

## Minutes

Washington State Convention Center  
Public Facilities District

Regular Meeting of the Board of Directors  
May 22, 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 The Conference Center (TCC) - Chelan 2, of the Convention Center.

### MEETING ATTENDANCE

#### Board Directors in Attendance

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

#### 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

Keith Hedrick, ARAMARK  
Melinda Altamirano, ARAMARK  
Matt Shea, ARAMARK  
Rebecca Bogard, Bogard & Johnson, LLC  
Jaime Rossman, Washington State Department of Commerce  
Eric Hovee, E.D. Hovee Inc.  
Matthew Hendricks, Hendricks - Bennett, PLLC  
Colin Green, LMG  
Jill Hashimoto, LMG  
Fred Eoff, PFM Financial Advisors, LLC  
Paul Bloom, Goldman Sachs  
Brendon Vinnicombe, Goldman Sachs  
Chris Higgins, Goldman Sachs  
Tim Rattigan, Citibank  
Stacey Lewis, Pacifica Law Group  
Deanna Gregory, Pacifica Law Group  
Matt Griffin, Pine Street Group  
Rob Hampton, Visit Seattle  
Kelly Saling, Visit Seattle  
Kris Cromwell, Visit Seattle  
Patrick Smyton, Visit Seattle

Staff in Attendance

Clare Canzoneri	Krista Daniels	Rebecca Emmons
Daniel Johnson	Tamara Mc Donald	Michael McQuade
Michael Murphy	Mary Pauly	Paul Smith
Lorrie Starkweather	Susnios Tesfaye	Ron Yorita

II. APPROVAL OF MINUTES

March 27, 2018 WSCC PFD Regular Board Meeting

Ms. Brown-Archie made a motion to approve the minutes of the March 27, 2018 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. There were no public comments.*

IV. CHAIRMAN'S REPORT

A. 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:

1. Ratification of Additional Facility Project Contract List, April 2018
2. Ratification of Additional Facility Project Contract List, May 2018
3. Approval of Additional Facility Project Draw Schedule Payments, #41 (April 18, 2018)
4. Approval of Additional Facility Project Draw Schedule Payments, #42 (May 18, 2018)

Informational Items:

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

Mr. Hillis made a motion to approve the Consent Agenda as presented. Mr. McLaughlin seconded and the motion was carried by the unanimous affirmative vote of all Directors present.

V. PFD COMMITTEE REPORTS

A. Addition Committee

1. Update

Mr. Finneran acknowledged the significant team work that has taken place in order for the Addition Project to receive the vote of approval from the City Council for the street & alley vacations required for the project. This has been a very lengthy process with a myriad of pieces, and while it's been an endeavor involving many people, Mr. Finneran wished to single out the efforts of two specific Directors, Ms. Deryl Brown-Archie and Ms. Nicole Grant who both worked very hard from their respective points of view to get things done; Pine Street Group, specifically Ms. Jane Lewis and Mr. Matt Griffin; Mr. Joe Woods, Pacific Public Affairs, for his liaison work with the City Council members. Mr. Finneran also wished to acknowledge Ms. Denise Moriguchi's efforts on the City of Seattle's Head Tax issue. Mr. Finneran highlighted the milestone of receiving the City Council's approval for the street and alley vacations and the importance of this step for our project going forward. There are only a few required items remaining before we can turn a spade on this project, and once these are complete we can begin to formulate/implement the plan to finance and build our addition. Mr. Finneran requested Mr. Griffin provide the Board with an overview of the Addition Project.

Mr. Griffin advised that, as the Chairman mentioned, we were fortunate to get through the City Council votes which is a key piece of our entitlements, and the next piece of the entitlements is the Master Use Permits which is hoped to be done by end of June 2018. If the Master Use Permits are received in June, work could possibly begin in July.

On the construction side we continue to be in a volatile market. Negotiations are continuing for the construction contract. We have a construction budget of \$930 million.

On the King County property, work is continuing with King County on the easements and once we get through the Master Use Permits we anticipate closing on the purchase of their property in the next 4 to 6 weeks.

## 2. Washington Department of Commerce: WSCC Expansion Build-Out Operating Feasibility Study

Mr. Finneran advised that a number of years ago, the Legislature adopted a process for Public Facilities Districts (PFD) financing and expansion programs which requires the Department of Commerce to do an analysis of the PFD proposals and prepare an independent financial feasibility review. Mr. Blosser introduced Mr. Jaime Rossman, Policy Advisor, with the Washington State Department of Commerce, and Mr. Eric Hovee from E.D. Hovee & Company, LLC to go through the Independent Financial Feasibility Review as required by the Legislature for any PFD that is going to finance a project.

Mr. Rossman stated that in 2012 the Legislature passed SSB-5984 in response to a default on \$42 Million in bond and participation notes by a PFD. This Bill provided the jurisdictions involved in that specific default additional taxing authority to get themselves out of that situation; also put in place a general prohibition on agreements that restrict a PFD's ability to access its own taxing authority; and added an "independent financial feasibility review" requirement prior to formation of a new PFD, or issuance of debt or development/acquisition of a facility by a PFD. Mr. Rossman advised that the Department of Commerce (DOC) has completed six other reviews and provided a brief explanation of the review process. The PFD submits project information and supporting documents to DOC. DOC and PFD estimate scope, cost, and timeline for the review; execute interagency cost-recovery agreement; DOC procures qualified independent consultants to conduct the review. The independent consultant reviews financial feasibility and avenues of risk; develops a draft report describing expected costs to the PFD and adequacy of revenues and expected revenues to meet those costs. DOC evaluates the draft report compliance with statute and the PFD reviews the draft report and identifies material errors or omissions. The consultant prepares final version of report. DOC transmits the final report to the PFD, state officials, local stakeholders and the public. Mr. Rossman stated that DOC's role is not to approve or reject a PFD's plans. The review provides local decision makers with objective and timely analysis of the project's financial feasibility. The review can help reduce project risks and may help assure the community that the project is on the right track. For this DOC review, the DOC worked closely with Mr. Blosser to prepare the scope of the review, and a decision was made to break it into two phases because the acquisition of the King County property and potential issuance of a promissory note was to occur earlier in the Project than the later stages of the project and the analysis of the King County property acquisition was completed previously. DOC procured E.D. Hovee & Company, LLC to do the review, and after a lot of back & forth we are producing a final report which should be published by May 24, 2018.

Mr. Rossman introduced Mr. Eric Hovee of E.D. Hovee & Company, LLC. Mr. Hovee provided a summary of the work that has been done over the course of the last three years. He spoke to the purposes of the review and stated that this was a two-phase review: Phase 1 – done in 2015 and was focused on the land acquisition and the financing feasibility; Phase 2, presented today, which is the build-out and operating feasibility. The reality of course is that the Land Acquisition piece has also changed and so the report presented reflects a combination of both of those functions. The report contents include: WSCC Addition Overview; Institutional Arrangements; Development Cost & Financing; Operating Budget; Risk Factors & Mitigation; and Summary Observations.

### 3. Update and Approval of Addition Project Financial Plan

Mr. Eoff introduced two members of the underwriting team, Mr. Tim Rattigan (Citibank) and Mr. Chris Higgins (Goldman Sachs), and advised that a comprehensive briefing was provided to the Finance Committee this morning and a condensed version was provided to the Addition Committee. Mr. Eoff and Mr. Rattigan summarized the components of the recommended plan of finance and advised that this plan now consists of a combination of fixed rate First Priority bonds and Subordinate Priority bonds. The objective will be to maximize the amount of net proceeds deposited to the construction fund with the initial financing in 2018 thus reducing the necessary amount of future funding and minimizing tax growth and interest rate risks associated with the final future financing. Mr. Eoff spoke of the key factors that are incorporated into the finance plan. Providing that if the Addition Project is successful with the Master Use Permits being delivered on time, that will allow the team to stay on track with the current pricing schedule. That schedule contemplates the commencement of an Investor Roadshow, in person with select major institutional investors in Chicago, Boston and New York. The kick-off date is immediately following the July 24, 2018 WSCC Board meeting, with the meetings starting on July 25, 2018 and pricing beginning in New York on July 31 into August 1, 2018 and assuming that happens, a deposit will be made to the project fund about 1 week later. It is anticipated that these funds will cover all of the project disbursements through the early part of 2021. The timing of the second financing in early 2021 will complete the necessary funding.

Mr. Flowers advised that the Finance Committee had an in-depth discussion and review of the Finance Plan and the Addition Committee was provided a summary of the plan. Both Committees are recommending approval of the Finance Plan. Mr. Flowers made a motion to approve the Financing Plan as presented. The elements of the Finance Plan and the underlying assumptions are reasonable and will accomplish full funding of the Addition Project based on currently known circumstances and assumptions regarding future events. Mr. Hillis seconded and the motion was carried by the unanimous affirmative vote of all Directors present.

Mr. Finneran advised that the Board would revisit this item in June at a Special Meeting of the Board to approve the bond resolution being prepared by Ms. Stacey Lewis of Pacifica Law Group. Ms. Lewis advised this will require an in-person quorum of the Board due to the complexity of the documents.

### 4. Addition Project Sources & Uses Document

Mr. Finneran requested Mr. Griffin provide an update on the Sources & Uses document. Mr. Griffin advised the Board packets included an update of the WSCC Addition Financing Plan for Sources & Uses. The costs have been updated as of May 16, 2018 and includes the source information that was presented by Mr. Eoff. The Finance Committee and the Addition Committee have reviewed this document at today's meetings. Ms. Brown-Archie requested that for those who weren't in attendance at the Finance and Addition Committees, that the page and reference could be provided. Mr. Finneran advised that the document shows a Total Development budget of \$1.7 billion and that the Finance and Addition Committee are recommending that the Board approve the WSCC Addition Financing Plan for Sources & Uses document. Mr. Hillis made a motion to approve the WSCC Addition Financing Plan for Sources & Uses document, dated May 16, 2018, as presented. Mr. Flowers seconded and the motion was carried by the unanimous affirmative vote of all Directors present.

#### B. Government Affairs Committee

##### 1. Approval of Imposing Excise Tax, Resolution # 2018-3

A RESOLUTION of the Board of Directors of the Washington State Convention Center Public Facilities District imposing excise taxes and amending prior Resolution No. 2010-6.

Ms. Brown-Archie advised that the Government Affairs Committee met today and one of the items discussed was next steps for HB-2015, the legislation signed by the Governor following the conclusion of the 2018 Legislative Session. With the passage of HB-2015 to change taxing of the under

60 room hotels, the District is authorized to enact the 7% tax by State legislation in 2018, and is required, by resolution, to formally adopt charging the taxes for lodging sales and additional lodging tax sales for the new category of 'under 60 rooms'. The District's approval of this action will set in motion the collection of these taxes by the State along with the requirement that the District make certain payments to the City of Seattle and to King County. The District is required to provide a 75-day notice of such approval of this change to the Washington State Department of Revenue to undertake setup for the collection process. As well, this resolution will be provided to the City of Seattle as documentation for repealing the City Council's ordinance on the STR tax that was recently passed.

Ms. Brown-Archie made a motion to approve Resolution # 2018-3, for the District Board to authorize the imposing of excise taxes and amending prior Resolution # 2010-6. Ms. Moriguchi seconded and the motion was carried by the unanimous affirmative vote of all Directors present.

2. Government Relations Consultant Report

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

Ms. Bogard, at Ms. Brown-Archie's request, provided an update on pending Board reappointments/appointments. There are five (5) board terms expiring on July 30, 2018: King County Executive appointments – Mr. Finneran, Ms. Brown-Archie; Mayor of Seattle appointments – Mr. Flowers, Ms. Grant; and Governor's appointment – Mr. Hillis. Ms. Bogard has been working with the three governing agencies regarding the appointments and will report back with any updates.

C. Finance Committee

1. Update

Mr. Flowers advised that the Finance Committee met this morning and reviewed the Addition Project Financing Plan and the WSCC monthly financial report for April 2018.

2. Investment Report

Mr. Flowers advised that the Finance Committee met on April 24, 2018 and reviewed the 2018 first quarter investment update on the WSCC PFD portfolio of investments currently managed by Government Portfolio Advisors.

D. Facility Committee

1. Update

Mr. Hillis advised that the Facility Committee met today and Mr. Blosser provided an update on WSCC Capital Projects. The Sales Studio project (next to the Administration Offices) is on target to be completed by the end of 2018. The Committee is looking at ways to free up funds for existing facility maintenance/upgrades going forward.

E. Outreach Committee

1. Update and Approval of Addition Project MWBE Goals

Ms. Moriguchi advised that the Outreach Committee had reviewed and discussed the document as provided to the Board in their packets and is recommending approval of the WMBE goal on the Addition Project of \$80 million.

Ms. Moriguchi made a motion to approve the WMBE goal on the Addition Project of \$80 million. The definition for WMBE follows the City of Seattle definition which is state-certified or self-identified firms that are at least 51 percent (51%) WMBE-owned which includes Black, Asian, Hispanic, Native American and white female owned firms. Ms. Grant seconded and the motion was carried by the unanimous affirmative vote of all Directors present.

### 3. Update and Approval of Priority Zip Code Hiring and Apprentice Goals

Ms. Moriguchi advised that the Outreach Committee had reviewed and discussed the document as provided to the Board in their packets and is recommending approval of the Priority Hire goal for the Addition Project of 19 percent.

Ms. Moriguchi made a motion to approve the Outreach support plan which is to be incorporated into the Project Labor Agreement (PLA) upon final approval by the Seattle Building and Construction Trades Council which supports the Priority Hire goals for the Addition Project of 19 percent (19%) of labor hours worked on the project be from Priority Hire zip codes, with an aspirational goal of 26 percent (26%). Ms. Grant seconded and the motion was carried by the unanimous affirmative vote of all Directors present.

## VI. VISIT SEATTLE & WSCC Sales Reports

### A. Visit Seattle Destination Overview

Mr. Smyton reported that Smith Travel Research report for the month of April 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 April with an occupancy rate of 82.4%, down 2.1% from the same period in 2017; RevPAR was down 1.2% and ADR had an increase of 0.9% as compared to the same period last year. In April 2018, Boston CBD/Airport topped the competitive set for the month with an ADR of \$274. Seattle Downtowns ADR (\$203) finished the month in the sixth spot.

Mr. Smyton reported that due to the amount of change in the Seattle market in terms of new hotels that have opened or are scheduled to open, a different look is being provided for 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. Visit Seattle presented a new slide to represent some of those changes. For instance, Seattle YTD RevPar is down 0.6%, but because our supply has increased over 5% over the year, we are up almost 5% 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 April 2018 YTD yearly definite production blended goal was 149,150, with actuals coming in at 122% of goal (181,778). The breakdown for the WSCC sales production was 88,932, 120% of goal, and Hotel Production was 192,846, 124% of goal. WSCC actualized consumption goals for the month of April 2018 realized total room night production of 14,457, and Hotel numbers were 34,844.

Ms. Saling reviewed WSCC lost and waived room nights for April 2018 YTD:

- 254,158 room nights were lost (business bid on, but was not awarded) primarily because of WSCC size, hotel rates, and date availability.
- 196,817 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 April 2018, WSCC & Visit Seattle Sales staff combined top-line rent totaled \$524,291 for Convention Center contracted bookings. Year-to-date, combined top-line rent was 101.24% of goal, totaling \$6,060,585. Groups hosted April YTD realized 8,208 in hotel room night bookings, with 112,141 delegates, and an estimated \$3,886,015 in top-line revenues.

During April, WSCC Sales staff booked 23 new events into the Center to infill around convention business booked by Visit Seattle. Cumulatively, these 23 WSCC booked events represent over 12,137 in estimated attendance, 990 associated room nights, and combined topline revenues of over \$566,694 for rent, food & beverage, parking and subcontractor services.

## VII. PRESIDENT'S REPORT

### A. 2017 Annual Report

Mr. Blosser advised that the 2017 Annual Report is nearing completion. A final draft document will be emailed to Mr. Finneran and the Directors for review, and we anticipate the electronic launch of the Annual Report, by email, in late June.

### B. Report on BUILD 2018

Mr. Blosser provided an update on the BUILD 2018 event. This is the second year we have had BUILD in the facility. In 2017, there were slightly over 8,000 people in attendance. This year, we had 9,665 people. The facility was full and all WSCC team members were outstanding in their support of this event in all areas of the operation. There were 2,000 speakers and BUILD staff on hand for this event. We served 9,600 lunches every day. There was no space for all these people to eat inside the building, so we were thankful for the great weather to accommodate the outdoor eating spaces in Freeway Park with tenting and seating. We had 1.5 million hits on the website which was significant for a 4-day show and WSCC service contractor Smart City did an excellent job with connectivity for this event. The biggest item of note with this event is that we set a one-day food & beverage record for WSCC of \$1, 010, 578. ARAMARK staff did an awesome job as this takes a huge amount of planning and execution.

### C. WSCC 30<sup>th</sup> Anniversary Update

Mr. Blosser provided an update on WSCC's 30<sup>th</sup> Anniversary Celebration. Friday, June 8<sup>th</sup> is the Center's 30<sup>th</sup> Anniversary Community BBQ and celebration of community relationships. Current and emeritus Board members have been invited to participate in a commemorative photo at the event. We anticipate up to 500 attending from community, business, staff, contractors, clients and new neighbors adjacent to the Addition site. Displays with memorabilia and photographs from our 30-year history, the 1988 travelling model and a newer wood model by WSCC, renderings of the new Addition Project and LMN's model, Exhibitor tables, music from the past 30 years, and a terrific array of food from our ARAMARK team including hand-stretched artisan pizzas, BBQ sliders, chocolates, ice cream, etc., will be provided for all to enjoy.

### D. WSCC Social Media Program Update

Mr. Blosser provided an update on the WSCC Social Media Policy, approved by Resolution 2017-21 in November 2017. Staff is proceeding with start-up plans for Social Media and an update has been provided to Ms. Moriguchi, Chair of the Outreach Committee. We have hired Ms. Melissa Forziat, Principal, Melissa Forziat Events and Marketing, to work with staff to develop the communications planning and start-up of WSCC Social Media. A soft launch with Facebook and Twitter will take place in June, with added partners to be engaged in the next few months prior to activation on the WSCC website by end of August. WSCC staff have been connecting with Visit Seattle Marketing and Pine Street Group regarding our social media start-up. We will continue ongoing planning to assure clear message content channels for each entity with Visit Seattle focused on Seattle destination marketing, Pine Street Group / Nyhus Communications focused on construction and WSCC focused on marketing, community outreach and operations.

### E. WSCC Intern Program Update

Ms. Willanger reported that as part of our long-range succession planning efforts, WSCC is excited to launch an official internship program. This program will help attract locally-based talent while building the Center's reputation as a premiere employer in the hospitality industry. WSCC's Administration Department developed the Internship Program in 2017, and staff member Ms. Rebecca Emmons (Administration Projects Specialist) is leading this project. Outreach began in October by

contacting five Washington State based hospitality programs. We began accepting applications in March. Our outreach included targeted recruitment from the hospitality programs as well as an open call to relevant business programs at Seattle based schools such as the University of Washington and Seattle University. In all, we had a very good response with 28 total applicants. Applications were blindly reviewed to decrease chances of implicit bias in the hiring process. Of these applications, two candidates have been hired for the summer: Ms. Brenda Hidalgo (from Washington State University's Hospitality and Business Management Program in Pullman) an Event Services intern; and Mr. Edan Patterson (from Foster School of Business at University of Washington) as a Sales intern.

#### VIII. STAFF REPORTS

##### A. Parking Report

Mr. Tesfaye reported that parking revenues for April 2018 were down 3.5% from the revenues reported in April 2017; and April YTD revenues were up 4.86% 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. There is a small wait-list for both garages.

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

- Freeway Park garage has 660 stalls available. There are 3 categories: Monthly Parking (360 parkers) at an average use per day of 319 (48%), with average rate per stall of \$235.48 per month; Employee Debit Card (580 card holders) at an average use per day of 59 (9%); and Daily Parkers with an average use per day of 94 (14%), with average rate per stall of \$34.29. Total stalls occupied on average were 473 per day, or 72%.

- WSCC garage had 815 stalls available. There are 5 categories: Monthly Parking (129 parkers) at an average rate per stall of \$272.48 per month; Daily Parkers; Validations; HCF, Admin Validation; Employee & Retail Monthly Parking; and Carpool and Unassigned Monthly Parking. Daily Parkers average usage was 490 per day (60%); Validations average usage was 15 per day (2%); HCF, Admin & Validation average usage was 2 per day (0%); Monthly Parking (Employee & Retail) average usage was 37 per day (5%); and Monthly Parking (Carpool & Unassigned) average usage was 4 per day (0%). Total stalls occupied on average were 547 per day, or 67%.

##### B. Food Service Report

Ms. Altamirano reported total sales for April 2018 were \$1,254,183, exceeding forecast by \$335,155, and up \$62,569 from prior year. Total costs for April 2018 were \$805,344, which exceeded forecast by \$290,689 primarily due to the labor and direct costs for event-based business. Year-to-date, Product Costs came in at 15.9%, 3% below forecast, and Labor costs came in 8.2% above forecast. April 2018 total WSCC PFD revenue was \$407,981, exceeding forecast by \$42,456, and \$67,514 over prior year. Year-to-date sales are at \$8,693,973, exceeding forecast by \$819,907, and \$1,291,664 above prior year actuals. Food service return to WSCC PFD year-to-date is \$3,514,616, exceeding prior year by \$510,345. ARAMARK continues to focus on the Food Management and Labor Management programs and reports are showing positive results.

#### IX. FINANCIAL REPORT

Mr. Firth reported April 2018 total operating revenues were up 12.4% compared to the same period in 2017 and ahead of budget by 8.1%. For the month of April 2018, Food Service revenues were above budget by 2%. Retail revenue was up 17.2%, Building Rent revenue was down 9.9%, Parking revenue was down 2.2%, and Facility Services revenue was ahead of budget by 40.1%. Year-to-date Operating Revenues were 7.9% ahead of budget at \$14,515,301, and above prior year by 13.2%.

Operating expenses for April 2018 were below budget for the month by 1.9%. Expenses Year-To-Date are 3.3% over budget. Operating surplus for April 2018 was \$125,962, an increase of 188.2% over budget. Year-to-date the operating surplus through April totaled \$1,605,046.



For the month of April 2018, marketing revenues were below budget by 8.1%; and the monthly marketing expenses totaled \$819,051, below budget by 5.8%. Year-to-date April 2018 total Marketing revenues were down 3.4% compared to the same period in 2017, and below budget by 2.7%. Marketing expenses for year-to-date 2018 totaled \$3,249,885, below budget by 2.8%. Marketing loss for April was \$14,784, a decrease of 153.9% over the same period in 2017. Year-to-date the marketing loss through April totaled \$22,711, below budget by 16.1%.

Addition Project Fund expenditures for April 2018 were \$10,545,088.

Non-Operating Revenues for the month of April were \$5,032,591, below budget by 12.4%. Non-Operating Revenues year-to-date through April 2018, for regular and additional lodging taxes, totaled \$20,755,899. Non-Operating Expenses during the month for transfer of additional lodging tax, debt service, capital improvement projects, and addition budget totaled \$13,319,680, below budget by 8.1%. Non-Operating Expenses year-to-date through April 2018, which includes transfer of additional lodging tax, debt service, capital improvement projects and the addition budget, totaled \$42,269,761, below budget by 15.4%.

Mr. Firth advised that the forecast for the 2018 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) as permitted by the Open Public Meetings Act for twenty (20) minutes. The purpose of the Executive Session was to review two separate matters: 1) Consistent with RCW.42.30.110(1)(g), to review the performance of a public employee; and 2) Consistent with RCW.42.30.110(1)(i), to discuss with legal counsel representing the agency litigation or potential litigation. The Executive Session commenced at 4:25 p.m. and lasted twenty minutes. In addition to the Board members present (Finneran, Brown-Archie, Flowers, Gonzalez-Murillo, Hillis, McLaughlin, Moriguchi, Schafer), attendance at the Executive Session included Mr. Blosser, Ms. Pauly, Mr. Hendricks and Ms. Bogard. The regular open meeting reconvened at 4:45 p.m.

XI. ADJOURNMENT

Mr. Hillis made a motion to adjourn the May 22, 2018 Board meeting at 4:49 p.m. Ms. Gonzalez-Murillo seconded and the motion was carried by the unanimous affirmative vote of all Directors present.