits Committee voted to extend the contracts with Milliman, RBC and Matrix for one year. The current term will expire on June 30, 2019. Mr. McLaughlin reported that the Form 5500 was filed on January 28, 2019, and the Summary Annual Report was distributed to all Participants on January 29, 2019.

VI. President’s Report

A. Retail Mid-Year Report

There are 16 retail spaces within the Convention Center. Currently, all 16 spaces are leased. Mr. Blosser provided some highlights from the report provided to the Directors:

- The Center’s newest interior retailer, “Gyro Stop”, opened for business in January. This growing local business features Mediterranean cuisine in a fast food setting and has been popular with event attendees and locals alike. The business is from the same ownership/management group as the two WSCC Subway outlets.
- Negotiations are continuing with FedEx Office for term renewal of their lease. This is the last of the on-going Level 1 retail leases for which the WSCC is incorporating a relocation provision upon lease renewal. FedEx is currently considering the WSCC’s final offer for the lease renewal.

- In May, the ARAMARK-run Wild Rye Café Bakery closed for business, as the space was integrated into the regular WSCC retail inventory. Subsequently, a lease for the space was executed with Alexandria Nicole Cellars for a wine tasting/outlet shop on the Pike Street frontage. Tenant improvements are expected to begin mid-summer, with occupancy expected by October 1st. A wine-related offering has been in the WSCC's retail planning several years, and the Alexandria Nicole outlet is expected to be popular with both event attendees and the general public.

- Planning and permitting for the base construction of the two retail kiosks on Pike Street which were developed during the renovation of the current Administrative Offices has continued. "The Grilled Cheese Experience", currently occupying the former Cyber-Dogs location at Pike and Convention Place, is slated to move into the western-most of the two. This move will put that retailer into a more attractive space, while freeing up their current space for other uses.

Mr. Blosser advised that goals for the next six months include:

- Complete construction of the Pike Street street-front retail spaces in preparation for leasing during 2019 and 2020.
- Renew lease(s) for the following current retail tenant(s), including modifications to the leases to incorporate the now-standard WSCC relocation provision: Daawat Indian Grill & Bar, and Tougo Coffee

B. 2019 Operating Goals Progress Report

Mr. Blosser provided a mid-year report on the 2019 Operating Goals. A document containing updates on all twelve Operating Goals with attachments for additional detail was provided to the Board in their electronic packets. Staff has met with all Committees to discuss progress towards the goals as each Committee now reviews the progress in lieu of the Operating Goals Committee which was removed as a Committee in 2018. Mr. Blosser provided highlights of each goal. Goal #4 – Finance Committee Goal, is tracking slightly below expectations; Goal #5 – Facility Committee Goal – is on track with the exception of two projects contained in the 2019 capital projects (previously reported by Mr. Hillis); Goal #9 – Marketing Committee Goal – as previously mentioned by Mr. Schafer, the branding and outdoor signage process and efforts will now occur in 2020. The remaining nine goals are on track for completion by end of year.

C. Report on WSCC Employee BBQ

Mr. Blosser reported that each year WSCC hosts an Employee BBQ in July. This year's event was held on July 9 and was well-attended by staff and their families, and our contractors. There are games for the kids, give-away gifts, and wonderful food prepared by ARAMARK. The "all-staff" events (July BBQ and December "All-Staff" Meeting) provide an opportunity for all staff to get together. In December, the "all-staff" meeting is held in conjunction with specific training classes as well as a "recognition luncheon". These events are part of the Employee Engagement Plan.

VII. FINANCIAL REPORT

Mr. Firth reported June 2019 total operating revenues were down 6.6% compared to the same period in 2018, and at budget for the month. For the month of June 2019, Food Service revenues were down 3.4% compared to the same period in 2018, and under budget by 2%. Retail revenue was up 14%, Building Rent revenue was down 15.8%, Parking revenue was down 0.2%, and Facility Services revenue was above budget by 38.9%. Year-to-date Operating Revenues were 3.6% below budget at \$19,991,021, and below prior year by 12.4%.

Operating expenses for June 2019 were under budget for the month by 4.5%; and the corresponding sales were at budget. Staff continue to conservatively manage expenses in FY2019. Operating surplus for June 2019 was \$18,324. Year-to-date the operating surplus through June totaled \$693,950, compared to the budget amount of \$1,496,154.

For the month of June 2019, marketing revenues were below budget by 10%; and the monthly marketing expenses totaled \$1,058,145, below budget by 11.9%. Year-to-date June 2019 total Marketing revenues were down 7.0% compared to the same period in 2018, and below budget by 7.2%. Marketing expenses for year-to-date 2019 totaled \$5,657,572, below budget by 9.6%. Marketing surplus for June was \$42,281, an increase of 316.5% over the same period in 2018. Year-to-date the marketing surplus through June totaled \$144,155, up from budget by 805.6%.

Addition Project Fund expenditures for June 2019 were \$22,699,817, up from budget by 102.1%. Year-to-date June 2019, Addition Project Fund expenditures were below budget by 4.9%, at \$99,392,439.

Non-Operating Revenues for the month of June were \$8,758,262, above budget by 10.3%. This was due in part to the \$1,754,834 Additional Lodging Tax previously labeled as the 2% Transient tax, and the Extended Lodging Tax of \$176,738. The Additional Lodging Tax is presented as revenue, however in standard accounting practices it is reported as a 'due to' and not 'revenue' as it is owed to the State of Washington in its entirety. The Extended Lodging Tax (House Bill 2015) was signed by the Governor in March 2018 and became effective January 1, 2019, with the first reports and fund transfers being received March 29, 2019. Mr. Firth provided more specific details in the Analysis of Income Statement which had been provided to the Board in their packets. Non-Operating Revenues year-to-date through June 2019, for regular, extended and additional lodging taxes, totaled \$7,609,122. Non-Operating Expenses during the month for transfer of additional lodging tax, debt service, capital improvement projects totaled \$7,453,139, above budget by 5.6%. Non-Operating Expenses year-to-date through June 2019, which includes transfer of additional lodging tax, debt service, capital improvement projects, totaled \$40,493,664, below budget by 1.5%.

Mr. Firth advised that the forecast for the 2019 fiscal year is tracking positively for WSCC.

VIII. ADJOURNMENT

Mr. McLaughlin made a motion to adjourn the July 30, 2019 Board meeting at 3:41 p.m. Ms. Gonzalez-Murillo seconded and the motion was carried by the unanimous affirmative vote of all Directors present, both in person and via teleconference.