

## Minutes

Washington State Convention Center  
Public Facilities District

Regular Meeting of the Board of Directors  
November 28, 2017

### 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  
Robert Flowers  
Jerry Hillis  
Susana Gonzalez-Murillo  
Denise Moriguchi

#### Board Directors Absent

Nicole Grant  
J. Terry McLaughlin  
Craig Schafer

#### Officers in Attendance

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

#### Consultants / Vendors in Attendance

Brian McFadin, ARAMARK  
Becky Bogard, Bogard & Johnson, LLC  
Matthew Hendricks, Hendricks - Bennett, PLLC  
Colin Green, LMG  
Jill Hashimoto, LMG  
Matt Griffin, Pine Street Group  
Tom Norwalk, Visit Seattle  
Kelly Saling, Visit Seattle  
Kris Cromwell, Visit Seattle  
Patrick Smyton, Visit Seattle

#### Guests in Attendance

Robert Anderson, Freeway Park Association  
Scott Bonjukian, Lid I-5 / Community Package Coalition

#### Staff in Attendance

Brock Bradley	Krista Daniel
Daniel Johnson	Michael McQuade
Michael Murphy	Paul Smith
Lorrie Starkweather	Ron Yorita

II. APPROVAL OF MINUTES

September 26, 2017 WSCC PFD Regular Board Meeting

Mr. Hillis made a motion to approve the minutes of the September 26, 2017 Regular Board meeting as presented. Mr. Flowers 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.

Members of the public wishing to address the WSCC PFD Board were:

- 1) Mr. Scott Bonjukian, representing Lid I-5 and the Community Package Coalition.

Thank you for taking comments today. My name is Scott Bonjukian. I am a member of Lid I-5, and here today speaking on behalf of the Community Package Coalition. As you may know, there is a handful of other organizations on the Coalition. I'm here today speaking on behalf of all of them. On behalf of the Coalition, thank you to the Board and your development team for working with us to craft a fair and commensurate public benefits deal for the Addition Project. We believe the investments our Coalition has envisioned for affordable housing, public open space, and active transportation will make the Addition a better fit for surrounding neighborhoods, along with adequately compensating for the loss of public right of way. The Addition remains a large endeavor with many steps to completion, but we are confident that with the right benefits it can be net positive for the people who live and work here. The duration and depth of the past year's negotiation process is undoubtedly appreciated by all parties. The \$82 million dollars in public benefits is roughly four times the size of your original proposal, and your role in this to make the budget work for a complex project and agree to a very unique deal with a variety of community organizations speaks volumes for our shared achievement. We do want to briefly note the Coalition sacrifices that helped to make the deal happen. These included \$4 million dollars less in affordable housing than we originally proposed; agreeing to phase in multiple benefits over time, delaying public benefits in relations to the Addition's impacts; dropping multiple projects that remain viable into the future including funding for Melrose Promenade and the Pine Boren Lid Park. That all said, we are excited to see the Package receive a positive vote at the Design Commission on November 16. The Coalition looks forward to working with Pine Street Group and the Board, as needed, to guide the Package through the rest of the approval process. And moving into the future, our Coalition is ready to maintain stewardship over those projects to ensure the deal is implemented as promised. Thanks for your time.

- 2) Mr. Bob Anderson, representing the Freeway Park Association.

Good afternoon. I'm Bob Anderson. I'm the President of the Freeway Park Association, and our association is a member of the Community Package Coalition. It seems fitting that I should have a

minute here to just thank the staff, the leadership, the Board, and Pine Street Group for working with our Coalition and working with our associations so that one major component of the Coalition's packed is a \$10 million allotment to Freeway Park to help it become its future vision. And since we're a stone's throw away from Freeway Park, I think you all can appreciate the significance, not just to the Park but really to the entire community, to your conventioners, to your ability to draw people to this Convention Center and give them a really true northwest experience. So we're really delighted, not just to have the money – that's great, but we're especially excited about the opportunity to have a renewed relationship with the Convention Center as we together will plan the important improvements and elements for that park for the decades ahead. So just on behalf of the association, I thank you very much.

Mr. Finneran thanked Mr. Bonjukian and Mr. Anderson for addressing the Board, and advised that the Board is pleased to be able to participate with the Coalition. The process took many hours of work for both parties to reach agreement. We feel it will benefit the community and will result in a much better neighborhood. There being no further public comments, the meeting was brought back on to the agenda.

#### IV. CHAIRMAN'S REPORT

##### A. Board of Directors 2018 Committee Assignments, Resolution 2017-14

A RESOLUTION by the District Board ratifying recommendations related to the appointment of District Committees for 2018.

Mr. Finneran advised that the Board Committees will remain similar to 2017 with the following changes: The Long-Range Planning Committee has been created in place of the Operating Goals Committee; Ms. Moriguchi is becoming Chair of the Outreach Committee; Ms. Gonzalez-Murillo joining Marketing Committee; the increase in the size of the Addition Committee to include Ms. Nicole Grant.

Ms. Brown-Archie made a motion to approve Resolution 2017-14, ratifying the membership on the Board Committees for 2018, as presented. Ms. Gonzalez-Murillo seconded and the motion was carried by the unanimous affirmative vote of all Directors present.

##### B. District Regular Meeting Dates Fiscal Year 2018, Resolution 2017-15

A RESOLUTION by the District Board Adopting It's 2018 Official Meeting Schedule.

Mr. Hillis made a motion to approve Resolution 2017-15, establishing the WSCC Board of Directors 2018 regular meetings schedule as presented. Ms. Brown-Archie seconded and the motion was carried by the unanimous affirmative vote of all Directors present.

##### C. Ratification of District Officers, Resolution 2017-16

A RESOLUTION by the District Board ratifying recommendations related to the appointment of District Officers and Administrative Officers for 2018.

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, Ed Barnes.

Ms. Brown-Archie made a motion to approve Resolution 2017-16 ratifying the appointment of Board and District Officers for 2018. Mr. Flowers 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, #35 and #36

##### Informational Items:

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

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

#### VI. PFD COMMITTEE REPORTS

##### A. Addition Committee

##### 1. Update Report

Mr. Finneran reported that the Addition Committee has reached agreement with the Community Package Coalition and a Resolution will be brought before the Board today. The Seattle Design Commission gave the Project a favorable vote at their last meeting and will now move toward the City Council for entitlements, alley and street vacation approvals and the like.

Mr. Finneran requested Mr. Griffin provide the Board with an overview of the Addition Project. Mr. Griffin spoke with regards to the critical path, the entitlement process, and the Master Use Permit. The project cleared the Seattle Design Commission (SDC) on November 16, 2017. SDC has recommended to move the request for the alley vacations and below street vacations forward to City Council. On January 16, 2018, we go before the Design Review Board, and if approved, Seattle Department of Transportation (SDOT) will be able to make the recommendation on the vacations to the City Council, which will include then a public hearing, meetings with the Transportation Committee, and then the City Council for approval. It is hoped to clear the entitlement process by end of March 2018, and be in a position to start construction in April 2018. The construction drawings to continue to be completed by LMN Architects. It is anticipated to enter into a Maximum Allowable Construction Cost (MACC) agreement near the start of construction for some of the components like structural steel. Mr. Griffin commented on the Sources & Uses and the bond financing process. It is now believed that we can fund this addition with current hotel taxes. The changes in the legislature removing the exclusion for tenancies of less than 60 units, Mr. Griffin stated, it is important to note that funding the addition does not include these monies for the renovations to the existing facility, and that having a brand-new facility makes the older facility look older. What is being estimated is an additional \$100 million to renovate the existing facility and this amount is not included in the Sources & Uses.

##### 2. Approval of Revised Addition Project Sources & Uses Document, dated 11/21/2017

Mr. Griffin advised that the revised Sources & Uses document was reviewed today by both the Addition Committee and the Finance Committee. Mr. Griffin provided a summary of the process for the issuance of the bonds, either in the program previously discussed with majority of the bonds offered before the start of construction and the remainder offered nearing the end of construction; or with all the bonds offered up front at one time. The Board was advised that with approval of the Sources & Uses today, it is expected that Pine Street Group may come back in December or January to show a separate financing plan that would allow us to issue all the bonds up front, and then at that time we will put together the pros & cons and then in the first quarter of 2018 we can decide on which is the right one for the Convention Center. In the Construction category, there is a line called "Owners Change Orders Contingency". Mr. Griffin explained that this line item is to basically provide separation from what would be called the "Standard Contingency", "General Contingency" or the "Contractors

Contingency". As discussed in the Committee meetings earlier today, the "Owner's Change Orders Contingency" will be changed to "Required Change Orders Contingency" which means that we know that we will have some change orders because the drawings are not complete but they are still within the architectural standards, and its not unusual to find some things underground that we didn't expect. In the Costs of the Sources & Uses, we've made a couple of updates to include the money for the Community Package Coalition, the additions in constructions that are based on starting six months later than stated in the last Sources & Uses, and the other public benefits that have been approved. This shows a General Contingency of approximately \$40 million. It is always preferred to have more contingency rather than less, and although the numbers are tight, Mr. Griffin thinks they are doable, and is seeking Board approval of the recommendations from the Finance Committee and the Addition Committee to adopt the revised Sources & Uses, dated 11/21/2017.

Mr. Flowers made a motion to approve the Addition Project Sources & Uses document dated 11/21/2017 which was presented and reviewed by the Finance and Addition Committees. Ms. Moriguchi seconded and the motion was carried by the unanimous affirmative vote of all the Directors present.

### 3. Approval of 2018 Addition Budget Items

Mr. Finneran advised that the Addition Committee has reviewed the 2018 budget for expenditures estimated for the Addition project and is recommending the budget to the Board for approval as presented and to be included in the 2018 WSCC Budget. The Finance Committee has also reviewed the budget document. The expenditure of \$100 million is to come from the Unrestricted Reserve Account for the purposes of funding the Addition.

Mr. Hillis asked that an estimate/analysis be provided of what the Addition costs, on a per month basis, for delays. Mr. Griffin advised that an analysis has been done a number of times. Mr. Hillis advised that this is a figure that will need to be discussed by the Committee and the Board.

Mr. Hillis made a motion to approve the Addition Capital Budget expenditures for 2018 in the amount of \$100 million which was presented to the Finance and Addition Committees and that correspond with the Addition Budget to achieve the desired actions related to the Addition Project, and will be included in the 2018 WSCC Budget. Ms. Brown-Archie seconded and the motion was carried by the unanimous affirmative vote of all the Directors present.

### 4. Approval of Community Package Coalition Public Benefits, Resolution # 2017-22

A RESOLUTION by the District Board authorizing the WSCC President to enter into an Agreement with the Community Package Coalition for its Addition Project.

Mr. Hillis made a motion to authorize the WSCC President to enter into an Agreement with the Community Package Coalition for the WSCC Addition Project. Mr. Flowers seconded and the motion was carried by the unanimous affirmative vote of all the Directors present.

### 4. Discussion and Possible Action Regarding Third Amendment to Development Management Agreement

Mr. Finneran advised that at the September 26, 2017 Board meeting the Board approved Resolution # 2017-13 which amended the WSCC Procurement Policy to revise the levels of authority for the various entities involved with the Project, not the least of which are changes to Pine Street Group's signing authority, to the Chairman's signing authority, and to the Board's authority. The third amendment to the Development Management Agreement with Pine Street Group reflects these approved revisions approved by Resolution # 2017-13.

Mr. Hillis made a motion to authorize the Board Chair to sign the Third Amendment to the Development Management Agreement with Pine Street Group. Ms. Brown-Archie seconded and the motion was carried by the unanimous affirmative vote of all the Directors present.

B. Facility Committee

1. Approval of 2018 Capital Project List

Mr. Hillis advised that the Facility Committee met with staff to review the final proposed capital budget for fiscal year 2018 as well as capital outlook through end of year 2020. Mr. Barnes provided an update report, advising that staff will complete building enhancements of the Sales Studio and Level 1 Retail in 1<sup>st</sup> quarter of 2018. Mr. Hillis pointed out that in years 2019 and 2020 there are no budget allocations in the category of building enhancements. Given that there has been discussion of future major renovation of Level 1, galleria ceiling, lighting and other cosmetic renovations, the decision was made to evaluate this area again after the final Addition Project budget and financing package has been approved. The funding capacity was also reviewed and it was determined there will be no capital budget shortfalls through 2020. The main focus in 2019 and 2020 will be life cycle replacements to ensure there is no deferred maintenance. The Facility Committee has approved the proposed 2018 Capital Budget and is seeking a motion to approve the 2018 Capital Budget.

Mr. Flowers made a motion to approve the 2018 Capital Project List of Items that are attached to these minutes as Exhibit "B" to be completed in 2018 and the funding necessary to accomplish these projects. Ms. Gonzalez-Murillo seconded and the motion was carried by the unanimous affirmative vote of all the Directors present.

C. Finance Committee

1. 2018 Operating Budget, Resolution # 2017-17

A RESOLUTION by the District Board adopting an Operating Budget for the District for 2018.

Mr. Flowers advised that the Finance Committee has reviewed in detail with staff the 2018 Operating Budget and we are in agreement with the proposed budget.

Mr. Flowers made a motion to approve Resolution # 2017-17, adopting the Operating Budget for 2018. Ms. Brown-Archie seconded and the motion was carried by the unanimous affirmative vote of all the Directors present.

2. Approval of 2018 Insurance: Property Coverage

Mr. Flowers advised that the Finance Committee reviewed the proposed Property Insurance Coverage premium quote for WSCC from our broker, Alliant Insurance Services from FM Global. There is a 3.5% increase in cost over the previous year's premium cost due mostly to increased value of the buildings.

Mr. Hillis made a motion to approve the property insurance with FM Global for the \$522,868 premium costs for 2018. Ms. Gonzalez-Murillo seconded and the motion was carried by the unanimous affirmative vote of all the Directors present.

3. Approval of Addition Project Underwriter Firms

Mr. Flowers advised that the Finance Committee evaluated the proposals received for the District's Bond Underwriting Services with our consultant, Mr. Eoff from PFM Financial Advisors and Pine Street Group, and are recommending approval of the team of Citibank and Goldman Sachs as Co-Senior Managers, and the team of Bank of America/Merrill Lynch, J.P. Morgan Securities and Royal Bank of Canada Capital Markets as Co-Managers.

Mr. Flowers made a motion to approve the firms of Citibank and Goldman Sachs as Co-Senior Managers and Bank of America/Merrill Lynch, J.P. Morgan Securities and Royal Bank of Canada Capital Markets as Co-Managers for the Addition Project Underwriting Firms. Mr. Hillis seconded and the motion was carried by the unanimous affirmative vote of all the Directors present.

D. Art Committee

1. Update Regarding the Naming of the WSCC Art Gallery

Ms. Gonzalez-Murillo advised that staff has secured quotes for both the Phyllis Lamphere Gallery lettering as well as the plaque that will accommodate the name on Level 2 in Ms. Lamphere's honor. Lettering will be on both sides of the escalator landing. A luncheon is being held on December 14<sup>th</sup> to honor Ms. Lamphere.

Ms. Gonzalez-Murillo made a motion to approve all the Level 2 Art Gallery naming activities for a price not to exceed \$6,500 for the naming of the Phyllis Lamphere Art Gallery and celebratory luncheon. Ms. Brown-Archie seconded and the motion was carried by the unanimous affirmative vote of all the Directors present.

E. Marketing Committee

1. Approval of WSCC 2018 Sales Plan and 2018 Marketing and Communications Plan, Resolution # 2017-18

A RESOLUTION by the District Board the 2018 Sales Plan and 2018 Marketing and Communications Plan.

In Mr. Schafer's absence, Mr. Flowers advised that the Marketing Committee reviewed the WSCC 2018 Sales Plan and the Marketing & Communications Plans in their meeting. These documents were also presented to the Board at the Retreat and the Marketing Committee is in agreement with staff on these plans.

Mr. Flowers made a motion to approve Resolution # 2017-18, to adopt the WSCC 2018 Sales Plan and 2018 Marketing and Communications Plan. Ms. Gonzalez-Murillo seconded and the motion was carried by the unanimous affirmative vote of all the Directors present.

2. Approving the Facility Rental Rate Schedule for the District, Resolution # 2017-19

A RESOLUTION of the District Board approving the Facility Rental Rate Schedule for the District.

In Mr. Schafer's absence, Mr. Flowers advised the Marketing Committee discussed the proposed new rental rate schedule for the District with staff for the years of 2023 to 2025 and 2026 to 2028. These rates will give staff and Visit Seattle the necessary tools to quote rental rates for new business wanting to book in the approved years. The Marketing Committee is in agreement with the proposed rental rates.

Mr. Flowers made a motion to approve Resolution # 2017-18, to adopt the facility rate schedule for the District as outlined in Exhibit "A" to Resolution 2017-18. Mr. Hillis seconded and the motion was carried by the unanimous affirmative vote of all the Directors present.

3. Approval of Amendments to WSCC License Agreements

In Mr. Schafer's absence, Mr. Flowers advised that staff presented some housekeeping changes to the license agreement for the Marketing Committee's review. The suggested changes clarify items which are the most requested changes by our clients, as well as updating language to meet WSCC operational needs. The language has been reviewed and approved by legal counsel as well. The Marketing Committee is in agreement with the requested amendments to the license agreement.

Mr. Flowers made a motion to approve the amendments to the WSCC License Agreements, both long and short versions. Mr. Hillis seconded and the motion was carried by the unanimous affirmative vote of all the Directors present.

F. Government Affairs Committee

1. Government Relations Consultant Report

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

VI. VISIT SEATTLE & WSCC Sales Reports

A. Visit Seattle Destination Overview

Mr. Norwalk reported that Smith Travel Research report for October 2017 YTD 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 with an occupancy rate of 87.2%, up 5.6% from the same period in 2016; RevPAR saw an increase of 10.3% and ADR had an increase of 4.4% as compared to the same period last year. In October 2017, Boston CBD/Airport topped the competitive set for the month with an ADR of \$312. Seattle Downtowns ADR (\$217) finished the month in the sixth spot. Year to-date, Boston CBD/Airport is in the lead in the category of Average Room Rate, San Francisco in the lead with RevPar, and Seattle Downtown leading in the Occupancy category. Seattle numbers continued to track strongly with the eight other cities in the group.

B. Visit Seattle Sales Report

Ms. Saling reported that Visit Seattle WSCC sales production combined for the months of September and October 2017 was 99% of goal and Hotel Production was 202% of goal. Year-to-date 2017 definite room night production for WSCC is at 85% of goal, and at 124% for Hotel Production.

Ms. Saling reviewed year-to-date WSCC lost and waived room nights. Year-to-date, 574,959 room nights were lost (business bid on, but was not awarded) primarily because of WSCC size, hotel rates, and date availability. Year-to-date, 501,076 room nights were waived (business that wanted Seattle to bid, but we were unable to bid for various reasons) primarily because of date availability and WSCC size.

C. WSCC Sales Report

Mr. McQuade reported that for October 2017, WSCC & Visit Seattle Sales staff combined top-line rent totaled \$569,416 for Convention Center contracted bookings. Groups hosted October YTD realized 13,689 in hotel room night bookings, with 160,924 delegates, and an estimated \$6,365,073 in top-line revenues.

During October, WSCC Sales staff booked 21 new events into the Center to infill around convention business booked by Visit Seattle. Cumulatively, these 21 WSCC booked events represent over 5,287 in estimated attendance, 136 associated room nights, and combined topline revenues of over \$284,662 for rent, food & beverage, parking and subcontractor services.

V. PRESIDENT'S REPORT

A. Approval of 2018 Operating Goals, Resolution # 2017-20

A RESOLUTION adopting the recommendation of the District Board for 2018 Operating Goals for the Washington State Convention Center Public Facilities District.

Mr. Blosser advised that the 2018 Operating Goals were discussed at the Board Retreat and contain two Board goals, one Staff goal, and the remaining goals are related to the Board Committees. Beginning in 2018, the goals will be reviewed at least twice in each Committee to ensure they are on track for completion or to provide an explanation as to why the goal(s) will not be met. The Long-Range Planning Committee has been formed for 2018 and will meet to review the Committee charge and create Committee goals to be added to the 2018 Operating Goals. Once revised, the goals packet will be brought to the Board for review/approval. At this time staff and the Operating Goals Committee are recommending approval of Resolution # 2017-20.

Mr. Hillis made a motion to approve Resolution # 2017-20, adopting the 2018 Operating Goals for the District. Ms. Gonzalez-Murillo seconded and the motion was carried by the unanimous affirmative vote of all Directors present.

B. Approval of WSCC Social Media Policy, Resolution # 2017-21

A RESOLUTION of the District Board establishing the District's Social Media Policy.

Mr. Blosser advised that staff has created the Social Media Policy regarding how the District will engage in social media activities. Resolution # 2017-21 directs the President/CEO to create operating procedures to align and carry out the Board Policy on social media. Mr. Blosser will bring the WSCC Social Media Operating Procedure to the December 19, 2017 Board meeting for review prior to the program being implemented in 2018.

Mr. Hillis made a motion to approve Resolution # 2017-21, approving the District's Social Media Policy. Ms. Gonzalez-Murillo seconded and the motion was carried by the unanimous affirmative vote of all the Directors present.

VII. STAFF REPORTS

A. Parking Report

In Mr. Tesfaye's absence, Mr. Firth reported that parking revenues for October 2017 were down 5.85% from the revenues reported in October 2016; and October YTD revenues were up 4.21% from the same period in 2016, mainly due to the event mix in the building. WSCC's monthly parking for the main garage is currently at full capacity. There is currently no wait-list for the garages.

As per the Chairman's request, Mr. Firth provided a report showing the average income per stall / per category / per month – public versus monthly parking per building and employee parking. Mr. Firth reported that for the month of October 2017, average rate per day per stall was:

- Freeway Park garage has 660 stalls available. There are 3 categories: Monthly Parking (428 parkers) at an average rate per stall of \$235.06 per month; Employee Debit Card (550 card holders) at an average daily rate per stall of \$40.89; and Daily Parkers with an average daily rate per stall of \$30.12. Monthly Parking usage averaged 380 per day (58%); Employee Debit Card usage averaged 22 per day (10%); and Daily Parking usage averaged 22 per day (12%). Total stalls occupied on average were 525 per day, or 80%.

- 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 (415 parkers) at an average monthly rate per stall of \$180.06; Validations (14 average per day) with an average rate per stall of \$5.89; HCF, Admin & Validation (4 average per day) at an average rate per stall of \$1.64; Employee & Retail Monthly Parking (31 average per day) at an average monthly rate per stall of \$13.51; and Carpool and Unassigned Monthly Parking (5 average per day). Daily Parkers average usage was 415 per day (51%); Validations average usage was 14 per day (2%); HCF, Admin & Validation average usage was 4 per day (0%); Monthly Parking (Employee & Retail) average usage was 31 per day (4%); and Monthly Parking (Carpool & Unassigned) average usage was 5 per day (1%). Total stalls occupied on average were 468 per day, or 57%.

B. Food Service Report

Mr. McFadin reported total sales for October 2017 were down \$420,573 from forecast, and below prior year by \$1,629,457. Total costs for October 2017 were higher than forecast by \$173,664 primarily due to the fixed costs, event mix in-house and product costs. October 2017 total WSCC PFD profit was down \$1,229,431 from prior year however \$594,237 below forecast. Year-to-date sales are \$477,202 above forecast and \$2,531,964 below prior year. Food service return to WSCC PFD year-to-date is below forecast by \$790,638 and down \$2,057,422 from prior year. ARAMARK continues to focus on the Food Management and Labor Management programs and reports are showing positive results.

## IX. FINANCIAL REPORT

Mr. Firth reported October 2017 total operating revenues were down 37.5% compared to the same period in 2016 and below budget by 17.9%. For the month of October 2017, Food Service revenues were below budget by 23%. Retail revenue was down 26%, Building Rent revenue was up 19%, Parking revenue was down 6.7%, and Facility Services revenue was below budget by 50.9%. Year-to-date Operating Revenues were 2.9% ahead of budget at \$30,151,555, and below prior year by 5.8%.

Operating expenses for October 2017 were above budget for the month by 6.5%; and the corresponding sales were down 17.9%. Staff continues to conservatively manage expenses in FY2017. Operating loss for October 2017 was \$270,785, an increase of 155% over budget due to Employee Benefits, Utilities, Wages, Maintenance & Repair, and Food Service costs. Year-to-date the operating surplus through October totaled \$412,851.

For the month of October 2017, marketing revenues were below budget by 5%; and the monthly marketing expenses totaled \$1,538,324, below budget by 6.6%. Year-to-date October 2017 total Marketing revenues were up 12.2% compared to the same period in 2016, and ahead of budget by 2.4%. Marketing expenses for year-to-date 2017 totaled \$10,661,093, ahead of budget by 0.5%. Marketing surplus for October was \$124,692, a decrease of 4.8% over the same period in 2016. Year-to-date the marketing surplus through October totaled \$600,408, up from budget by 55.5%.

In 2013, the Board authorized a funding mechanism to support efforts necessary to explore expansion feasibility, now called Addition Budget. Addition Project Fund expenditures for October 2017 were \$5,422,460.

Non-Operating Revenues for the month of October was \$10,782,229, below budget by 3.8%. Non-Operating Revenues year-to-date through October 2017, for regular and additional lodging taxes, totaled \$10,742,138. Non-Operating Expenses during the month for transfer of additional lodging tax, debt service, capital improvement projects, and addition budget totaled \$9,791,422, over budget by 20.5%. Non-Operating Expenses year-to-date through October 2017, which includes transfer of additional lodging tax, debt service, capital improvement projects and the addition budget, totaled \$75,165,473, over budget by 4.2%.

Mr. Firth advised that the forecast for the 2017 fiscal year is tracking 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 twenty (20) minutes. The purpose of the Executive Session was to review the WSCC President's performance for fiscal year 2017, and consider an amendment to the contract and compensation for fiscal year 2017. The Executive Session commenced at 4:05 p.m. and lasted twenty minutes. In addition to the Board members present (Finneran, Brown-Archie, Flowers, Hillis, Gonzalez-Murillo, Moriguchi), attendance at the Executive Session included Mr. Blosser and Mr. Hendricks. The regular open meeting reconvened at 4:25 p.m.

Upon reconvening, the Chairman asked if a Board member would make a motion acknowledging that the WSCC President, having received a performance review for fiscal year 2017 as submitted to the Board by the Chairman at the Executive Session, and having met established criteria for payment of incentive compensation, and that he be awarded the total allowable amount of incentive compensation provided within his existing contract, and approve the third amendment to the President/CEO contract.

Ms. Gonzalez-Murillo made a motion to approve the total allowable incentive compensation to the President / CEO under his current Employment Agreement for meeting all performance criteria set forth in the Agreement, and to approve the third amendment to the President / CEO Employment Agreement to be effective January 1, 2018. Mr. Hillis seconded and the motion was carried by the unanimous affirmative vote of all Directors present.

XI. ADJOURNMENT

Mr. Flowers made a motion to adjourn the November 28, 2017 Board meeting at 4:35 p.m. Ms. Moriguchi seconded and the motion was carried by the unanimous affirmative vote of all Directors present.