

Minutes

Washington State Convention Center
Public Facilities District

Regular Meeting of the Board of Directors
November 27, 2018

I. CALL TO ORDER

Frank K. Finneran, Board Chairman, convened a regular meeting of the Washington State Convention Center Public Facilities District (WSCC) at 2:00 p.m., in Room 303, of the Convention Center.

MEETING ATTENDANCE

Board Directors in Attendance

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

Board Directors Absent

Robert Flowers
Nicole Grant

Officers in Attendance

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

Consultants / Vendors in Attendance

David Dolquist, ARAMARK
Matthew Hendricks, Hendricks - Bennett, PLLC
Colin Green, LMG
Matt Griffin, Pine Street Group
Tom Norwalk, Visit Seattle
Kelly Saling, Visit Seattle
Kris Cromwell, Visit Seattle
Patrick Smyton, Visit Seattle
Margery Aronson, WSCC Art Foundation

Staff in Attendance

Clare Canzoneri	Krista Daniel
Daniel Johnson	Shannon Leahy
Michael McQuade	Michael Murphy
Sovath Sim	Paul Smith
Lorrie Starkweather	Susnios Tesfaye

II. APPROVAL OF MINUTES

September 25, 2018 WSCC PFD Regular Board Meeting

Ms. Gonzalez-Murillo made a motion to approve the minutes of the September 25, 2018 Regular Board meeting as presented. Mr. Hillis seconded and the motion was carried by the unanimous affirmative vote of all Directors present.

III. PUBLIC COMMENTS

Mr. Finneran advised that anyone wishing to speak before the Board, either as an individual or as a member of a group, may do so at this time. Individuals desiring to speak shall give their name, address, and the group they represent, if any. There were no public comments.

IV. CHAIRMAN'S REPORT

A. Board of Directors 2019 Committee Assignments, Resolution 2018-8

A RESOLUTION by the District Board ratifying recommendations related to the appointment of District Committees for 2019.

Mr. Finneran advised that the Board Committees will remain the same as 2018.

Mr. Hillis made a motion to approve Resolution 2018-8, ratifying the membership on the Board Committees for 2019, as presented. Mr. McLaughlin seconded and the motion was carried by the unanimous affirmative vote of all Directors present.

B. District Regular Meeting Dates Fiscal Year 2019, Resolution 2018-9

A RESOLUTION by the District Board Adopting It's 2019 Official Meeting Schedule.

Ms. Brown-Archie made a motion to approve Resolution 2018-9, establishing the WSCC Board of Directors 2019 regular meetings schedule as presented. Mr. McLaughlin seconded and the motion was carried by the unanimous affirmative vote of all Directors present.

C. Ratification of District Officers, Resolution 2018-10

A RESOLUTION by the District Board ratifying recommendations related to the appointment of District Officers and Administrative Officers for 2019.

EXHIBIT "A" – Officers Appointed by Chairman: President/CEO, Jeffrey Blosser; Board Treasurer, Chip Firth; Secretary, Linda Willanger.

EXHIBIT "B" – Administrative Officers Appointed by the President: Vice President Administration, Linda Willanger; Vice President Operations, (*vacant*).

Ms. Moriguchi made a motion to approve Resolution 2018-10 ratifying the appointment of Board and District Officers for 2019. Mr. Schafer seconded and the motion was carried by the unanimous affirmative vote of all Directors present.

D. Consent Agenda

Mr. Finneran presented the Consent Agenda to the Board. The following action items and informational reports had been sent to the Board for review prior to today's meeting:

Action Items:

2. Ratification of Additional Facility Project Contract List
3. Approval of Additional Facility Project Draw Schedule Payments, #48

Informational Items:

1. WSCC Sales Productivity Report
2. WSCC Monthly Expenditures Auditing Officer Certification

Mr. Schafer made a motion to approve the Consent Agenda as presented. Ms. Brown-Archie seconded and the motion was carried by the unanimous affirmative vote of all Directors present.

VI. PFD COMMITTEE REPORTS

D. Addition Committee

1. Update Report

Mr. Finneran requested Mr. Griffin provide the Board with an overview of the Addition Project. Mr. Griffin spoke with regards to the Schedule, advising that although construction began in the middle of July, the project team have run into some water and shoring issues that have put the project several months behind schedule. Mr. Griffin advised he is hopeful that this time can be picked up and a better assessment is to be provided to the Board by April 2019. As the Board may recall, in order to basically build beneath Olive, the three lanes had to be rerouted over the property to the north of Olive and will stay rerouted for approximately one year. This reroute of Olive has now been completed, and in the next year work will proceed down in the Olive right-of-way, Olive will be put back in place with a bridge structure, and then work will resume on both sides of Olive simultaneously. Another item on Schedule, the WSDOT lease has still not been completed to date but Mr. Griffin advises it is just waiting for an appraisal by WSDOT. A purchase of development rights from the Seattle Arts Museum (SAM) has been completed for \$750,000 for development rights SAM had remaining from the Sculpture Park for a number of years. Mr. Griffin also advised that a purchase of approximately \$300,000 in development rights from Plymouth Housing will close shortly for development rights needed for the office building as part of the co-development.

On Finance/Budget, while there is no change to the funding sources, Mr. Griffin reported Pine Street Group is working to complete the construction contract with Clark – Lewis, specifically referred to as the MACC (Maximum Allowable Construction Contract). Currently there is approximately \$970 Million budgeted for the MACC and there are several items needing to be rebid totaling approximately \$100 Million to finish out the construction budget, in terms of concrete work, drywall work and miscellaneous steel. Mr. Griffin advised the team is working to get to the right numbers and will be using techniques to rebid in smaller packages with a goal of finalizing the MACC by the end of the year. Mr. Griffin stated that there is some budget pressure and we will need to assess whether or not we need to revise the construction budget in January.

Mr. Griffin provided a brief update on Quality, advising that work continues on the exterior finishes and that the interior finishes will be refined in the first quarter of 2019.

Mr. Griffin advised that it should be noted that as the Mayor and Seattle Office of Housing makes their announcement in December of grants of approximately \$90 Million for subsidized housing in 2018, \$34 Million will come from the Convention Center's public benefits monies. Pine Street Group are working with the Mayor's Office and Seattle Office of Housing to ensure that the WSCC receives its just due for making this big commitment.

E. Facility Committee

1. Approval of 2019 Capital Project List

Mr. Hillis advised that the 2019 Capital Projects items to be accomplished are contained in the Board packet and had been sent to the Board for review prior to today's meeting. These items were discussed at the Board Retreat on October 30, 2018 and the items on the list have not changed.

Mr. Hillis made a motion to approve the 2019 Capital Project List as presented in the Board packet. Mr. Schafer seconded and the motion was carried by the unanimous affirmative vote of all the Directors present.

F. Finance Committee

1. 2019 Operating Budget, Resolution # 2018-11

A RESOLUTION by the District Board adopting an Operating Budget for the District for 2019.

In Mr. Flowers absence, Mr. McLaughlin advised that the Finance Committee has reviewed in detail with staff the 2019 Operating Budget. In Mr. Firth's absence, Mr. Blosser provided an overview of

the budget document. Mr. McLaughlin stated that the Finance Committee are in agreement with the proposed budget.

Mr. McLaughlin made a motion to approve Resolution # 2018-11, adopting the Operating Budget for 2019. Mr. Hillis seconded and the motion was carried by the unanimous affirmative vote of all the Directors present.

2. Approval of 2019 Insurance: Property Coverage

Mr. McLaughlin advised that the Finance Committee reviewed the proposed Property Insurance Coverage premium quote for WSCC from our broker, Alliant Insurance Services. In anticipation of a possible rate increase from FM Global, Alliant thoroughly marketed the Property program for WSCC and provided a summary of the marketing efforts and the carriers' responses for the Committee to review. A copy of the proposal was provided for the Board to review. Staff is recommending Liberty Mutual for the 2019 property insurance as well as some additional policy options for a total cost of \$436,746, which is a \$181,073 savings from the FM Global quote, and new policy additional options for Terrorism, Deadly Weapons Responses & Cyber Security are ones we have not had in the past. Discussion occurred regarding the appraised property values and the property insured values listed seemed low. Mr. McLaughlin advised that staff is recommending the change to Liberty Mutual and the additional items as well. However, the consensus of the Directors was that while the Board approved of the change in carriers, a request was made for the President to request a property appraisal be conducted and a new value and any premium change be brought back to the Board for approval.

Mr. McLaughlin made a motion to approve the Property Insurance with Liberty for 2019. Mr. Hillis seconded and the motion was carried by the unanimous affirmative vote of all the Directors present.

G. Art Committee

1. Approving Members to the WSCC Art Foundation, Resolution # 2018/12

A RESOLUTION by the Board of Directors of the Washington State Convention Center Public Facilities District approving members to the Washington State Convention Center Art Foundation Board of Directors.

WHEREAS, the Art Foundation Bylaws allow for the establishment of a rotation of Director appointments by way of one-, two- and three-year terms, and the Directors appointed herein have accordingly been designated for the following terms:

Ms. Aronson and Ms. Soma: January 1, 2019 through December 31, 2021

Ms. McConnell and Ms. Wolter: January 1, 2019 through December 31, 2020

Mr. Breidenbach and Ms. Hatch: January 1, 2019 through December 31, 2019

Ms. Gonzalez-Murillo made a motion to approve the appointment of Ms. Margery Aronson, Mr. Eric Breidenbach, Ms. Cathi Hatch, Ms. Alyson Soma and Ms. Donna Wolter as members of the Washington State Convention Center Art Foundation Board of Directors for the terms as outlined above. Mr. Hillis seconded and the motion was carried by the unanimous affirmative vote of all the Directors present.

2. Update on Addition Art Project

Ms. Gonzalez-Murillo advised that on behalf of the WSCC Board Art Committee, she met with the Addition Project Art Advisors on November 20, 2018. Ms. Grant and Ms. Moriguchi were unable to attend. Draft program guidelines that are reviewed by the Art Advisors are now being sent to the Board Art Committee and WSCC Staff for review. Updates were provided on panel results selected for the 9th and Pike art and the artist selection process for the walk-ups on Pine, and discussion occurred regarding the conceptual idea for the Boren Street art. An update was provided on the Iconic Art process.

Ms. Gonzalez-Murillo advised that the WSCC Board Art Committee is now in the process of reviewing the selected artists for the 9th/Pike Art and the Boren Art. In the future these will be brought to the Board for information and review/approval.

E. Marketing Committee

1. Approval of WSCC 2019 Sales Plan and 2019 Marketing and Communications Plan, Resolution # 2018-13

A RESOLUTION by the District Board approving the 2019 Sales Plan and 2019 Marketing and Communications Plan.

Mr. Schafer advised that the WSCC 2019 Sales Plan and the Marketing & Communications Plans are contained in the Board packets. These documents were reviewed by the Marketing Committee and also presented to the Board at the Retreat by Mr. McQuade and Ms. Willanger and there have been no changes to the documents. The Marketing Committee is in agreement with staff on these plans and is recommending approval by the Board.

Mr. Schafer made a motion to approve Resolution # 2018-13, to adopt the WSCC 2019 Sales Plan and 2019 Marketing and Communications Plan. Mr. Hillis seconded and the motion was carried by the unanimous affirmative vote of all the Directors present.

2. Approval of the Visit Seattle 2019 Sales Plan, Goals and Scope of Work, Resolution #2019-14

A RESOLUTION by the District Board approving the 2019 Annual Strategic Marketing Plan and 2019 Annual Budget with Visit Seattle.

Mr. Schafer advised that the Visit Seattle 2019 WSCC Scope of Work and Strategies are contained in the Board packets. These documents were reviewed by the Marketing Committee and also presented to the Board at the Retreat by Mr. Norwalk and the Visit Seattle team. Mr. Norwalk provided an overview of the Visit Seattle 2019 WSCC Scope of Work, 2019 Final Goals.

Mr. Schafer made a motion to approve Resolution # 2018-14, to adopt the 2019 Annual Strategic Marketing Plan and 2019 Annual Budget with Visit Seattle. Ms. Moriguchi seconded and the motion was carried by the unanimous affirmative vote of all the Directors present.

3. Update on Branding / Naming Work Progress

Mr. Blosser advised that as staff moves forward to a conclusion with this project, he wished to have the Board's concurrence on the details shown at the Retreat and the progress being made by staff on finalizing the new logo and TCC (The Conference Center) work. We are finalizing the four (4) colors that were presented by Hornall Anderson. TCC (The Conference Center) name will be incorporated into the Arch building and no longer be used; the entrance will be identified by the 800 Pike address, with similar entrance configuration for the other two buildings (Arch Building at 705 Pike Street, and Summit Building at 900 Pine Street). Lock ups to be completed along with all of the other work by end of December, so we can start the process to change the name of the convention center. Mr. Blosser advised the goal is to begin the name change process by the end of December 2018. Ms. Brown-Archie requested clarification on the colors selected, advising she believed the comments from the Retreat were to look at the colors to see if something better matches Seattle. Mr. Blosser advised that we have the 4 colors that were presented and are taking a look at how those actually look on the screen to make sure that there is a distinction. Ms. Brown-Archie wanted to ensure that the final colors that are selected relate to the "Emerald City" as Seattle is known, as she did not see "Emerald City" in the selection that Hornall Anderson had presented. Mr. Blosser stated that the team would look at that to ensure the colors correspond and that the colors will work with the way that the buildings will be marketed and wayfinded, and we will come back one more time to give the Board one last look before we move forward.

F. Government Affairs Committee

1. Government Relations Consultant Report

Ms. Brown-Archie advised that the consultant update report from Ms. Bogard and Mr. Arledge is contained within the Board packets.

2. Update

Ms. Brown-Archie advised the Government Affairs Committee met earlier today and reviewed the Lobbyist Report and updated the Committee on meetings held recently with the City of Seattle pertaining to 2019 Operating Goals for the Committee. Ms. Brown-Archie and Mr. Blosser met with Deputy Mayor David Moseley to discuss the tracking of the Center's public benefits and housing monies as well as issues surrounding land use permits and the safety and security of events such as PAX West and Comicon. Subsequent meetings have been scheduled with the City Office of Housing and the Department of Construction & Inspections to continue dialogue on these topics. Another item discussed with Deputy Mayor Moseley was the possible reopening of the Freeway Park restrooms and how the interested parties (WSCC, Freeway Park Association and Seattle Parks Department) might better engage for all our benefits and a better, safer usage of Freeway Park. Discussion occurred regarding the need for continued good communication between WSCC and the City and to ensure press credit is given to WSCC when our public benefit monies are spent on the parks, housing, and arts programs, and WSCC's involvement as a community partner.

Ms. Brown-Archie advised that at today's meeting, the Committee reviewed the contract for Public & Legislative Advisory Services with Ms. Bogard and are recommending the contract be extended for an additional one-year term, through November 30, 2019.

VI. VISIT SEATTLE & WSCC Sales Reports

A. Visit Seattle Destination Overview

Mr. Finneran, on behalf of the WSCC Board, congratulated Ms. Saling on her promotion to Vice President – Convention Sales & Services.

Mr. Norwalk reported on the Scope of Work - 2018 Forecast numbers, as at November 20, 2018, for the annual sales booking goals, WSCC actualized consumption goals and the WSCC revenue goals.

Mr. Norwalk reported that Smith Travel Research report for the month of October 2018 provides comparisons for revenue per available room (RevPAR), average daily room rate (ADR) and occupancy variances for hotels in Seattle Downtown, San Francisco Market Street, Denver Downtown, Portland Central City, Austin CBD, San Diego CBD, Boston CBD/Airport, Nashville CBD and Los Angeles CBD. Downtown Seattle finished October YTD with an occupancy rate of 84.3%, down 2.9% from the same period in 2017; RevPAR was up 3.3% and ADR had an increase of 0.3% as compared to the same period last year. In October 2018, Seattle ranked third in the competitive set for the month with an ADR of \$238, following San Francisco and Boston CBD/Airport. Year to-date October 2018, San Francisco Market St is leading the Occupancy, Average Room Rate, and RevPar categories, with Seattle Downtown holding onto third spot in two of the three categories. Seattle numbers continued to track strongly with the eight other cities in the group.

Following on the new report format looking at the supply change in the hotel marketplace, Mr. Smyton reported on the YTD performance, not just looking at it by RevPar but by the supply change in these markets and also the overall room revenue change. YTD October 2018, Seattle RevPar is up 0.3%, but because our supply has increased over 7.7% over the year, we are up almost 8.1% in revenue. So that is important for us in terms of the Lodging Tax side of things. The notable cities on the slide that have some significant growth in supply are Nashville and Austin. These are cities that have continued to grow significantly over the last couple of years. There is some staggering growth in some of the markets that Seattle competes with. Seattle numbers continue to track strongly with the eight other cities in the group.

B. Visit Seattle Sales Report

Ms. Saling reported that the Visit Seattle WSCC October 2018 YTD yearly definite production blended goal was 473,010, with actuals coming in at 103% of goal (487,442). The breakdown for the WSCC sales production was 221,379, 81% of goal, and Hotel Production was 266,063, 133% of goal.

Ms. Saling reviewed select WSCC lost and waived room nights for September & October 2018. and reported on two pieces of lost business primarily due to inadequate meeting facility (11,010 total

room nights, and economic impact of \$18,478,702); and two pieces of waived business primarily due to yield management and inadequate meeting facility (11,982 total room nights, and economic impact of \$11,444,192).

C WSCC Sales Report

Mr. McQuade reported that for October 2018, WSCC & Visit Seattle Sales staff combined top-line rent totaled \$604,744 for Convention Center contracted bookings. Year-to-date, combined top-line rent was 102.19% of goal, totaling \$6,117,003. Groups hosted October YTD realized 13,738 in hotel room night bookings, with 162,747 delegates, and an estimated \$6,927,380 in top-line revenues.

During October, WSCC Sales staff booked 13 new events into the Center to infill around convention business booked by Visit Seattle. Cumulatively, these 13 WSCC booked events represent over 11,060 in estimated attendance, 30 associated room nights, and combined topline revenues of over \$474,406 for rent, food & beverage, parking and subcontractor services.

Mr. McQuade advised that the month of October is commonly referred to by staff and contractors as “Rocktober” due to the high volume of event business booked into the building. Mr. Finneran, on behalf of the Board, wished to thank the teams for their hard work and efforts. Good job!

VII. PRESIDENT’S REPORT

A. Approval of 2019 Operating Goals, Resolution # 2018-15

A RESOLUTION adopting the recommendation of the District Board for 2019 Operating Goals for the Washington State Convention Center Public Facilities District.

Mr. Blosser advised that the 2019 Operating Goals have been reviewed by all Committees and by the Board at the Retreat and were forwarded to the Board in their packets. Ms. Brown-Archie requested that **Goal #11. Government Affairs Committee:** be revised from “Monitor, review and advise Board on any legislation that may affect the operations of the Center.” to “Monitor, review and advise Board on any legislation that may affect the Center.” Mr. Blosser recommended approval of the 2019 Operating Goals with the revision to Goal #11, by Resolution #2018-15.

Ms. Brown-Archie made a motion to approve Resolution # 2018-15, adopting the 2019 Operating Goals for the District as revised. Mr. Hillis seconded and the motion was carried by the unanimous affirmative vote of all Directors present.

B. Approval of revised WSCC Board Mission / Values Statement

Mr. Blosser advised that at the Board Retreat, the Board had requested staff to add language to the Board’s value statement concerning a safe environment. The draft document included in the Board packets contains the recommended added language that staff feels meets the needs expressed by the Board:

Recommended revised WSCC Board Mission / Values Statement:

- Guide the operation of the Center with quality as our foremost objective
- Continue to be financially self-sustaining
- Generate economic benefits and other civic benefits for the people of the City, County, and Washington State
- *Provide a safe environment throughout the Center for clients, guests, and staff*
- Consistently provide a superior level of maintenance throughout the facility
- Actively participate as a partner in our community
- Contribute leadership in coordinating the destination sales effort.

Mr. Blosser asked for the Board’s concurrence with this change to the Board Mission/Values Statement and for a motion to approve.

Mr. Hillis made a motion to approve the revision to the Board of Directors Mission / Values Statement. Ms. Gonzalez-Murillo seconded and the motion was carried by the unanimous affirmative vote of all the Directors present.

C. WSCC Sales Studio

Mr. Blosser advised that the new Sales Studio, next door to the WSCC Administrative Offices, has been completed and has been in use for some key client meetings. The Board were invited to view the Studio space after the meeting.

D. Ms. Phyllis Lamphere

Mr. Blosser advised that the WSCC Board, Executive team and staff were all sad to learn of the passing of our long-time Board Emeritus member, champion of the WSCC Art Program, and friend of the Convention Center, Ms. Phyllis Lamphere. As were her wishes, Ms. Lamphere's memorial will be held at the WSCC in early January and we are working on the details with her family.

VII. STAFF REPORTS

A. Parking Report

Mr. Tesfaye reported that parking revenues for October 2018 were up 3% from the revenues reported in October 2017; and October YTD revenues were down 1.1% from the same period in 2017, mainly due to the event mix in the building. WSCC's monthly parking for the main garage is currently at full capacity. A wait-list is not being kept for the garages at this time due to the Addition Project Labor Agreement parking.

Mr. Tesfaye provided a report showing the average income per stall / per category / per month – public versus monthly parking per building and employee parking. Mr. Tesfaye reported that for the month of October 2018, average rate per day per stall was:

- Freeway Park garage has 660 stalls available. There are 3 categories: Monthly Parking (279 parkers) at an average rate per stall of \$212.90 per month; Employee Debit Card (590 card holders); and Daily Parkers with an average daily rate per stall of \$31.85. Monthly Parking usage averaged 274 per day (41%); Employee Debit Card usage averaged 72 per day (11%); and Daily Parking usage averaged 80 per day (12%). Total stalls occupied on average were 426 per day, or 64%.

- WSCC garage had 815 stalls available. There are 5 categories: Monthly Parking (142 parkers) at an average rate per stall of \$272.48 per month; Daily Parkers (433 parkers) at an average monthly rate per stall of \$188.25; Validations (27 average per day); HCF, Admin & Validation (5 average per day); Employee & Retail Monthly Parking (42 average per day); and Carpool and Unassigned Monthly Parking (5 average per day). Daily Parkers average usage was 433 per day (53%); Validations average usage was 27 per day (3%); HCF, Admin & Validation average usage was 5 per day (1%); Monthly Parking (Employee & Retail) average usage was 42 per day (5%); and Monthly Parking (Carpool & Unassigned) average usage was 5 per day (1%). Total stalls occupied on average were 513 per day, or 63%.

Mr. Finneran advised that the occupancy and parking revenue reports may become more difficult to calculate as the labor parkers for the Addition Project begin to use Freeway Park Garage. He reminded the Board that under the Project Labor Agreement, the parking costs for the project labor would be borne by the Project, and so at no charge for the labor parkers.

B. Food Service Report

Mr. Dolquist reported total sales for October 2018 were \$1,914,144, exceeding reforecast by \$94,581, and up \$514,717 from prior year. Labor costs for October 2018 were \$637,845, exceeding reforecast by \$219,346, and up \$36,066 from prior year due to the number of events with plated service requiring the additional labor. Total costs for October 2018 were \$1,013,232, which appear lower than forecast by \$5,723 primarily due to Direct costs. WSCC saw a strong return of 46.7%, 5.1% better than reforecast and 18.4% up from budget. Looking at the year-to-date numbers, Product Costs came in at 17.6%, 1.7% below reforecast, and Labor came in 24.3%, 1% over reforecast. October 2018 total WSCC PFD revenue was \$10,024,000, exceeding reforecast by \$1,836,779, and \$3,470,509 over prior year. Year-to-date sales are at \$21,854,808, exceeding reforecast by \$2,903,010, and \$4,571,606 above prior year actuals. Food service return to WSCC PFD year-to-date is \$9,546,634, exceeding prior year by

\$3,535,082. ARAMARK continues to focus on the Food Management and Labor Management programs and reports are showing positive results.

Mr. Finneran requested Mr. Dolquist add a 'variance' column to the financial report in both year-to-date and budget categories.

IX. FINANCIAL REPORT

In Mr. Firth's absence. Mr. Blosser reported October 2018 total operating revenues were up 17.6% compared to the same period in 2017 and below budget by 26.3%. For the month of October 2018, Food Service revenues were below budget by 35.8%. Retail revenue was up 3.2%, Building Rent revenue was up 42.5%, Parking revenue was down 3.9%, and Facility Services revenue was under budget by 31.1%. Year-to-date Operating Revenues were 11% ahead of budget at \$35,188,392, and above prior year by 16.7%.

Operating expenses for October 2018 were below budget for the month by 15.4%. Expenses Year-To-Date are 3.3% over budget. Operating surplus for October 2018 was \$313,531, under budget by \$611,799. Year-to-date the operating surplus through October totaled \$3,895,634.

For the month of October 2018, marketing revenues were up 4.1% and the monthly marketing expenses totaled \$1,675,639, ahead of budget by 1.1%. Year-to-date October 2018 total Marketing revenues were up 7.2% compared to the same period in 2017, and ahead of budget by 0.5%. Marketing expenses for year-to-date 2018 totaled \$11,557,357, below budget by 0.5%. Marketing surplus for October 2018 was \$157,104, an increase of 26% over the same period in 2017. Year-to-date the operating and marketing surplus through October totaled \$4,405,939, over budget by 148.3%.

Addition Project Fund expenditures for October 2018 were \$34,946,799.

Non-Operating Revenues for the month of October were \$13,109,177, above budget by 14%. This was due in part to the \$1,521,171 interest received from the sale of the Bonds (shown under Non-Operating Revenue). Non-Operating Revenues year-to-date through October 2018, for regular and additional lodging taxes, totaled \$76,561,238. Non-Operating Expenses during the month for transfer of additional lodging tax, debt service, capital improvement projects, and addition budget totaled \$43,296,237, over budget by 8.9%. Non-Operating Expenses year-to-date through October 2018, which includes transfer of additional lodging tax, debt service, capital improvement projects and the addition budget, totaled \$174,158,515, below budget by .2%.

Mr. Blosser advised that the forecast for the 2018 fiscal year continues to track positively for WSCC.

X. EXECUTIVE SESSION

The Chairman announced that the Board of Directors would hold an Executive Session consistent with RCW.42.30.110 (1) (g) as permitted by the Open Public Meetings Act for ten (10) minutes. The purpose of the Executive Session was to review the WSCC President's performance for fiscal year 2018, and consider an amendment to the contract and compensation for fiscal year 2018. The Executive Session commenced at 3:50 p.m. and at 4:00 p.m. was extended an additional five (5) minutes. The Executive session lasted fifteen minutes. In addition to the Board members present (Finneran, Brown-Archie, Gonzalez-Murillo, Hillis, McLaughlin, Moriguchi, Schafer), attendance at the Executive Session included Mr. Blosser and Mr. Hendricks. The regular open meeting reconvened at 4:05 p.m.

Upon reconvening, Mr. Finneran advised that he had completed the review of the President's performance and discussed it with Mr. Blosser and he is in agreement with the 2018 review. Mr. Finneran made a motion to approve the full bonus for the President as the Budget Goals were achieved and the Operating Goals are on track to be met as explained during the Board Retreat meeting on October 30, 2018, and to approve an amendment to the President's employment contract for a 3% increase in compensation for 2019 and to authorize the Board Chair to execute the same. Ms. Brown-Archie seconded and the motion was carried by the unanimous affirmative vote of all Directors present.

XI. ADJOURNMENT

Mr. Schafer made a motion to adjourn the November 27, 2018 Board meeting at 4:08 p.m. Ms. Brown-Archie seconded and the motion was carried by the unanimous affirmative vote of all Directors present.