

**WSCC Board Addition Committee
Minutes
September 22, 2020
10:30 a.m.
WSCC – by remote access via MS Teams**

WSCC Board in Attendance:

Frank Finneran, Chair - WSCC Board Addition Committee
Deryl Brown-Archie, WSCC Board Addition Committee
Bob Flowers, WSCC Board Addition Committee
Nicole Grant, WSCC Board Addition Committee
Jerry Hillis, WSCC Board Addition Committee
Craig Schafer, WSCC Board Addition Committee

WSCC Staff / Consultants in Attendance:

Jeff Blosser, WSCC President / CEO
Linda Willanger, WSCC VP – Administration / AGM
Jon Houg, WSCC VP – Operations
Chip Firth, WSCC CFO
Michael McQuade, WSCC Director of Sales
Krista Daniel, WSCC Director of Event Services
Paul Smith, WSCC Director of Information Systems
David Cononetz, WSCC Director of Facilities
Michael Murphy, WSCC Project Coordinator
Lorrie Starkweather, WSCC Executive Assistant to President & Board of Directors
Matt Hendricks, General Counsel
Becky Bogard, Bogard & Johnson
Fred Eoff, Public Financial Management
Matt Griffin, Pine Street Group
Matt Rosauer, Pine Street Group
Jane Lewis, Pine Street Group
Armeta Libby, Pine Street Group
Jason Foley, Pine Street Group
Ashley Lippincott, Pine Street Group
Chris Raftery, Raftery CRE
Margery Aronson, Art Advisor
David Kuenzi, Goldman Sachs
Brian Olin, Goldman Sachs

Chairman Finneran called the meeting to order at 10:30 a.m. with Committee members participating by MS Teams videoconference/teleconference and public access by teleconference. Following unanimous approval of the consent agenda, Finneran asked Griffin to lead the project review.

Rosauer reported that COVID-19 issues continue to impact schedule, but the primary issue is American Bridge's (AB) inability to hold the critical path. Steel erection has advanced to Zone 3, but the Temporary Certificate of Occupancy has slipped from April into early May 2022. Management of AB is C-L's responsibility, but PSG is assisting C-L's efforts. The major schedule milestone in early September was returning Olive Way to its original alignment, enabling shoring and excavation to begin north of Olive. There are hazardous materials as well as potential archaeological discoveries in this area; plans are in place to address both.

On budget, Griffin commented that serious accounting issues between C-L and PSG have been uncovered in the past month. PSG needs to improve the review and is making changes to reduce future issues, but they are not done yet.

Griffin called attention to the Change Order (CO) tab in the Financing Plan, where the \$10.1 MM CO allowance in August dropped to a \$3.4 MM deficit in September. He said that there are typically as many as 100 CO items in process monthly, reflecting changed conditions, issues with the construction drawings, client requests, etc. In tracking the costs, the team has double counted some credits between C-L and PSG.

Of the \$13.5 MM differential, \$12 MM is due to tracking issues. Approximately \$750k to \$1 MM is due to PSG questioning an estimate for Site C podium concrete and tracking a lower number, which turned out to be wrong. PSG will continue to question estimates and believes there is good discipline in challenging costs, but in this case PSG's estimate was low.

PSG will recast the budget for discussion in October.

On financing, finding a source to cover the \$300 MM bond financing deficit is the primary focus. Unfortunately, the death of Chief Justice Ruth Bader Ginsburg throws Congress into turmoil, making Federal help less likely. The team continues to work with the city, county, and state on options for support. A portion of the financing solution is available through the Municipal Liquidity Facility, but the term is too short and available funds are insufficient. There may be help from COVID-19 relief funds that apply. Eoff and PSG developed a proforma with new expectations on tax revenue for future planning. Eoff and Firth are confirming the amount of cash for this proforma and the amount for the project.

In good news, Blosser reported that the Washington Meeting and Convention Coalition has reached agreement with the Governor on protocols to enable 30 percent room occupancy or up to 200 people. The Governor still needs to provide an effective date and finalize protocols, but this will encourage the return of some meetings in 2021. Washington is ahead of other West Coast states on gaining this permission. Blosser advised we are awaiting official notice from the Governor today or tomorrow.

On the co-developments, Griffin said HPP continues to move forward on Site C; the office market is reasonably strong despite uncertainties. The timing for Site B will depend on the demand for downtown living; Gary Fluhrer is completing the residential documents.

On quality, Rosauer said the team is completing design refinements, the issues with ARUP have been settled, and two of the three cell phone boosting agreements for Summit are negotiated

(resulting in about a \$3.6 MM reimbursement to the project). PSG will complete the third contract for Summit and start the contracts for the existing facility.

The lease with the 9th and Pine restaurant has been signed by the restaurateur and is ready for WSCC signature. The team remains optimistic about the lease for the restaurant at 9th and Olive, and other small tenants for the 9th Avenue Market.

On art, rising costs on some artworks led to an impasse among the Art Advisors. The Board Art Committee stepped up with key decisions to move the project forward, including cancelling the “Party Room Soffit” artwork and putting the “Pendulum” artwork planned for existing convention center on hold until the financing is resolved and the project re-evaluated.

On selling the Horton marshalling yard, Murphy reported that they are evaluating a lot line adjustment at the train tracks to make the site more saleable.

There being no further business, the meeting was adjourned at 11:10 a.m.