

Minutes

Washington State Convention Center  
Public Facilities District

Special Meeting of the Board of Directors  
June 26, 2018

I. Call To Order

Frank K. Finneran, Board Chairman, convened a special meeting of the Washington State Convention Center Public Facilities District (WSCC) Board of Directors at 12:00 p.m. in Room 303, of the Convention Center.

MEETING ATTENDANCE

Board Directors in Attendance (In Person)

Frank K. Finneran, Chair  
Deryl Brown-Archie, Vice-Chair  
Jerry Hillis  
Susana Gonzalez-Murillo  
J. Terry McLaughlin  
Craig Schafer  
Nicole Grant

Board Directors in Attendance (By Teleconference)

Robert Flowers

Board Directors Absent

Denise Moriguchi

Officers in Attendance

Jeffrey A. Blosser, President / CEO  
Linda Willanger, Vice President of Administration / AGM  
Chip Firth, Director of Finance and Administration / CFO

Legal Counsel

Matt Hendricks, Hendricks – Bennett, PLLC

Consultants / Vendors in Attendance

Becky Bogard, Bogard & Johnson  
Brian Olin, Goldman Sachs  
Colin Green, LMG  
Stacey Lewis, Pacifica Law Group  
Deanna Gregory, Pacifica Law Group  
Fred Eoff, PFM, Inc.  
Matt Griffin, Pine Street Group  
Matt Rosauer, Pine Street Group  
Jason Foley, Pine Street Group  
Sam Russell, Pine Street Group  
Lester Brown, Pine Street Group  
Patrick Smyton, Visit Seattle  
Kris Cromwell, Visit Seattle

Staff in Attendance

Daniel Johnson  
Josh Dennis  
Krista Daniel  
Lisa Irwin  
Lorrie Starkweather  
Michael McQuade  
Michael Murphy  
Paul Smith  
Rebecca Emmons  
Ron Yorita

II. Discussion And Potential Action Regarding A Resolution Amending Existing Tax Resolution For Collection Of Extended Additional Lodging Taxes On January 1, 2019, Resolution #2018-4

A RESOLUTION of the Board of Directors of the Washington State Convention Center Public Facilities District amending prior Resolution No. 2018-3 regarding excise taxes.

Ms. Lewis, from Pacifica Law Group, explained that the District Board approved Resolution 2018-3 on May 22, 2018 to impose the Extended Lodging Tax as approved by the Legislature during the 2018 Legislative Session to apply to premises with less than 60 units and specified the first collection date for the regular portion of the Extended Tax as January 1, 2019, and the date of October 1, 2018 for the Additional Tax portion of the Extended Tax. The WA State Department of Revenue has since advised that they are not able to have the earlier collection date for the Additional Tax portion of the Extended Tax and have requested that the District Board amend the resolution to have both the Additional Tax and the regular tax portions of the Extended Tax start collections occurring on January 1, 2019. Resolution 2018-4 makes just that one amendment to Resolution 2018-3 that imposed the Extended Tax, and basically synchronizes the first collection date for all the portions of the Extended tax to be January 1, 2019.

Mr. Hillis made a motion to approve Resolution # 2018-4, for the District Board to authorize the amendment of the existing tax resolution for collection of extended additional lodging taxes, amending prior Resolution # 2018-3. Ms. Brown-Archie seconded and the motion was carried by the unanimous affirmative vote of all Directors present, both in person and via teleconference.

III. Discussion and Potential Action Regarding Approval of Master Trust Agreement Authorizing Senior and Subordinate Bonds Issuance, Resolution #2018-5

A RESOLUTION of the Board of Directors of the Washington State Convention Center Public Facilities District, approving the form of Master Trust Agreement to provide for the issuance from time to time of additional First Priority Bonds and Subordinate Priority WSCC Obligations; Amending Resolution No. 2010-12 and the Trust Agreement dated as of November 1, 2010; and authorizing the execution and delivery of the Master Trust Agreement and conforming amendments to other agreements.

Mr. Hillis made a motion to approve Resolution # 2018-5, for the District Board to approve the form of Master Trust Agreement to provide for the issuance from time to time of additional First Priority Bonds and Subordinate Priority WSCC Obligations, amending Resolution # 2010-12 and the Trust Agreement dated as of November 1, 2010, and authorizing the execution and delivery of the Master Trust Agreement and conforming amendments to other agreements. Ms. Gonzalez-Murillo seconded and the motion was carried by the unanimous affirmative vote of all Directors present, both in person and via teleconference.

IV. Discussion and Potential Action Regarding Authorization of the Issuance and Sale of the Lodging Tax Bonds, Resolution # 2018-6

A RESOLUTION of the Board of Directors of the Washington State Convention Center Public Facilities District, authorizing the issuance and sale of two series of Lodging Tax Bonds of the District in the aggregate principal amount of not to exceed \$1,250,000,000 to finance the costs of an addition to the Washington State Convention Center, purchasing one or more Bond Insurance and/or Reserve Fund Surety Policies, and paying costs of issuance; approving the sale of the bonds; approving the forms of Series Trust Agreements relating to each series of Bonds; and authorizing the execution of the Series Trust Agreements and other related documents.

Mr. Hillis made a motion to approve Resolution # 2018-6, for the District Board to authorize the issuance and sale of two series of Lodging Tax Bonds of the District in the aggregate principal amount of not to exceed \$1,250,000,000 to finance the costs of an addition to the Washington State Convention Center, purchasing one or more Bond Insurance and/or Reserve Fund Surety Policies, and paying costs of issuance; approving the sale of the bonds; approving the forms of Series Trust Agreements relating to each series of Bonds; and authorizing the execution of the Series Trust Agreements and other related documents. Mr. McLaughlin seconded and the motion was carried by the unanimous affirmative vote of all Directors present, both in person and via teleconference.

V. Discussion and Potential Action Regarding Change Order No. 20 of GC/CM / Agreement for NSS Mini-MACC

Mr. Griffin advised that the Addition Committee had reviewed Change Order No. 20 at their meeting earlier today and have unanimously approved it being brought to the full Board for approval. At Mr. Finneran's request, Mr. Rosauer provided comment on Change Order No. 20 of the WSCC Addition Project Negotiated Support Services GC/CM Mini MACC Agreement. Mr. Rosauer advised that this change order is for GC/CM (Clark-Lewis) staffing and other items in the "Negotiated Support Services" category, for example Sani-Cans (portable toilets), flagging, and other types of support services which will be made up of several contractors, primarily WMBE. Mr. Finneran stated that the Addition Committee had reviewed this change order and is recommending the Board's approval.

Ms. Grant made a motion to authorize the Board Chair to execute Change Order No. 20 to the GC/CM contract with Clark-Lewis for the Negotiated Support Services (NSS) in an amount not to exceed \$87.5 Million dollars. Mr. Hillis seconded and the motion was carried by the unanimous affirmative vote of all Directors present, both in person and via teleconference.

VI. Discussion and Potential Action Regarding Change Order No. 21 of GC/CM / Agreement for MEP MASC Mini-MACC

Mr. Griffin advised that the Addition Committee had reviewed Change Order No. 21 at their meeting earlier today and have unanimously approved it being brought to the full Board for approval. At Mr. Finneran's request, Mr. Rosauer provided comment on Change Order No. 21 of the WSCC Addition Project MEP MASC GC/CM Mini MACC Change Order Agreement. Mr. Rosauer stated that Change Order No. 21 is primarily related to the systems in the building and is made up of four key subcontractors: MacDonald-Miller, Auburn Mechanical, VECA Electric & Technologies, and Prime Electric; and is what is referred to as a MASC (Maximum Allowable Sub-Contractor Cost). These are sub-contractors that went through a process very similar to the General Contractor that were interviewed and scored, with selection being determined based on a combination of their interview and their fee. These sub-contractors have been working with the Project in pre-construction under a separate Pre-Construction Agreement and this is now transitioning into the construction and will be the contract moving forward from the Notice to Proceed to completion of construction. Change Order No. 21 is for an amount not to exceed \$277 Million. Mr. Finneran stated that the Addition Committee had reviewed this change order and is recommending the Board's approval. Mr. Griffin commented that at the May 22, 2018 Board meeting the Board approved

the Addition Project MWBE Goals which were increased to \$80 Million, and of these contracts which take the Project to about 65% of the expected contract amounts; \$55 - \$60 Million falls under that MWBE contract.

Mr. Hillis made a motion to authorize the Board Chair to execute Change Order No. 21 to the GC/CM contract with Clark-Lewis for the MEP MASC in an amount not to exceed \$277 Million dollars. Ms. Brown-Archie seconded and the motion was carried by the unanimous affirmative vote of all Directors present, both in person and via teleconference.

VII. Discussion and Potential Action Regarding Notice to Proceed

Mr. Griffin advised that the Addition Committee had reviewed the request for Notice to Proceed at their meeting earlier today and are seeking the approval of the full Board to authorize the Board Chair to provide Clark-Lewis Notice to Proceed with construction of the main Addition Project.

Mr. Schafer made a motion to delegate the Board Chair to issue the Notice to Proceed on the Addition Project upon the recommendation of the Pine Street Group. Ms. Grant seconded and the motion was carried by the unanimous affirmative vote of all Directors present, both in person and via teleconference.

VIII. Ratification of Additional Facility Project Contract List

Mr. Finneran advised that the Addition Project Contract Ratification Log for June 2018 was reviewed at the Addition Committee earlier today and is being recommended to the full Board for approval.

Mr. Hillis made a motion to approve the Addition Project Contract Ratification Log for June 2018 as contained in the packets. Mr. Schafer seconded and the motion was carried by the unanimous affirmative vote of all Directors present, both in person and via teleconference.

IX. Discussion and Potential Action Regarding Fourth Amendment to the Development Management Agreement

At Mr. Finneran's request, Mr. Griffin provided a brief explanation of the Fourth Amendment to the Development Management Agreement with Pine Street Group (PSG). Mr. Griffin advised that the original Development Management Agreement contemplated co-development opportunities intended to maximize the funding sources for the Addition Project but did not include any specific co-development projects. The First Amendment (approved by Resolution 2015-16 on November 24, 2015) defined these opportunities by identifying the Co-Development Parcels for purposes of sale, provided certain provisions to facilitate the Co-Development, and provided for a Success Fee in connection with the Co-Development. (Second Amendment dated May 1, 2016; Third Amendment dated November 28, 2017). Mr. Griffin explained that in that process, it was agreed that if PSG was not able to create more value than what it cost, there would be no increase in their fees; however it was agreed that if this goal was attained, then 20% of that increase would be distributed to PSG as part of their fee.

Mr. Griffin explained that in the Fourth Amendment to the Development Agreement, WSCC and PSG have agreed to co-participate in the community benefit programs as determined in the Public Benefits Package from the City of Seattle; and while the Co-Development Parcels have not as yet been sold and a Success Fee has not been determined or earned, it has been agreed to amend the payment of any Success Fee payable to PSG: the first \$3 Million of the total Success Fee will be paid directly to PSG; the next \$5 Million of the total Success Fee will be paid by WSCC to the Seattle Foundation to be deposited into a Donor-Advised Fund. The PSG principals would delegate the distribution of the funds to similar non-profits in the community to where the WSCC's \$93 Million is being allocated. Any Success Fee over a total Success Fee of \$8 Million will be paid to PSG.

Mr. Flowers made a motion to approve the Fourth Amendment to the Development Management Agreement with Pine Street Group. Mr. Schafer seconded and the motion was carried by the unanimous affirmative vote of all Directors present, both in person and via teleconference.

X. Approval of Time Change for the July 24, 2018 WSCC PFD Board of Directors Regular Meeting, from 2:00 p.m. to 12:30 p.m.

Mr. Finneran advised that the schedule for the roadshow to meet with potential investors for the sale of the bonds for the Addition Project has been set. The program begins July 24, 2018 with the financing team led by Mr. Eoff and including Mr. Blosser and Mr. Firth flying to Chicago, Boston, Philadelphia and then New York, departing Seattle at 5:30 p.m.

Mr. Blosser made a request to change the start time for the July 24, 2018 Board meeting from 2:00 pm to 12:30 pm, to allow for adequate time for the financing team to arrive at SeaTac Airport to catch their flights.

Ms. Brown-Archie made a motion to approve setting the start time for the July 24, 2018 Regular meeting of the WSCC PFD Board of Directors at 12:30 p.m. Mr. Hillis seconded and the motion was carried by the unanimous affirmative vote of all Directors present, both in person and via teleconference.

XI. Adjournment

Mr. Hillis moved to adjourn the June 26, 2018 Special Meeting at 12:32 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.