

Minutes

Washington State Convention Center
Public Facilities District

Regular Meeting of the Board of Directors
September 24, 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 3A of the Convention Center.

MEETING ATTENDANCE

Board Directors in Attendance

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

Board Directors Absent

J. Terry McLaughlin

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
William Krach, ARAMARK
Matthew Hendricks, Hendricks - Bennett, PLLC
Ben Eitan, Clark | Lewis
Gary Fluhrer, Foster Pepper
Colin Green, LMG
Jill Hashimoto, LMG
Matt Griffin, Pine Street Group
Margery Aronson, Addition Art Project
Tom Norwalk, Visit Seattle
Kris Cromwell, Visit Seattle
Patrick Smyton, Visit Seattle
Troy Anderson, Visit Seattle

Staff in Attendance

David Cononetz	Krista Daniel
Daniel Johnson	Shannon Leahy
Michael McQuade	Michael Murphy
Paul Smith	Lorrie Starkweather
Loni Syltebo	Susnios Tesfaye

II. APPROVAL OF MINUTES

July 30, 2019 WSCC PFD Board Regular Meeting

Mr. Hillis made a motion to approve the minutes of the July 30, 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. 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 (September 2019)
2. Approval of Additional Facility Project Draw Schedule Payments, #58 (September 2019)

Informational Items:

1. WSCC Sales Productivity Report
2. WSCC Monthly Expenditures Auditing Officer Certification
3. WSCC Social Media Update

Mr. Schafer made a motion to approve the Consent Agenda as presented. Mr. Hillis 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

Mr. Finneran advised that there would be an Executive Session held regarding agenda item V.A.2, that the Executive Session would be conducted prior to the discussion and potential action on this agenda item, and would last for 20 minutes or more.

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 progress to date. As has been mentioned over the last few months, we are now targeted towards a Temporary Certificate of Occupancy at the end of November of 2021. The key issues currently are about concrete and steel. There are a number of the early steel items in place now at the site, and a significant production of the heavy-duty steel items will begin in late October. On Sources & Uses, in the budget we continue to have small general contingency for items causing concern and that is the construction change orders. Again some of the costs have increased because of delays and there are the questions regarding tariffs, however these costs are part of the budget and we are watching quite closely. Mr. Griffin advised that the Addition Committee met this morning and reviewed some of the questions regarding sources. Mr. Griffin stated the project is fortunate that the interest rates continue to stay low, especially on the bonds which will be applicable to WSCC when we do the next financing in 2021. The tax revenue is a little lower than projected at this point, but the real key is what tax projections will be in those last 12 months before we go to market for the bonds. On Quality & Design, decisions on most of the finishes selections are being completed this week. The Design Team will meet with Mr. Finneran, Mr. Blosser and others this week to review the final

selections and after that point, most of the materials should be picked for the project. Jane Lewis returned to the Seattle Design Commission with some of the art pieces in September. Mr. Griffin thanked the Board Art Committee, WSCC staff, and Addition Art Advisors for their efforts to work through the design commission component. On Outreach, positive progress is being made on the apprentice component, and Pine Street Group (PSG) / Clark-Lewis are currently exceeding WSCC's WMBE goal. On Contracts, Mr. Griffin advised that, in general, PSG is in good shape on the contracts, with the exception that there are some potential change increase items from the contractor that haven't been priced yet. PSG is working with Clark-Lewis to bring these items up to date.

In order for the Directors to have a better understanding on the moving parts of the project, Mr. Finneran advised that the Temporary Certificate of Occupancy (TCO) has been moved within the timeline to "open for business" in 2022, and Mr. Blosser and WSCC team are using June 2022 as a firm date for completion. This provides us with an approximate 6-month cushion, however we're hoping for earlier opportunities that could be very valuable to WSCC, and these opportunities could materialize as a result of resolving one or two issues that Mr. Griffin mentioned - one issue being the delays in the concrete schedule and secondly a resolution of the archaeological issues that may or may not exist under Olive. Mr. Finneran reported that we are aiming to be open for business by end of 1st Quarter 2022. Mr. Flowers asked if the delays on Olive Avenue are dictated by WSDOT or SDOT or who is the responsible entity? Mr. Finneran advised that we have been working with the State for the last several months on the archaeological concerns. Mr. Griffin stated that the archaeological review is part of the WSDOT and federal highways administration approval, and it is necessary to determine what archaeological items are underneath Olive.

Mr. Finneran advised that he was expecting Mr. Fluhrer to be in attendance for the discussion on item V.A.2, the potential action regarding purchase & sale option for residential co-development for Addition project. As Mr. Fluhrer had not arrived as yet, the agenda items will continue as listed and the Executive Session would commence upon Mr. Fluhrer's arrival.

B. Government Affairs Committee

1. Update

Ms. Brown-Archie advised that the Government Affairs Committee met on September 17, 2019 to review the status of efforts and activities of the Government Affairs Committee relative to the 2019 goals and in anticipation of goal setting for 2020. The Committee received an update regarding SHB 2032, the legislation seeking a sales tax deferral for WSCC construction costs. This bill is still alive and a decision on whether the legislature will consider this bill will depend on the revenue forecast and the new fiscal note. Ms. Brown-Archie also advised that the Government Affairs Committee would be meeting prior to the October Strategic Planning Retreat to review Committee goals for 2020 strategies for the upcoming legislative session.

2. Government Relations Consultant Report

Ms. Brown-Archie advised that the consultant update report from Ms. Bogard is contained within the Board packets.

C. Finance Committee

1. Update

Mr. Flowers advised that the Finance Committee met today and there were no action items. Mr. Blosser and Mr. Firth provided the Committee a preliminary explanation of the budget schedule for 2020 WSCC budget preparations. The draft 2020 budget will be provided for the Board's review at the Strategic Planning Retreat in October. The Committee also reviewed the monthly Financial Statement for August. Mr. Flowers reported that the WA State Auditors are beginning the process for their annual audit of the Convention Center for 2018. The WA State Auditors full report is expected mid-November. Mr. Eoff provided a brief update on the bond market and the opportunities that may be available given the current scenario of volatility within the marketplace.

D. Marketing Committee

1. Branding and Naming Update

Mr. Schafer reported that the Marketing Committee met this afternoon to review the branding and naming updates with respect to the Arch building's signage. Our consultant, Applied Wayfinding, had put together two options which were shared with the Marketing Committee by WSCC staff. The Committee had questions about the naming itself in terms of "Arch" versus "Arch Building" and about the colors to be used for the Arch signage (black & white and/or colors). Mr. Blosser provided the Board with a document showing the options reviewed at the Marketing Committee meeting. Mr. Schafer advised that, for the most part, the Committee wanted the signage to remain consistent with what has already been selected for the Summit building. As the Board may recall, signage on the Summit building will have "Seattle Convention Center – Summit", and the Marketing Committee and WSCC staff want to be consistent with that format on the Arch building where signage will read "Seattle Convention Center – Arch". Consensus was reached by the Marketing Committee and WSCC staff on the naming format for the signage. Mr. Schafer advised that, with the different background concrete color on the Arch building, the coloring being used on the Summit building will not read well. The Marketing Committee and WSCC staff came to consensus that on the Arch building, the background will vary from Summit building and a white lettering was more appropriate for legibility against the Arch building concrete. Mr. Schafer advised that this was an informational item for the Board.

VI. VISIT SEATTLE & WSCC Sales Reports

A. Visit Seattle Destination Overview & Visit Seattle Sales Report

Mr. Norwalk reported that Smith Travel Research report for the month of August 2019 provides comparisons for revenue per available room (RevPAR), average daily room rate (ADR) and occupancy variances for hotels in Seattle Downtown, San Francisco Market Street, Denver Downtown, Portland CBD, Austin CBD, San Diego CBD, Boston CBD/Airport, Nashville CBD and Vancouver Downtown. Downtown Seattle finished August with an occupancy rate of 90.5%, down 2.2% from the same period in 2018; RevPAR was down 12.8% at \$234, and ADR saw a decrease of 10.8% as compared to the same period last year. In August 2019, Boston CBD/Airport topped the competitive set for the month with an ADR of \$267, with Seattle ranking third with an ADR of \$258. Year-to-date August 2019, San Francisco Market Street and Boston CBD/Airport are tied leading the Occupancy category at 82.0%, with Seattle Downtown in 4th spot at 80.5%. Seattle numbers continued to track strongly with the eight other cities in the group.

Following on the new report format looking at the supply change in the hotel marketplace, Mr. Smyton reported on the YTD performance, not just looking at it by RevPar but by the supply change in these markets and also the overall room revenue change. YTD August 2019, Seattle RevPar is down 11.6%, but because our supply has increased over 15.5% over the year, we are up almost 2.1% in revenue. So that is important for us in terms of the Lodging Tax side of things. The notable cities on the slide that have significant growth in supply are Nashville and Austin. These are cities that have continued to grow significantly over the last couple of years. There is some staggering growth in some of the markets that Seattle competes with. Seattle numbers continue to track strongly with the eight other cities in the group.

Mr. Norwalk reported on the Hotel Symposium held at the Hyatt Regency Seattle on June 17th which saw the largest participation to date. Ms. Brown-Archie was in attendance with WSCC staff. Reports, presentations and forecasts were provided by HVS, Smith Travel, and CBRE. Matthew Gardner with Windermere presented the economic keynote and is forecasting a slowdown in late 2020.

Questions arose regarding the marketplace hotel room supply and reported pricing. Mr. Norwalk and Mr. Smyton provided more details regarding the growth in some markets and how some hotels, at certain times, react to supply increases which creates a reaction by the entire market, because it's all done short term and accessible online, having an effect throughout the market. Discussion occurred regarding short-term rental units, such as AirBnB's, and any data available. Mr. Norwalk advised that Visit Seattle is in the process of collecting data and he hopes to be able to share more information at the October Board Retreat as there has been tremendous growth in short-term rentals. On any given night it is estimated

that there are 4,000 to 6,000 units on the market broadly, concentrated predominantly downtown. An example was provided using PAX over Labor Day weekend business which had a little bit of an off year for the city from a guest room standpoint and pick up to contracted rooms but did have a relatively strong short-term rental pick up, from what Visit Seattle understands. This appears to be the normal growing phenomena for convention delegates, not only staying within the room blocks, but also shopping for other accommodations throughout the city. Mr. Norwalk advised that the industry is estimating that 40% of convention delegates are now staying outside of the official contracted room block for any given group. For the most part, corporate business has a lot more control on that, but for association business where there is not quite the same degree of control, attendees are staying where they want to stay and not necessarily in the contracted block of rooms. Deciding factors for the attendees may include personal preference of hotel chain, frequent flyer points, location of the property, etc. Further discussion occurred regarding the regulations in place for short-term rentals, including the under-60-rooms threshold, and the lack of enforcement of these regulations by City/State officials. There is currently no way to check on the status of the collection of taxes for these particular businesses. Visit Seattle is endeavoring to work with the City to monitor the collection of the taxes.

Mr. Norwalk reported that the Visit Seattle August 2019 YTD yearly definite production blended goal was 502,505 with actuals coming in at 98% of goal (490,303). The breakdown for 2019 room night sales production YTD was: WSCC 253,986, 80% below the YTD goal of 319,225; Arch 192,871, up 129% of YTD goal of 149,725; Summit 61,115, up 129% of YTD goal of 183,280; and Hotel Production was 236,317, up 129% of the YTD 86,710 goal.

Looking at the two-building booking progress for Arch and Summit for years 2022 to 2026, currently there are 40 definite meetings in the Arch and 44 tentative meetings going forward, and 20 definite meetings in the Summit and 51 tentative meetings. Mr. Norwalk advised that data shows a number of groups in both categories are using both Summit and Arch, and that it is of particular interest that groups are continuing to want all of one building / part of another or in some cases a majority of both buildings.

Mr. Norwalk reviewed select WSCC lost and waived room nights August 2019 YTD for meeting years 2017 to 2019, advising there were a total of 693,870 lost rooms. Reasons given were:

o Date Availability	15%	o Rates – Hotels	20%
o Rotation Change	5%	o Rates – WSCC	11%
o Hotel Size	8%	o WSCC Size	14%
o Weather	2%	o Yield Management	2%
o Inadequate Mtg Facility – City	2%	o Inadequate Committable Hotel Rooms	12%
o Economy / Budget Constraints	2%	o Meeting Eliminated	5%
		o Miscellaneous	2%

Mr. Norwalk advised that, as the first anniversary of groundbreaking and selling the Summit building, Visit Seattle is reporting lead volume of: 81 total leads for Summit, totaling 822,469 rooms; 6 have gone definite, totaling 31,933 rooms; 43 are still tentative, totaling 455,489 rooms; and 32 have been lost for various reasons, totaling 334,987 rooms.

B. WSCC Sales Report

Mr. McQuade reported that for July 2019, WSCC & Visit Seattle Sales staff combined top-line rent totaled \$188,815 for Convention Center contracted bookings. August 2019 combined top-line rent totaled \$159,817 for Convention Center contracted bookings. Year-to-date combined top-line rent actualized totaled \$3,532,700. Year-to-date, combined top-line rent contracted was 95.21% of goal, totaling \$5,605,931. Groups hosted August YTD realized 8,547 in hotel room night bookings, with 124,841 delegates, and an estimated \$5,243,809 in top-line revenues.

During July/August, WSCC Sales staff booked 27 new events into the Center to infill around convention business booked by Visit Seattle. Cumulatively, these 27 WSCC booked events represent

over 12,474 in estimated attendance, 673 associated room nights, and combined topline revenues of over \$685,436 for rent, food & beverage, parking and subcontractor services.

VII. EXECUTIVE SESSION

The Chairman announced that the Board of Directors would hold an Executive Session consistent with RCW.42.30.110 (1) (c) as permitted by the Open Public Meetings Act for twenty (20) minutes. The purpose of the Executive Session was to discuss potential action regarding Purchase & Sale option for Residential Co-Development for Addition Project. The Executive Session commenced at 2:54 p.m. and at 3:14 p.m. was extended an additional twenty (20) minutes. At 3:34 p.m. the Executive Session was extended an additional ten (10) minutes. The Executive Session lasted fifty (50) minutes. In addition to the Board members present (In person: Finneran, Brown-Archie, Flowers, Gonzalez-Murillo, Hillis, Moriguchi, Schafer, and by teleconference: Grant), attendance at the Executive Session included, Mr. Blosser, Mr. Hendricks and Mr. Fluhrer. The regular open meeting reconvened at 3:55 p.m.

(Agenda item V.A.2) Discussion and Potential Action Regarding Purchase & Sale Option for the Residential Condominium Unit on the Addition Project Site, Resolution # 2019-9

A RESOLUTION of the Board of Directors of the Washington State Convention Center Public Facilities District ("District") approving the Option Agreement for the sale of the Residential Condominium Unit on the Addition Project Site.

Mr. Finneran advised that the document had been provided to the Board during the Executive Session, and having had a chance to consider it, and if appropriate would accept a motion to approve as submitted. Mr. Hendricks stated that a WSCC PFD Resolution had been created, Resolution #2019-9. As the Resolution had not been previously provided to the Board, Mr. Blosser requested Mr. Hendricks read the Resolution into public record.

Mr. Hendricks read the 'RESOLVED' portion of Resolution #2019-9: "Now, therefore, be it resolved, that the District Board does hereby approve the execution of the Option Agreement to Purchase the Residential Unit, a copy of which has been reviewed by the Board, the District's execution and performance thereof and all documents required or convenient in connection thereof, including, without limitation, the formation of and execution and performance of documents in connection with the Condominium, and any amendments to any of such documents that do not materially affect the sales price with C&MRES LLC, as Optionee/Buyer, and any additional District charges and closing costs associated with the administration of the Option Agreement and sale of the Residential Unit."

Mr. Schafer made a motion to approve Resolution 2019-9, with Mr. Hillis seconding the motion. Mr. Finneran called for the question and any discussion.

Ms. Grant, via teleconference, stated that when she learned of the Board's need to vote on this again after it did not pass, she communicated with King County Executive Dow Constantine and Deputy Mayor David Moseley of the City of Seattle, and they both indicated that WSCC has an opportunity here to do something significant for our community; to create opportunities for people who don't always have them in their careers; and we have an opportunity to do something significant with regards to workforce housing, which is one of the major threats that our economy faces locally. Unfortunately this building did not provide adequate provisions for either of those goals, and for that reason Ms. Grant will be voting "no".

Mr. Finneran called for any further questions or discussion. Hearing none, the motion was carried by the affirmative vote of seven (7) Directors present, both in person and via teleconference, with Ms. Grant casting a negative vote.

VIII. PRESIDENT'S REPORT

A. Update on WSCC Board Strategic Planning Retreat Meetings

Mr. Blosser provided an update on the WSCC Board Strategic Planning Retreat meetings scheduled for Tuesday, October 29 and Wednesday, October 30, 2019. The meetings are being held at The Westin Seattle. There are two confirmed speakers presenting on Day 2 of the retreat: Ms. Riisa

Conklin, Executive Director of the Freeway Park Association will provide an update on the capital plans for the park renovations, and Mr. Steve Mattson, Senior Vice President of Oak View Group Facilities will give a presentation on the renovations of Key Arena and Seattle's NHL hockey team. The draft agenda is still being finalized. All Board Committees are being scheduled to meet in early October to prepare for reporting out at the Retreat.

B. PAX West Update

Mr. Blosser provided an update on the PAX West event that was in the Center over the Labor Day Weekend, and extended thanks to the Director of Event Services and the staff of the Convention Center for the logistics and planning process that goes into an event of this magnitude. Attendance and exhibitor numbers were down this year compared to 2018, and there were no new games or products offered. This was the second show to use higher level security measures for entrance to the event, similar to Emerald City Comic Con. 7th Avenue, 8th Avenue and Freeway Park were partially closed to the public in the mornings for staging of the line ups for the crowds. Food service revenue was up almost 19% in concession operations compared to 2018, even with less attendees. A beer garden in Studio 10 (former Moby's Restaurant) and an outdoor BBQ on the Plaza were added for the event which contributed to \$21,550 and \$18,875 in revenues. Mr. Blosser reported that once again pizza was the big seller, seeing \$35,777 in revenues for just pizza. This year's PAX F&B revenues were \$296,310 compared to \$253,358 for the 2018 event. Attendees waited in lines sometimes up to 2 – 3 hours to play games. Show management was very happy with the event and PAX is scheduled to be at WSCC next year, with negotiations underway with ReedPop for 2021 and 2022.

IX. STAFF REPORTS

A. Parking Report

Mr. Tesfaye reported that parking revenues for August 2019 were up 3% from the revenues reported in August 2018; and August YTD revenues were up 3% from the same period in 2018, mainly due to the event mix in the building.

Mr. Tesfaye reported the average income per stall / per category / per month – public versus monthly parking per building and employee parking. For the month of August 2019, average rate per day per stall was:

- Freeway Park garage has 660 stalls available. There are 3 categories: Monthly Parking (369 parkers) at an average rate per stall of \$286.83 per month; Employee Debit Card (620 card holders); and Daily Parkers with an average daily rate per stall of \$49.82. Monthly Parking usage was 269 per day (41%); Employee Debit Card usage was 31 per day (5%); and Daily Parking usage was 131 per day (20%). Total stalls occupied on average were 431 per day, or 65%.
- WSCC garage had 815 stalls available. There are 5 categories: Monthly Parking (149 parkers) at an average rate per stall of \$272.48 per month; Daily Parkers; Validations; HCF, Admin Validation; Employee & Retail Monthly Parking (1,031 parkers); and Carpool and Unassigned Monthly Parking. Daily Parkers average usage was 302 per day (37%); Validations average usage was 33 per day (4%); HCF, Admin & Validation average usage was 3 per day (0%); Monthly Parking (Employee & Retail) average usage was 33 per day (4%); and Monthly Parking (Carpool & Unassigned) average usage was 10 per day (1%). Total stalls occupied on average were 381 per day, or 47%.

Mr. Tesfaye provided the comprehensive monthly revenue per stall per day-to-day numbers for August 2019 for both the WSCC Main Garage and the Freeway Park Garage. For the WSCC Main Garage, the data points were broken out by: Monthly Parking (Public); Monthly Parking – Employees – Dayshift; Monthly Parking – Employees – Swingshift; Monthly Parking – Employees – Graveyard shift; WSCC Retailers; Daily Parking; Parking Debit Card; Motorcycle; Spot Hero; EV Charge; ACT Theatre (Evenings); ACT Theatre (Staff); Paramount Club; Other; Validations (General) 1 hour; Validations 2 hour; Validations 3 hour; Validations 4 hour; Validations – Pre-Pay; Validations – Events; Validations - Hand-Carried Freight (HCF); Validations – Admin; Validations – Event Services. The report provided total revenue each day, number of stalls used each day, and the revenue per stall used each day. For the Freeway Park Garage,

the data points were broken out by: Monthly Parking (Public); Monthly Parking – WSCC Staff; Monthly Parking – Subcontractors; Carpool – 3 persons; Carpool – 2 persons; Daily Parking; Parking Debit Card; WSCC Employee Parking Debit Card; Spot Hero. The report provided total revenue each day, number of stalls used each day, and the revenue per stall used each day. Ms. Brown-Archie asked if WSCC had implemented a rate increase in 2018. Mr. Tesfaye advised that the last general parking rate increase was done with Board approval in 2016. Mr. Firth advised that the monthly parking rate was increased in 2018. Ms. Moriguchi requested to know how the WSCC garage rates compare to the other area garages. Mr. Tesfaye advised that none of the other garages share their rate information. Ms. Brown-Archie asked about the impact of the construction worker parking stall usage, and Mr. Tesfaye reported that the construction workers are currently utilizing approximately 90 parking spaces in Freeway Park Garage.

B. Food Service Report

Mr. Dolquist reported total sales for August 2019 were \$1,134,150, up from budget by 72.6%, exceeding reforecast by 1.8%, and down 28.2% from prior year. Product costs for August 2019 were \$226,284, up from budget by 2.3%, exceeding reforecast by 1.0% primarily due to reclassing paper products, and up 4.5% from prior year. WSCC saw a strong return of 34%, 6% better than reforecast and 9.2% up from budget, however down 12.9% from prior year. Looking at the year-to-date numbers, Product Costs came in at 20.3%, up 0.1% to reforecast and up from budget by 2.6%. Labor is 28.4%, 0.5% below reforecast and exceeding budget by 5.1%. August 2019 total WSCC PFD year-to-date revenue was \$4,992,889, exceeding reforecast by 0.5%, below budget by 5.1%, and below prior year by \$2,793,319 (7.7%). Year-to-date sales are at \$14,116,824, exceeding reforecast by 0.1%, below budget by 11.9%, and below prior year actuals by 22.0%. Food service return to WSCC PFD year-to-date is \$5,511,920, exceeding reforecast by 0.5%, and below prior year by \$2,737,672 (6.6%). ARAMARK continues to focus on the Food Management and Labor Management programs and reports are showing positive results.

X. FINANCIAL REPORT

Mr. Firth reported August 2019 total operating revenues were down 24.8% compared to the same period in 2018, and ahead of budget for the month by 31%. For the month of August 2019, Food Service revenues were down 28% compared to the same period in 2018, however ahead of budget by 72%. Retail revenue was up 5.6%, Building Rent revenue was up 21%, Parking revenue was down 5%, and Facility Services revenue was below budget by 17.9%. Year-to-date Operating Revenues were 6% below budget at \$23,408,901, and below prior year by 17.3%.

Operating expenses for August 2019 were over budget for the month by 9%; and the corresponding sales were above budget at 31%. Staff continue to conservatively manage expenses in FY2019. Operating loss for August 2019 was \$665,879. Year-to-date the operating loss through August totaled \$993,381, compared to the budget amount of \$14,932.

For the month of August 2019, marketing revenues were below budget by 8.7%; and the monthly marketing expenses totaled \$1,599,102, below budget by 9.6%. Year-to-date August 2019 total Marketing revenues were up 3.9% compared to the same period in 2018, and below budget by 8.6%. Marketing expenses for year-to-date 2019 totaled \$8,520,422, below budget by 10.6%. Marketing surplus for August was \$122,463, a decrease of 1.2% over the same period in 2018. Year-to-date the marketing surplus through August totaled \$344,713, up from budget by 105.1%.

Addition Project Fund expenditures for August 2019 were \$20,800,026, at budget. Year-to-date August 2019, Addition Project Fund expenditures were above budget by 22.5%, at \$153,515,228.

Non-Operating Revenues for the month of August were \$12,770,196, above budget by 2%. This was due in part to the \$2,664,296 Additional Lodging Tax previously labeled as the 2% Transient tax, and the Extended Lodging Tax of \$109,033. 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 August 2019, for regular, extended and additional lodging taxes, totaled \$59,449,297. Non-Operating Expenses during the month for transfer of additional lodging tax, debt service, capital improvement projects totaled \$8,015,442, below budget by 7.6%. Non-Operating Expenses year-to-date through August 2019, which includes transfer of additional lodging tax, debt service, capital improvement projects, totaled \$55,985,126, below budget by 3.6%.

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

XI. ADJOURNMENT

Mr. Hillis made a motion to adjourn the September 24, 2019 Board meeting at 4:27 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.