

WASHINGTON STATE PUBLIC STADIUM AUTHORITY

September 28, 2017

BOARD MEETING

CenturyLink Field
Public Stadium Authority
800 Occidental Ave. S.
Seattle, WA 98134

MINUTES

I. Call to Order

Board Chair Fred Mendoza called the meeting to order at 12:33 p.m. Other Board members present were: Bill Lotto, Randy Loomans, Joel Ing, and Cindy Zehnder. Jud Marquardt and Vice Chair Jake Jundt were excused. Staff members in attendance were Executive Director Ann Kawasaki Romero, Project Manager Steve Woo and Business Manager Jodi Todd.

II. Approval of Minutes

Minutes

Minutes of the July 20, 2017 special Board meeting.

Motion by Member Loomans, second by Member Ing to approve the minutes of the July 20, 2017 special Board meeting.

Motion carried unanimously 5-0.

III. Public Participation

There was no public participation.

IV. Administrative Briefings

- Compliance Review Reports:
CenturyLink Field Event Center Statement of Revenues, Expenses and Net Profits
Don Busch, Branch Richards, reported on their compliance review of the Event Center profit and loss statement for First & Goal Inc.'s (FGI) fiscal year ending March 31, 2017. Mr. Busch stated they performed their normal review of the standard operating procedures and randomly selected three events from the Event Center to test. This year they chose a concert in the WaMu Theatre and two consumer shows. After looking at a sample of transactions, there were no significant findings or corrections. A review of the expenses--both direct and indirect-- was also done to verify the information used in the net income calculation. The test sample information was also found to be correct. In general, the Event Center's net income increased 17% from the prior year. As a result, the profit sharing figure payable to the State Common School Fund based on

the net income was \$509,124. Indirect cost allocations increased from 14.08% to 17.49% based on attendance entering the Event Center as a percentage of total attendance. Mr. Busch suggested the Authority consider evaluating whether the current methodology for allocating indirect expenses remains the most equitable approach, or whether it should be modified. He will follow up with PSA staff to discuss.

Admissions and Parking Taxes

A review of the applicable admissions and parking taxes collected at both CenturyLink Field and the CenturyLink Field Event Center was successfully completed for the fiscal year ending March 31, 2017. Mr. Busch stated that the methodology used by FGI relating to the accounting and remittance of the admissions tax for both Event Center events and Seahawks games were materially accurate and improved from the prior year. Admission tax collections for Seahawks games during the analysis period of May 2016 through April 2017 increased 19% over the prior year.

Branch Richards also performed an analysis and testing of the Seattle Sounders FC ticket sales. The reported revenue and related taxes for the 2016 season indicated an increase of approximately 1% over the prior season. The Sounders indicated that no admissions taxes were collect or remitted for 3 COPA America soccer matches played in 2016. US Soccer, the organization that sold the COPA tickets, considered itself exempt from collecting and remitting admission taxes on the events. This issue is pending a final decision by King County regarding whether US Soccer qualifies for an exemption under King County Code.

Affordable Priced Seats

The Affordable Priced Seats Report submitted by FGI for the 2016 season was reviewed. Section 8.1.2 of the Master Lease, as amended, requires at least 10 percent of the spectator seats for each home game to be made available for purchase at an "affordable price", which is calculated based on the average of the lowest ticket prices around the league. The data submitted by FGI was reviewed and information verified by contacting some of the other NFL teams. This calculation is somewhat complicated by the league's variable pricing practices. Slight adjustments were needed to account for situations where the same seat may have different costs depending on the opponent. Mr. Busch concluded that the affordable priced seat requirement was not met for single game tickets for the 2016 season. Consistent with Section 8.1.2.3 of the Master Lease, an "Aggregate Adjustment Amount" was calculated, which equates to a \$.021 required reduction in the price of the single game tickets offered for sale for the 2017 season. The Seahawks made the required adjustment and their correction complies with the remedy stipulated in the Master Lease.

2. Major Maintenance and Modernization Program Update

Zach Hensley, FGI Assistant General Manager, introduced Scott Baebler, FGI Director of Event Operations and Guest Services. Mr. Baebler is temporarily overseeing Facilities & Maintenance. Mr. Hensley then provided an update on 2017 Major Maintenance and Modernization Projects. They included:

- Ongoing repair of expansion joints;
- Concessions, dressing room, and lobby refresh in the WaMu Theater;
- Boiler replacement (scheduled for November);
- Upgrade of concession stands, including the addition of the neighborhood "Night Market" in the stadium's west field plaza;
- Addition of restroom fixtures on the Upper Concourse (resulting in a 32% increase in fixtures);
- Upgrade of club suite #48;
- Completion of year 3 of a 5-year plan to upgrade video access control and management in security operations; and
- An overview of future projects, including club restroom upgrades, sprinkler pipe corrosion repair/replacement, wayfinding upgrades, and Seattle Building Code "tune-up" requirements.

3. General Manager's Report

David Young, FGI General Manager, briefed the Board on the following:

- The facility hosted three successful stadium concerts in 2017;
- The WaMu Theatre is on track to match or exceed the concert load from 2016;
- The Amazon employee picnic had 40,000 attendees over two days. It was a very successful event utilizing the entire facility;
- Consumer show season starts in September with the two Home Shows, and the Auto, RV and Boat Shows;
- FGI is working with the Sounders and the Mariners on the 2018 schedule;
- Ed Sheeran has been booked for August 2018;
- FGI has achieved a 97% waste diversion rate the past 4 years and is committed to sustainability; and
- FGI is partnering with Sound Sustainable Farms and Cedar Grove Compost to highlight the sustainability programs at the stadium. At the October 29th Seahawks game, all potatoes sold in the building will come from a farm in Woodinville. This will highlight the sustainability cycle of trash to compost to growing food.

Chair Mendoza stated that he received an increase of comments/complaints about security procedures upon entering the facility. He also witnessed several incidents at recent Sounders games. He asked Mr. Young to address the increase in incidents.

Mr. Young stated that he has not been pleased with the increase of complaints regarding entry into the facility. FGI's first priority is to provide a safe venue. They adopted the NFL's mandated Clear Bag Policy in 2013 for all Seahawks games. During 2017, the policy was implemented for all stadium events including Sounders matches. Simultaneously, the facility has been working towards a Safety Act Designation in the event of a terrorist attack. The Safety Act Designation has stringent security and safety protocols, including the clear bag policy. Unfortunately, this resulted in staff applying very stringent rules, when in the past, there was a bit more discretion. This issue has been addressed with staff.

V. Chair and Director's Reports

A. Chair's Report

Chair Mendoza provided a background summary of the Industrial Lands Advisory Panel. He stated that in July 2016, Mayor Murray created an advisory panel to take a look at all the industrial lands within the City of Seattle with the goal of examining the lands to see what their current uses are and their economic impact. The Mayor is tasked with recommending to the City Council whether any of the current zoning of industrial lands should be changed in their 2018-2019 Comprehensive Plan Amendments. As of now, the Stadium District boundaries have been tabled but that could change with a new Mayor in 2018. The next advisory meeting is on October 12th.

B. Director's Report

- Ms. Kawasaki Romero reported that the City recently released their feasibility study for the Waterfront Local Improvement District (LID) and are in the process of conducting a special benefits assessment study. Staff will continue to follow this issue.
- A memo from PSA legal counsel regarding players kneeling during the national anthem was distributed to Board members which states that the Board has no role in this issue.
- The State Auditor will begin their audit in October.
- Chair Mendoza would like a Board retreat, so staff is looking at January 25th as a potential date to coincide with the afternoon Board meeting. Chair Mendoza added that it's been 20 years since the creation of the Board and he feels it's time to review the mission statement, and duties and obligations of the Board. He encouraged the Board to send topics they would like discussed to Ms. Kawasaki Romero.

VI. Unfinished Business

There were no items for review under this section.

VII. New Business

A. Voucher Approval of Expenses

Vouchers included in blanket Vouchers 571-576 and payroll for the periods ended July 15, 2017, July 31, 2017, August 15, 2017, and August 31, 2017, in a total amount of \$654,468.95.

Motion by Chair Mendoza, second by Member Ing to approve Vouchers included in blanket Vouchers 571-576 and payroll for the periods ended July 15, 2017, July 31, 2017, August 15, 2017, and August 31, 2017, in a total amount of \$654,468.95.

Motion carried 5-0.

B. Naming Rights Reimbursement

There are no items for review under this section.

- C. Resolutions
There are no items for review under this section.

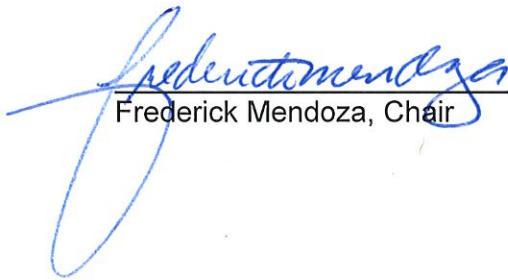
VII. Executive Session

There was no Executive Session.

IX. Adjournment

The regular meeting of the Public Stadium Authority Board adjourned at 2:50 p.m.

Approved this 16th day of November 2017.


Frederick Mendoza, Chair


Jodi Todd, Clerk of the Board