

Minutes

Washington State Convention Center
Public Facilities District

Regular Meeting of the Board of Directors
November 26, 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 210 of the Convention Center.

MEETING ATTENDANCE

Board Directors in Attendance

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

Board Directors Absent

Nicole Grant

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
William Krach, ARAMARK
Becky Bogard, Bogard & Johnson, LLC
Matthew Hendricks, Hendricks - Bennett, PLLC
Colin Green, LMG
Jill Hashimoto, LMG
Matt Griffin, Pine Street Group
Jane Lewis, Pine Street Group
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
Lorrie Starkweather	Susnios Tesfaye

II. APPROVAL OF MINUTES

September 24, 2019 WSCC PFD Board Regular Meeting, and October 29, 2019 WSCC PFD Board Special Meeting

Mr. Flowers made a motion to approve the minutes of the September 24, 2019 Regular Board meeting and October 29, 2019 Special Board meeting, as presented. Mr. Hillis 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. Board of Directors 2020 Committee Assignments, Resolution 2019-10

A RESOLUTION by the District Board ratifying recommendations related to the appointment of District Committees for 2020.

Mr. Finneran advised that the Board Committees will remain the same as 2019.

Mr. Schafer made a motion to approve Resolution 2019-10, ratifying the membership on the Board Committees for 2020, 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.

B. District Regular Meeting Dates Fiscal Year 2020, Resolution 2019-11

A RESOLUTION by the District Board Adopting it's 2020 Official Meeting Schedule.

Mr. Schafer made a motion to approve Resolution 2019-11, establishing the WSCC Board of Directors 2020 regular meetings schedule 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.

C. Ratification of District Officers, Resolution 2019-12

A RESOLUTION by the District Board ratifying recommendations related to the appointment of District Officers and Administrative Officers for 2020.

EXHIBIT "A" – Officers Appointed by Chairman: President/CEO, Jeffrey Blosser; Board Treasurer, Chip Firth; Secretary, Linda Willanger.

EXHIBIT "B" – Administrative Officers Appointed by the President: Vice President Administration, Linda Willanger; Vice President Operations, Jon Houg

Mr. Hillis made a motion to approve Resolution 2019-12 ratifying the appointment of Board and District Officers for 2020. Mr. Schafer seconded and the motion was carried by the unanimous affirmative vote of all Directors present, both in person and via teleconference.

D. Consent Agenda

Mr. Finneran presented the Consent Agenda to the Board. The following action items and informational reports had been sent to the Board for review prior to today's meeting:

Action Items:

1. Ratification of Additional Facility Project Contract List (November 2019)
2. Approval of Additional Facility Project Draw Schedule Payments, #60 (November 2019)

Informational Items:

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

Ms. Brown-Archie made a motion to approve the Consent Agenda as presented. Ms. Gonzalez-Murillo 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 progress to date, working towards the Temporary Certificate of Occupancy at the end of November of 2021. Mr. Griffin advised that steel is being erected on the construction site and the project is almost to the point where the concrete comes off the critical path, and then we will be monitoring the steel closely. There are three shipments of steel still to come from China, with one large shipment anticipated in December and two smaller shipments in early 2020. Those pieces appear to be moving forward with no issues. On Sources & Uses, in the Addition budget we continue to have small general contingency of about \$30 million which will be stressed by the time we get to the end of the project. PSG continues to process the various change orders from the contractors, with most of those change orders being triggered by the delays in excavation of the site due to the unforeseen conditions; for example, void under Boren, archaeological issues, soft soil, and storm-line coming into the WSDOT property. On Quality, there are a few design items requiring review with Mr. Finneran, Mr. Blosser, and others in December to finalize selections. On Contracts, Mr. Griffin advised that, in general, PSG is in good shape on the contracts. In the past 30 days, contracts were signed with the Camlin and the Paramount Theatre concerning the lighting work to be done on the exterior of their buildings as part of the Public Benefits negotiated with the City of Seattle. The lighting will enhance and enliven the neighborhood, as well as a great way to frame the outdoor deck on the Summit building. Mr. Flowers asked if the contract with the Paramount Theatre included the Seattle Theatre Group, and Mr. Griffin stated just the Paramount Theatre. Mr. Finneran asked when it was anticipated that Olive Street would be put back together. Mr. Griffin believes it will be approximately eight months, after excavation occurs and north wall is built

2. Approval of 2020 WSCC Addition Budget Items

Mr. Finneran advised that the Addition and Finance Committees have reviewed the 2020 Project Budget for expenditures estimated for the Addition project and is recommending the budget to the Board for approval as presented. The Addition Project expenditure amount of \$705,387,000 million is merely an allocation of funds for Project work to be conducted and paid for in 2020.

Mr. Flowers made a motion to approve the 2020 Addition Budget expenditures in the amount of \$705,387,000 which was presented to the Finance and Addition Committees and that correspond with the Addition Budget to achieve the desired actions related to the Addition Project. Mr. Schafer seconded and the motion was carried by the unanimous affirmative vote of all the Directors present, both in person and via teleconference.

B. Facility Committee

1. Approval of 2020 Capital Project List

Mr. Hillis requested Mr. Blosser to provide comment on the 2020 Capital Projects List. Mr. Blosser advised that the list of items to be accomplished is contained in the Board packet and had been sent to the Board for review prior to today's meeting. These items were discussed at the Board Retreat on October 30, 2019 and the project costs to be approved are approximately \$21,000 less than the draft program presented to the Board at the Retreat. Mr. Blosser reported that the 5-Year Plan is also contained in the Board packet and shows project amounts and the remaining fund balances after projects are completed in each year.

Mr. Hillis made a motion to approve the 2020 Capital Project List as presented in the Board packet. Mr. McLaughlin seconded and the motion was carried by the unanimous affirmative vote of all the Directors present, both in person and via teleconference.

C. Finance Committee

1. 2020 Operating Budget, Resolution # 2019-13

A RESOLUTION by the District Board adopting an Operating Budget for the District for 2020.

Mr. Flowers advised that the proposed 2020 Operating Budget as well as the 2020 Summit Pre-Opening Budget to start the process for staffing and opening the new facility in 2022, are contained in the Board packet and had been sent to the Board for review prior to today's meeting. The Finance Committee has reviewed both documents with staff in detail and are in agreement with the proposed budget.

Mr. Flowers made a motion to approve Resolution # 2019-13, adopting the Operating Budget for 2020. Mr. McLaughlin seconded and the motion was carried by the unanimous affirmative vote of all the Directors present, both in person and via teleconference.

2. Approval of 2020 Insurance: Property Coverage

Mr. Flowers advised that the Finance Committee reviewed the proposed Property Insurance Coverage Proposal for WSCC from our broker, Alliant Insurance Services. The broker reported that 2017 and 2018 were the two highest insured loss years on record for the U.S.A. for major underwriters. This factor has driven up all insurance costs including property insurance for the Center. The building value has been increased by 6% (approximately \$33,000) with WSCC's total property insurance coverage cost increasing by approximately \$72,737 for the year 2020 to cover all items contained in the 2019 policy.

Mr. Flowers advised that the Finance Committee is in agreement with securing Property Insurance from Employers Insurance Company of Wausau (a Liberty Mutual company) for the amount of \$466,921.14 for the year 2020.

Mr. Flowers made a motion to approve this selection for WSCC's Property Insurance needs for 2020. Mr. Schafer seconded and the motion was carried by the unanimous affirmative vote of all the Directors present, both in person and via teleconference.

3. Report from Washington State Auditor

Mr. Flowers advised that the Finance Committee met with the State Auditors on November 13, 2019 to conduct an Exit Interview. The State Auditor provided a clean report for the Washington State Convention Center for 2018. It should be noted that this is the thirty-third (33rd) clean report for the Convention Center on its audits which began approximately two years prior to opening for business in 1988. Mr. Flowers wished to extend thanks to the management team and staff for the good work that has been done on the audits. The audit has been published and is available online. WSCC's next State audit will be conducted in the fall of 2020 for 2019 performance.

D. Art Committee

1. Update on Addition Art Project

Ms. Gonzalez-Murillo advised that on November 19, 2019, the Art Committee met following the Addition Art Advisors meeting and that Pine Street Group provided an update on two art project concepts: four (4) Walk-Up Concepts on Pine Street; and the Existing WSCC Garage Door on 9th Avenue.

Ms. Gonzalez-Murillo introduced Ms. Lewis to present the highlights of the artworks:

- Walk-Up Concepts on Pine Street: Four (4) different Artists creating retail wraps for three (3) outdoor-facing retail shops at the Summit building along Pine Street, with a fourth Artist designing a wall treatment. This work is to be integrated into the construction for these artistic envelopes around the exterior retail spaces as were presented to the Board on October 29, 2019 at the Retreat meeting. The Artists are Robert Hardgrave, Maki Tamura, Ulises Mariscal, and Satpreet Kahlon (wall).

- UDM D1 Door Concept (Existing WSCC Garage Door on 9th Avenue – across from the Paramount Theatre): This concept was also presented to the Board on October 29, 2019 at the Retreat meeting. The Artist is Maikoiyo Alley-Barnes.

Ms. Gonzalez-Murillo stated that both concepts have received the approval of the Art Advisors and the Board Art Committee, and the Addition Art program is seeking the Board’s concurrence on these concepts in order that the project can continue to move forward. With the consensus of the Board members in attendance, both in person and via teleconference, Mr. Finneran concurred with the Walk-Up Concepts and the UDM D1 Door Concept as presented.

2. Approving Members to the WSCC Art Foundation, Resolution # 2019-14

A RESOLUTION by the Board of Directors of the Washington State Convention Center Public Facilities District approving members to the Washington State Convention Center Art Foundation Board of Directors.

WHEREAS, according to the Art Foundation Bylaws, members of the Board of Directors of the Art Foundation are appointed by the Chair of the District Board Art Committee, with the approval of the District Board; and

WHEREAS, the following individuals have the necessary qualifications to serve as members of the Art Foundation Board of Directors, and have been designed for such membership by the Chair of the District Board Art Committee:

Mr. Breidenbach January 1, 2020 through December 31, 2022

Ms. Hatch January 1, 2020 through December 31, 2022

Ms. Gonzalez-Murillo made a motion to approve the appointment of Mr. Breidenbach and Ms. Hatch as members of the Washington State Convention Center Art Foundation Board of Directors for the terms as outlined above. Mr. Flowers seconded and the motion was carried by the unanimous affirmative vote of all the Directors present, both in person and via teleconference.

E. Marketing Committee

1. Approval of WSCC 2020 Sales Plan and 2020 Marketing & Communications Plan, Resolution # 2019-15

A RESOLUTION by the District Board approving the 2020 Sales Plan and 2020 Marketing & Communications Plan.

Mr. Schafer advised that the WSCC 2020 Sales Plan and the 2020 Marketing & Communications Plans are contained in the Board packets. These documents were reviewed by the Marketing Committee and also presented to the Board at the Retreat by Mr. McQuade and Ms. Willanger and there have been no changes to the documents. The Marketing Committee is in agreement with staff on these plans and is recommending approval by the Board.

Mr. Schafer made a motion to approve Resolution # 2019-15, to adopt the WSCC 2020 Sales Plan and 2020 Marketing & Communications Plan. Mr. McLaughlin seconded and the motion was carried by the unanimous affirmative vote of all the Directors present, both in person and via teleconference.

2. Approval of Arch Exterior Signage Program

Mr. Schafer advised that Applied Wayfinding, WSCC’s signage and wayfinding contractor, had provided a presentation to the Board on October 29, 2019 at the Retreat meeting, showing the new proposed Seattle Convention Center exterior signage and locations for signage installation. Contained in the Board packets and sent to the Board for review prior to today’s meeting, are a copy of the various signs and their locations, along with a draft budget for installation and wayfinding scope of services to be completed in 2020. Mr. Schafer stated that these costs are in the 2020 Capital Plan approved today under the Facility Committee’s report.

Mr. Schafer made a motion to approve the Arch Exterior Signage Packet and to direct the President / CEO to execute the concepts presented, when appropriate, to install the exterior signs with

the new Seattle Convention Center name. Ms. Gonzalez-Murillo seconded and the motion was carried by the unanimous affirmative vote of all the Directors present, both in person and via teleconference.

3. Summit Room Naming

Mr. Finneran requested to recuse himself from this agenda item and asked Ms. Brown-Archie to chair this discussion.

Mr. Schafer advised that there has been conversation amongst the Board members to honor the Board Chair, Mr. Finneran, for his continued years of service to the WSCC Board of Directors, especially as Chair, and to recognize all of the contributions he has provided over the last five years to the WSCC Addition Project. Mr. Finneran has been supportive of the Center's operations to make sure everything runs smoothly and that the Center and the Board prepare ourselves for future years. Mr. Schafer provided a brief overview of Mr. Finneran's thirty-one (31) years of public service to WSCC (to date), his appointment to the WSCC Board in 1988 by Governor Gary Lock; overseeing the state convention center's successful transition to a public facilities district formed by King County ordinance; honored by Visit Seattle as first recipient of Seattle's Tourism Leadership Award (2011); led the hard-working WSCC Board of Directors to embrace the future growth of hospitality in Seattle with a second facility (Summit) now set to open in 2022; enabled the Board of Directors to wisely establish the values and practices to preserve the facilities with a funding mechanism of \$4 million per year for annual capital maintenance projects; and Mr. Finneran embraces the mission and vision with the Board of Directors that enables the President / CEO to drive the operation of the convention center with a focus on both economic and civic strategies to preserve the future of WSCC. In Mr. Finneran's honor, Mr. Schafer wished to recommend Board approval of naming the new Summit Ballroom after Mr. Finneran. Mr. Finneran abstained from discussion and voting on this recommendation.

Mr. Schafer made a motion to approve naming the new Summit Ballroom the Frank K. Finneran Ballroom. Mr. Flowers seconded and the motion was carried by the unanimous affirmative vote of the Directors present, both in person and via teleconference, with Mr. Finneran abstaining.

Ms. Brown-Archie returned the gavel to Mr. Finneran to chair the remainder of the meeting.

F. Government Affairs Committee

1. Update

Ms. Brown-Archie reported that the Government Affairs Committee met earlier today, with this being the Committee's first meeting post-election. The Committee will continue to review strategies for the upcoming legislative session, and work to schedule meetings once the 2020 City Council and King County Council committees have been established. Ms. Bogard advised that the House Bill to allow state sales tax deferral on the construction of the Addition project will move to the 2020 Legislative Session, and the bill has been revised to reflect some changes to the previous bill document. It is hoped that if this bill passes through the legislature, it would allow WSCC to make the proposed updates and modifications to the existing Arch building as WSCC moves forward to complete the whole convention center project, not just the new Summit building.

Mr. Blosser provided a brief update on the Waterfront LID, advising that staff and the Government Affairs Committee would continue monitoring the LID assessments as a lawsuit has been filed by some of the property owners regarding the methodology of the LID assessments. It is anticipated that the final assessments will be approved by City Council, depending on the outcome of the legal action, in February 2020. That would be the time to appeal your property evaluation if necessary. Mr. Blosser also advised that he has contacted the City of Seattle to begin the process to receive permitting for the 2020 PAX event and 2020 Comic-Con, similar to what was done for these events in 2019.

Ms. Brown-Archie advised that it is WSCC's second time going to the legislature for the sales tax deferral, and a 5-year deferral is being sought. The upcoming legislative session is scheduled to be short, and the Government Affairs Committee will be speaking with Ms. Bogard about additional resources to assist with success during this session. Staff and Ms. Bogard have been tasked with producing an updated

one-page summary sheet for the Board members and staff to utilize when engaged in discussions with legislators to encourage support for the bill, in order that all will have the same information.

Ms. Brown-Archie advised that Mr. Blandford, Visit Seattle's Vice President of Communications, was asked to participate on the Government Affairs Committee. At today's meeting, Mr. Blandford provided some very valuable information with respect to issues of concern being brought to City Council, and how it will relate to WSCC's issues/efforts surrounding civility and public safety. Ms. Brown-Archie stated it is important for WSCC to bring our concerns to the City of Seattle, for them to at least hear our concerns and the subsequent impacts to the Center's business as well as economic impact to the area.

2. Government Relations Consultant Report

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

G. Benefits Committee

1. Approval of Plan Change to Non-Represented Employees Retirement Program, Resolution # 2019-16

A RESOLUTION by the District Board approving amendment of the WSCC Retirement Savings Plan and the WSCC Employee Retirement Contribution Plan.

Mr. McLaughlin advised that the Benefits Committee met on October 16, 2019, and discussed the changes made to the administration of hardship distributions under the employees' retirement plans made by the Bipartisan Budget Act of 2018 (HR 1892) (BBA) and regulations issued thereunder. The BBA includes one mandatory change which will eliminate the requirement that employee elective deferrals be suspended for six months following the election of a hardship withdrawal. The BBA also includes four other optional changes: 1) Eliminating the need to take a loan before participants are permitted to elect a hardship withdrawal. 2) Permitting hardship withdrawals on Qualified Matching Contributions (QMAC) or Qualified Non-Elective Contributions (QNEC). [*QMACs are matching contributions made as a percentage of the employee's elective deferrals. QNECs are contributions made on behalf of the employee which are non-elective.*] 3) Hardship withdrawals can now include earnings – current provisions only allow current deferrals, excluding earnings. 4) A rule adding federally declared disasters as a basis for hardship withdrawals in the plan provisions is recommended.

Mr. McLaughlin stated that the Benefits Committee is recommending the approval of the mandatory provision as well as all the permissive provisions brought about by the BBA. Resolution #2019-16 would give Board approval to make these plan changes and would be effective January 1, 2020. Resolution #2019-16 further grants approval to the officers of the District, with the advice of legal counsel, to carry out the intent of the resolution, including executing all required amendments when finalized by the retirement plan administrator.

Mr. McLaughlin made a motion to approve Resolution #2019-16, approving the amendment of the WSCC Retirement Savings Plan and the WSCC Employee Retirement Contribution Plan. Mr. Schafer seconded and the motion was carried by the unanimous affirmative vote of all the Directors present, both in person and via teleconference.

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 October 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 October with an occupancy rate of 85.2%, up 0.2% from the same period in 2018; RevPAR was down 5.5% at \$180, and ADR saw a decrease of 5.7% as compared to the same period last year. In October 2019, Boston CBD/Airport topped the competitive set for the month with an ADR of \$307, with

Seattle ranking sixth with an ADR of \$211. Year-to-date October 2019, Boston CBD/Airport leads the Occupancy category at 83.4%, with San Francisco Market Street in second place at 83.3%. Seattle Downtown and Vancouver Downtown are tied for third spot at 81.7%. Seattle numbers continued to track strongly with the eight other cities in the group.

Mr. Anderson reported that the Visit Seattle October 2019 YTD yearly definite production blended goal was 432,508 with actuals coming in at 75% of goal (323,265). The breakdown for 2019 room night sales production YTD was: WSCC 323,265, 75% below the YTD goal of 432,508; Arch 212,671, up 105% of YTD goal of 202,858; Summit 110,594, up 48% of YTD goal of 229,650; and Hotel Production was 306,465, up 132% of the YTD 231,710 goal.

Looking at the two-building booking progress for Arch and Summit for years 2022 to 2026, currently there are 41 definite meetings in the Arch and 42 tentative meetings going forward, and 25 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 and part of another or in some cases a majority of both buildings.

Mr. Anderson reviewed select WSCC waived room nights October 2019 YTD for meeting years 2017 to 2019, advising there were a total of 554,554 waived rooms. Reasons given were:

○ Date Availability	60%	○ WSCC Size	9%
○ Inadequate Mtg Facility – City	5%	○ Yield Management	11%
○ Rates – Hotels	3%	○ Inadequate Committable Hotel Rooms	2%
		○ Miscellaneous	3%

Mr. Anderson advised that Visit Seattle future tentative production has increased to 94% of year-to-date goal, and that the end of year pipeline is robust with over 129,739 room nights in play. Mr. Anderson provided some examples of ‘on hold’ business due to the Summit construction schedule, with three significant pieces of business looking for space/dates prior to June 2022.

B. WSCC Sales Report

Mr. McQuade reported that for September 2019, WSCC & Visit Seattle Sales staff combined top-line rent totaled \$717,180 for Convention Center contracted bookings. September 2019 combined top-line rent totaled \$162,320 for Convention Center contracted bookings. October 2019, WSCC & Visit Seattle Sales staff combined top-line rent totaled \$458,848 for Convention Center contracted bookings. October 2019 combined top-line rent totaled \$122,604 for Convention Center contracted bookings. Year-to-date combined top-line rent actualized totaled \$3,393,941. Year-to-date, combined top-line rent contracted was 92.77% of goal, totaling \$5,462,794. Groups hosted October YTD realized 9,848 in hotel room night bookings, with 137,946 delegates, and an estimated \$7,155,250 in top-line revenues.

During September/October, WSCC Sales staff booked 19 new events into the Center to infill around convention business booked by Visit Seattle. Cumulatively, these 19 WSCC booked events represent over 67,730 in estimated attendance, 3,594 associated room nights, and combined topline revenues of over \$2,071,906 for rent, food & beverage, parking and subcontractor services.

VII. PRESIDENT’S REPORT

A. Approval of 2020 Operating Goals, Resolution # 2019-17

A RESOLUTION adopting the recommendation of the District Board for 2020 Operating Goals for the Washington State Convention Center Public Facilities District.

Mr. Blosser advised that the 2020 Operating Goals have been reviewed by all Committees and by the Board at the Retreat and were forwarded to the Board in their packets. Mr. Blosser and staff are recommending approval of the 2020 Operating Goals.

Ms. Brown-Archie made a motion to approve Resolution # 2019-17, adopting the 2020 Operating Goals for the District as revised. Ms. Gonzalez-Murillo seconded and the motion was carried by the unanimous affirmative vote of all Directors present, both in person and via teleconference.

B. Approval of Hourly Parking Rate Changes and Monthly Parking Rate Changes

Mr. Blosser advised that staff have been reviewing different ways to increase WSCC parking revenues with a parking operations consultant, and one of their recommendations was to collapse the bands and increase the hourly rate. Contained in the Board packets and sent to the Board for review prior to today’s meeting is a document outlining a daily rate comparison of parking facilities located near WSCC and proposed daily parking rates for the WSCC Main Garage and the Freeway Park Garage. It was determined that WSCC’s parking rates are among the lowest and it is felt that an increase is due and will help with generating revenue. Mr. Blosser advised that the last general parking rate increase was done with Board approval in 2016. A question arose regarding WSCC’s “early-bird” and “evening/weekend” parking rates, and Mr. Blosser advised that the early-bird and evening/weekend rates would remain at the current rate. Following discussion, the President / CEO made a recommendation to implement the increases to WSCC hourly and monthly parking rate changes (as below), effective January 1, 2020.

Proposed Daily Parking Rates Effective Date January 1, 2020					
	WSCC GARAGE			FREEWAY PARK GARAGE	
	Current Rate	Proposed Rate		Current Rate	Proposed Rate
0 -1/2 hour	\$5.00	\$6.00	0 -1/2 hour	\$4.00	\$5.00
1/2 - 1 hour	\$6.00	\$8.00	1/2 - 1 hour	\$5.00	\$7.00
1 - 2 hours	\$8.00	\$9.00	1 - 2 hours	\$7.00	\$8.00
2 - 3 hours	\$12.00	\$14.00	2 - 3 hours	\$11.00	\$13.00
3 - 4 hours	\$14.00	\$18.00	3 - 4 hours	\$13.00	\$17.00
4 - 6 hours	\$17.00	\$20.00	4 - 6 hours	\$16.00	\$19.00
6 - 8 hours	\$19.00	\$22.00	6 - 8 hours	\$18.00	\$21.00
8 - 10 hours	\$20.00	\$24.00	8 - 10 hours	\$19.00	\$23.00
10 - 12 hours	\$22.00	\$26.00	10 - 12 hours	\$21.00	\$25.00
12 - 14 hours	\$24.00	\$30.00	12 - 14 hours	\$23.00	\$29.00
14 - 18 hours	\$29.00	\$32.00	14 - 18 hours	\$28.00	\$31.00
18 - Closing	\$29.00	\$35.00	18 - Closing	\$28.00	\$34.00

Mr. Flowers made a motion to approve rate increases for monthly and hourly parking rates in the WSCC Garage and Freeway Park Garage, as presented. Mr. McLaughlin seconded and the motion was carried by the unanimous affirmative vote of all Directors present, both in person and via teleconference.

C. Arch Master Plan Update

Mr. Blosser reported that staff had issued a Request for Qualifications (RFQ) for Arch Renovation/Design Services and held a pre-bid meeting at the beginning of November. Proposals were due on November 21, 2019 and three (3) proposals were received, with all three meeting the criteria requested in the RFQ. The three firms submitting proposals were (in no particular order): LMN Architects, tvsdesign, and Nelson Architecture, Inc. Interviews are being scheduled for the first week of December and at least one member of the Facility Committee will participate in the interview/selection process.

IX. STAFF REPORTS

A. Parking Report

Mr. Tesfaye reported that parking revenues for October 2019 were up 3% from the revenues reported in October 2018; and October 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 October 2019, average rate per day per stall was:

- Freeway Park garage has 660 stalls available. There are 3 categories: Monthly Parking (363 parkers) at an average rate per stall of \$259.09 per month; Employee Debit Card (596 card holders); and Daily Parkers with an average daily rate per stall of \$43.47. Monthly Parking usage was 293 per day (44%); Employee Debit Card usage was 60 per day (9%); and Daily Parking usage was 109 per day (17%). Total stalls occupied on average were 462 per day, or 70%.

- WSCC garage had 815 stalls available. There are 5 categories: Monthly Parking (166 parkers) at an average rate per stall of \$272.48 per month; Daily Parkers; Validations; HCF, Admin Validation; Employee & Retail Monthly Parking (1,497 parkers); and Carpool and Unassigned Monthly Parking. Daily Parkers average usage was 347 per day (43%); Validations average usage was 44 per day (5%); HCF, Admin & Validation average usage was 1 per day (0%); Monthly Parking (Employee & Retail) average usage was 48 per day (6%); and Monthly Parking (Carpool & Unassigned) average usage was 17 per day (2%). Total stalls occupied on average were 457 per day, or 56%.

Mr. Tesfaye provided the comprehensive monthly revenue per stall per day-to-day numbers for October 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. Mr. Finneran asked what can be learned from this data. Mr. Tesfaye advised that WSCC needs to track the data for a full year and then begin the comparison to prior year. Discussion occurred regarding the lack of information available from other garages in the area, a regional report that was distributed by the Puget Sound Regional Council many years ago, and the City of Seattle’s E-PARK signage program. Mr. Blosser advised that WSCC is participating in the E-PARK program, however to his knowledge, the City does not collect this type of information. Further discussion took place regarding a possible parking study done by The Building Owners & Managers Association (BOMA) Seattle King County. Mr. Blosser was tasked with contacting BOMA to see if this type of information is available. Mr. Blosser advised that the City of Seattle is currently doing a parking study and he will reach out to see if they are tracking any of this particular information. Ms. Brown-Archie requested to know how WSCC tracks the construction workers utilization per stall. Mr. Blosser advised that the construction workers are utilizing the ‘early bird’ rate of \$5 as they arrive before 7:00 a.m. WSCC provides the early bird information to PSG to reconcile to the Addition project and the construction workers are then reimbursed their parking monies.

B. Food Service Report

Mr. Dolquist reported total sales for October 2019 were \$2,643,562 below budget by 1.4%, exceeding reforecast by 2.6%, and up 38.1% from prior year. Product costs for October 2019 were \$523,966, up from budget by 2.1%, exceeding reforecast by 0.4% primarily due to reclassing paper products, and up 0.2% from prior year. Direct Costs for October 2019 were \$301,612, below budget by 4.9%, below reforecast by 1.3%, and up 11.4% from prior year with Mr. Dolquist noting that there had been a \$209,000 credit posted in October 2018 from audit findings as prior year adjustment. Labor costs for October 2019 were \$486,526, below budget by 2.6%, below reforecast by 5.9%, and below prior year by 14.9%. WSCC saw a strong return of 50.5%, 6.8% better than reforecast, 7.4% up from budget, and up 3.8% from prior year. Looking at the year-to-date numbers, Product Costs came in at 19.9%, up 0.1% to reforecast and up from budget by 2.2%. Labor is 25.7%, 0.8% below reforecast and exceeding budget by 2.6%. October 2019 total WSCC PFD year-to-date revenue was \$8,146,286, exceeding reforecast by

0.9%, below budget by 0.6%, and below prior year by \$1,400,353 (3.7%). Year-to-date sales are at \$20,352,174, exceeding reforecast by 0.3%, below budget by 1.1%, and below prior year actuals by 6.9%. Food service return to WSCC PFD year-to-date is \$8,146,286 exceeding reforecast by 0.9%, and below prior year by \$1,400,353 (3.7%). Mr. Dolquist advised that ARAMARK has an affirmative action plan for minorities and women in the workplace, and that ARAMARK at WSCC reports to ARAMARK on the job categories with goals in each respective category. Mr. Dolquist stated that the team here at WSCC continue their strength in diversity meeting all nine (9) goals for the year. Currently, the ARAMARK workforce totals 371 employees, with 64% minorities and 50% women.

X. FINANCIAL REPORT

Mr. Firth reported October 2019 total operating revenues were up 21% compared to the same period in 2018, and ahead of budget for the month by 1.8%. For the month of October 2019, Food Service revenues were up 38.1% compared to the same period in 2018, however below budget by 1.4%. Retail revenue was up 0.5%, Building Rent revenue was up 2.2%, Parking revenue was up 5%, and Facility Services revenue was up 29.2%. Year-to-date Operating Revenues were 0.5% above budget at \$32,748,594, and below prior year by 7.1%.

Operating expenses for October 2019 were below budget for the month by 3.2%; and the corresponding sales were above budget at 1.8%. Staff continue to conservatively manage expenses in FY2019. Operating surplus for October 2019 was \$531,054. Year-to-date the operating surplus through October totaled \$1,115,955, compared to the budget amount of \$1,050,047.

For the month of October 2019, marketing revenues were below budget by 12.6%; and the monthly marketing expenses totaled \$1,638,563, below budget by 13.5%. Year-to-date October 2019 total Marketing revenues were up 2.5% compared to the same period in 2018, and below budget by 9.4%. Marketing expenses for year-to-date 2019 totaled \$11,753,435, below budget by 11.1%. Marketing surplus for October was \$131,132, a decrease of 16.5% over the same period in 2018. Year-to-date the marketing surplus through October totaled \$610,016, up from budget by 47.0%.

Addition Project Fund expenditures for October 2019 were \$25,714,163, at budget. Year-to-date October 2019, Addition Project Fund expenditures were above budget by 36.3%, at \$205,733,233.

Non-Operating Revenues for the month of October were \$13,493,715, below budget by 2.5%. This was due in part to the \$2,723,634 Additional Lodging Tax previously labeled as the 2% Transient tax, and the Extended Lodging Tax of \$303,764. 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 October 2019, for regular, extended and additional lodging taxes, totaled \$83,364,938. Non-Operating Expenses during the month for transfer of additional lodging tax, debt service, capital improvement projects totaled \$8,907,913, below budget by 4.3%. Non-Operating Expenses year-to-date through October 2019, which includes transfer of additional lodging tax, debt service, capital improvement projects, totaled \$72,665,149, below budget by 4.5%.

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

IX. EXECUTIVE SESSION

The Chairman announced that the Board of Directors would hold an Executive Session consistent with RCW.42.30.110 (1) (g) as permitted by the Open Public Meetings Act for fifteen (15) minutes. The purpose of the Executive Session was to review the WSCC President's performance for fiscal year 2019 and consider an amendment to the contract and compensation for fiscal year 2019. The Executive Session commenced at 3:48 p.m. In addition to the Board members present (In person: Finneran, Brown-Archie, Gonzalez-Murillo, McLaughlin, Schafer; By teleconference: Hillis, Moriguchi), attendance at the Executive Session included Mr. Blosser and Mr. Hendricks. The regular open meeting reconvened at 4:03 p.m.

Upon reconvening, Mr. Finneran advised that he had completed the review of the President's performance and discussed it with Mr. Blosser and he is in agreement with the 2019 review. Mr. Finneran made a motion to approve the full bonus for the President as the Budget Goals were achieved and the Operating Goals are on track to be met as explained during the Board Retreat meeting on October 30, 2019, and to approve the second amendment to the President's employment contract for a 3% increase in compensation for 2020 and to authorize the Board Chair to execute the same. Mr. McLaughlin seconded and the motion was carried by the unanimous affirmative vote of all Directors present, both in person and via teleconference.

XI. ADJOURNMENT

Ms. Gonzalez-Murillo made a motion to adjourn the November 26, 2019 Board meeting at 4:04 p.m. Ms. Brown-Archie seconded and the motion was carried by the unanimous affirmative vote of all Directors present, both in person and via teleconference.