

WSSC Addition Committee Meeting
Minutes
November 22, 2016, 10:30 a.m.
WSSC – Room 208

WSSC Board Attendance:

Frank Finneran, Chair - WSSC Board Addition Committee
Bob Flowers, WSSC Board Addition Committee
Craig Schafer, WSSC Board Addition Committee

WSSC Board Absent:

Deryl Brown-Archie, WSSC Board Addition Committee
Jerry Hillis, WSSC Board Addition Committee

WSSC Staff / Consultants in Attendance:

Jeffrey A. Blosser, WSSC President / CEO
Linda Willanger, WSSC VP Administration
Ed Barnes, WSSC VP-Operations
Chip Firth, WSSC Chief Financial Officer
Daniel Johnson, WSSC Administrative Services Manager
Michael Murphy, WSSC Project Coordinator
Matt Hendricks, General Counsel, Hendricks & Bennett
Fred Eoff, Public Financial Management Inc.
Becky Bogard, Bogard & Johnson
Chris Raftery, Raftery CRE (by phone)
Matt Rosauer, Pine Street Group
Jane Lewis, Pine Street Group
Arnetta Libby, Pine Street Group
Matt Griffin, Pine Street Group
Gary Smith, Clark-Lewis

Guests:

Sherilyn Anderson, Wells Fargo
Christine Pihl, RBC Capital Markets

Finneran called the meeting to order at 10:30 a.m. The Committee unanimously approved the consent agenda, and then Finneran asked Griffin to lead the project review. Griffin reminded the Committee that the entitlements are the critical path to starting construction. This includes the FEIS and Design Commission as steps to reach the City Council for the vacations, which is usually the last step to granting the Master Use Permit (MUP). Lewis and Griffin explained more of the detail. The City has helped move some interim steps forward in the past month, and PSG thanks Deputy Mayor Kate Joncas for her help. The next public meetings on the entitlements are a subcommittee briefing of Design Commission members on 12/1/16 and an open house on 12/7/16 to solicit feedback from the public on proposed public benefit concepts.

Griffin reported that nothing was new in the land transactions.

Libby and Griffin reviewed the Sources and Uses report. The current estimate column listed changes in cost, which included about \$10 MM in uses of contingency in the past month -- \$5 MM for added WSST from Sound Transit #3, \$3.5 MM in equity for the marshalling yard after traditional mortgage financing, and \$2 MM for added financing costs for the expected increased financing proceeds. The next major test on the costs will be Clark/Lewis' estimate from the Design Development (DD) drawings late in the first quarter of 2017.

Libby explained that the tax revenue increased less in 2016 than forecast, which puts pressure on the financing. Eoff commented on the rising interest rate environment, which also adds pressure. PSG commented on the need to understand the tax revenue and interest rates better before sending the detailed information to the Department of Commerce.

On the co-development, Rosauer explained that the design team was pushing for a satisfactory level of completion of the co-development pieces before year-end to qualify under the existing energy code.

On quality, Rosauer briefed the Committee on the work by LMN and the push to complete the DD drawings before Christmas. Accordingly, the team is trying to hold design refinements until that is completed. Lewis reported on the outreach efforts and the art program.

Rosauer explained the TPSS contract. After various questions, the Committee agreed to submit it to the Board for approval with the motion drafted by Hendricks.

As the last item, Finneran led the discussion on the anticipated cash flows in 2017 for the Addition. Libby explained that parts of the cash outflows and the total was based on starting construction in September 2017. Firth explained how these cash flows fit into the overall use of funds by WSCC. The Committee agreed to move this analysis to the Board for approval.

Finneran adjourned the meeting at 11:30 a.m.