

WSSC Board Addition Committee
Minutes
January 26, 2021
10:30 a.m.
WSSC – by remote access via MS Teams

WSSC Board in Attendance:

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

WSSC Staff / Consultants in Attendance:

Jeff Blosser, WSSC President / CEO
Linda Willanger, WSSC VP – Administration/AGM
Jon Houg, WSSC VP – Operations
Chip Firth, WSSC Chief Financial Officer (former)
Sam Hecker, WSSC Chief Financial Officer (current)
Michael McQuade, WSSC Director of Sales
Krista Daniel, WSSC Director of Event Services
Paul Smith, WSSC Director of Information Systems
David Cononetz, WSSC Director of Facilities
Michael Murphy, WSSC Project Coordinator
Lorrie Starkweather, WSSC Executive Assistant to President & Board of Directors
Matt Hendricks, General Counsel
Becky Bogard, Bogard & Johnson
Fred Eoff, PFM Financial Advisors LLC
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
Gary Smith, Clark Lewis
Ben Eitan, Clark Lewis
Margery Aronson, Art Advisor

Guests in Attendance:

Chris Daniels, Chief Reporter, KING5-TV
Mindy Johnson, LMG
Karen Sudderth

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

On schedule, steel subcontractor American Bridge remains behind schedule, but good progress is elsewhere. Enclosure installation is moving well, escalators are being installed and the work north of Olive Way is proceeding on schedule, with excavation nearly complete.

Various permits are always in process. Finalizing the Street Improvement Permit for Sites A, B, and C is nearly complete, following years of effort. The team is currently focused on identifying avenues for keeping permits alive in the event of a project shutdown.

On sources and uses, the team remains focused on cost control. This past month, a portion of funding was able to be restored to contingency. The contractor's efforts to keep costs in line are appreciated.

Relative to a potential project shutdown, contractor billings in recent months are not as high as had been anticipated last year and are expected to remain so for the next few months. Accordingly, there are more resources to maintain construction pace in the short term.

The County has led the way in creating a financing bridge to overcome the project's coronavirus-induced funding crisis, offering a \$105 million bridge loan, contingent upon City and State participation. On Friday, Seattle Senior Deputy Mayor Mike Fong sent a letter to the WSCC Board advising that the City plans to support the Addition with either a guarantee of debt or by providing a bridge loan. City Council approval will be required. Thanks to Nicole Grant and other Labor leaders for supporting discussions with the City and County on the importance of these jobs.

Productive conversations with the State continue, but the State hasn't yet committed to specific support. Legislative action will be required.

Griffin commented that he appreciates that local and regional leadership understand the importance of jobs that will be lost if the project shuts down and the key role the Addition will play in the recovery of the hospitality industry, which employs 80,000 people in the County and 160,000 people statewide.

Relative to a potential shutdown, PSG recommends that construction continue at current pace until one or more of these items happens: participation by the City, County and/or State becomes very doubtful; a reevaluation at the end of March indicates a shutdown is in order; or, WSCC needs more resources for any reason. This recommendation is based on WSCC having the cash to continue for now and positive signs from the City, County and State.

Hudson Pacific Properties continues to refine design of the office co-development to meet their needs; there is every indication they will close as scheduled. Updated option documents extending closing on the residential co-development to late 2022 will be voted on by the Addition Committee in February.

On quality, the team is focused on tracking items to be delayed until post-opening and identifying additional items to delay. On outreach, there is approximately \$125 million in participation against the \$80 million goal. The art program is substantially on hold.

Contracts are in good shape. Funding agreements with the City, County, and State will all be contracts to be developed and executed.

Murphy reported that offers are being traded with a potential purchaser of the Horton Street marshalling yard, which is being used for jobsite storage in the meantime. A lot line adjustment is under way.

Finneran commented that WSCC needs to clearly define the amount of cash available for operations from 2021 to 2023 in the event of a shutdown. Available resources need to be identified and understood. Griffin noted that if the project continues until opening, it will positively affect hotel/motel tax revenue and the opposite is true, if a shutdown is required.

There being no further business, the meeting was adjourned at 11:00 a.m.