

WSCC Board Addition Committee
Minutes
April 27, 2020
Noon
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 / A.G.M.
Jon Houg, WSCC VP – Operations
Sam Hecker, WSCC CFO
Michael McQuade, WSCC Director of Sales
Krista Daniel, WSCC Director of Event Services
Tony Sheehan, WSCC Director of Information Services
David Cononetz, WSCC Director of Facilities
Krista Daniel, WSCC Director of Event Services
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
Gary Smith, Clark Lewis
Ben Eitan, Clark Lewis
Margery Aronson, Art Advisor

Chairman Finneran called the meeting to order at 12:00 p.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 great work by the finance team, Finneran asked Griffin to lead the review.

On Schedule, issues with American Bridge (AB) continue, with Zone 5 steel erection well under

way and the topping out milestone scheduled for June 11, 2021. AB will be on the critical path through June/July. The Temporary Certificate of Occupancy (TCO) is now July 1, 2022. With AB off the critical path, the CL team is developing a new plan that could take one to two months out of the schedule. The work north of Olive Way is proceeding well.

Two large permits – one for street improvements and one from the Fire Department - are still in process, although neither is of concern. The team is closely tracking the building permits for Sites B and C to ensure they remain active as project schedules elongate.

On Budget and Finance, the team is focused on controlling costs and closely managing change orders. Budgets appear to be in reasonable shape, but the team won't know for sure until the end of the project. Recovery of costs from AB schedule delays and COVID-19 are unresolved. Requests to the State on COVID-19 recovery include \$56 million for the project and \$5 million for operations. (The Financing Plan shows this as a \$30 million source.) These will be addressed in either a special session of the State legislature this year or in the 2022 session.

Appreciation was expressed to Fred Eoff with Public Financial Management and Stacy Lewis with Pacifica Law Group for their extraordinary efforts in completing the March bond financing. After the reconciliation, next month the Financing Plan will show about \$1 million more in sources.

Completing the sale of the co-developments is another key funding source for the project. For Site C, an amendment is under way to give Hudson Pacific Properties (HPP) the right to delay construction start by up to a year post-closing, expected in October 2021. Delay will not affect the TCO for Site A. The Site C HPP team has been given the authority by HPP leadership to place the building's steel order. HPP continues to put the pieces in place to start construction when the time is right. They have been a great partner.

For Site B, capital investors are pursuing this market and apartment rents are rising, both important metrics for project viability.

On Quality, the focus is on resolving outstanding issues and minimizing future changes. Resolution of retail and MEP issues are the primary effort.

On Art, the team is preparing to issue implementation contracts to Zone 1 artists. The first assignment is to re-estimate their projects after a delay during the financing crisis. There is concern about cost increases and coordination issues, which will need resolution.

This week, the What's Next Washington team presented to the Community Development Roundtable (CDRT) their research findings on the performance of formerly incarcerated individuals on the Addition jobsite. The discussion was particularly well received by the CDRT membership and shone well on the Addition project.

From the bond proceeds, a reserve fund of \$25 million has been set aside for debt service. If the recovery of downtown Seattle and increasing hotel/motel taxes meet CBRE projections, the reserve fund will not be needed and \$25 million can be applied elsewhere, such as moving forward on items currently delayed. Griffin encouraged everyone with COVID-19 vaccinations in place to restart using downtown and help speed the recovery.

As part of the effort to speed downtown recovery and build buzz about the Addition, PSG is planning a series of construction tours with community leaders, and elected and appointed officials, to take place over the coming months. The WSCC Board and senior staff will be early in the process.

Discussion of the sale of the marshalling yard was deferred to the Special Board Meeting to follow.

Being no further business, the meeting was adjourned at 12:25 p.m.