

WSSC Addition Committee Meeting

April 23, 2019

10:30 a.m.

WSSC Room 208

WSSC Board Attendance:

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

WSSC Board Absent

Bob Flowers, WSSC Board Addition Committee
Nicole Grant, WSSC Board Addition Committee

WSSC Staff / Consultants in Attendance:

Jeff Blosser, WSSC President / CEO
Linda Willanger, WSSC VP Administration
Chip Firth, WSSC Chief Financial Officer
Michael McQuade, WSSC Director of Sales
Ron Yorita, WSSC Director of Operations
Krista Daniel, WSSC Director of Event Service
Paul Smith, WSSC Information Systems Director
Daniel Johnson, WSSC Administrative Services Manager
Michael Murphy, WSSC Project Coordinator
Matt Hendricks, General Counsel
Fred Eoff, Public Financial Management
Matt Griffin, Pine Street Group
Matt Rosauer, Pine Street Group
Armeta Libby, Pine Street Group
Jane Lewis, Pine Street Group
Kyle Acheson, Pine Street Group
Ashley Lippincott, Pine Street Group
Chris Raftery, Raftery CRE
Margery Aronson, Art Consultant
Brian Olin, Goldman Sachs

Chairman Finneran called the meeting to order at 10:30 a.m. After unanimous approval of the consent agenda, Finneran asked PSG to lead the review of the project.

Rosauer reviewed the schedule, acknowledging that Clark-Lewis (C-L) had published a revised schedule showing completion 10/1/21, which reflects the two months lost in the excavation and shoring. PSG will review with Blosser necessary changes for marketing the space. Lewis and Rosauer said that the City was issuing permits without causing delays, but they were rarely issued early. While WSDOT has encouraged us to work on its parcel, the lease for that corner is not yet complete and PSG is meeting with Ron Judd and others on 4/29/19 to seek resolution.

On the Financing plan, Rosauer reviewed the progress of converting the allowances in the MACC to fixed numbers. PSG and C-L will now focus more on forecasting cost increases based on changes (either by choice or necessity), which will be funded from the construction change order allowance.

Libby explained that HPP needed to waive its due diligence on the review of the City's required changes to the drawings and completion of the condominium documents. PSG expects the drawing issues to be resolved by the end of April, but the condominium documents might go slightly longer due to resolution of insurance issues.

On the residential co-development, Griffin reiterated that we had not received strong offers. PSG is assembling a group to complete the residential project with about \$40 MM in local equity and \$60 MM in institutional equity. When coupled with the proceeds from the HPP sale, the price for the residential opportunity would need to be about \$14-15 MM to generate the budgeted proceeds. This would mean the co-developments have generated about \$50 MM of proceeds beyond costs for the project.

Rosauer explained that the finish selection was being completed. He and Lewis said that we now expect about \$94 MM in WMBE contracts against our plan with the City for \$80 MM. Lewis explained the art exhibit to commemorate the existing art on the site, which she expected would come to the board for concept approval in May.

PSG reported that the contracts were in good shape. Murphy gave an update on the sale of the existing marshalling yard and the purchase of its replacement.

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