

WASHINGTON STATE PUBLIC STADIUM AUTHORITY

September 24, 2020

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 12:32 p.m. Other Board members present were: Vice Chair Jake Jundt, Joel Ing, Jud Marquardt, Cindy Zehnder, and Randy Loomans. Staff members in attendance were Executive Director Ann Kawasaki Romero, Deputy Executive Director John Marchione, Business Manager Jodi Todd, and Project Manager Charles Gardner.

II. Approval of Minutes

Minutes

Minutes of the May 28, 2020 regular Board meeting.

Motion by Vice Chair Jundt, second by Member Zehnder to approve the minutes of the May 28, 2020 regular Board meeting.

Member Jay Roberts joined the meeting at 12:33 p.m.

Motion carried unanimously 7-0.

III. Public Participation

There was no public participation.

IV. Administrative Briefings

1. Compliance Review Reports:

CenturyLink Field Event Center Statement of Revenues, Expenses and Net Profits

Don Busch, Branch Richards audit consultant, reported on their compliance review of the Event Center profit and loss statement for First & Goal Inc.'s (FGI) fiscal year ending March 31, 2020. To test Event Center revenue, four events were examined: the RV Show, Pacific Marine Expo, and two WAMU Theater shows - The Strokes and Lana Del Ray. No discrepancies were noted for any of the tested events.

A review of the expenses--both direct and indirect-- was completed to verify the information used in the net income calculation. The information was also found to be correct. Overall, the Event Center's adjusted net income of \$2,028,443, and the corresponding 20% contribution to the Common

School Fund of \$405,689 is down 37% from the prior year. Overall, total revenue increased by approximately \$268,841 or 2% while expenses increased by approximately \$1.4 million, or 15% over the prior year (12% in direct expenses and 21% in G&A expense). There were almost \$300,000 in revenue generating events cancelled in March 2020 as a result of the COVID-19 pandemic.

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 completed for the fiscal year ending March 31, 2020. 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 was materially accurate and improved from the prior year. Admissions tax collections for Seahawks games during the analysis period of April 2019 thru March 2020 decreased approximately 4% over the prior year. The decrease is a result of the COVID-19 pandemic and cancellation of football games.

Branch Richards also performed an analysis and testing of the Seattle Sounders FC ticket sales. Admission taxes for the 2019 season increased approximately 20% over the prior 2018 season. Total ticket revenue increased during the year mostly related to the Sounders Championship season and overall, they hosted three additional games in 2019. However, Mr. Busch noted there was no report of revenue or submission of taxes to King County for the months of December or January. The Sounders appear to have under reported ticket revenue collected and have not remitted the corresponding admissions taxes to King County.

RCW 82.32.090 stipulates penalties for paying the taxes late, and he recommended that the PSA request FGI work with the Sounders and King County staff to determine the process related to the unremitted taxes and the amount of penalties to be assessed by King County.

Affordable Priced Seats

The Affordable Priced Seats Report submitted by FGI for the 2019 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. The calculation is somewhat complicated due to 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 met for the 2019 season.

2. Major Maintenance and Modernization Plan Update

Charles Gardner, PSA Project Manager, Zach Hensley, FGI Vice President/Assistant General Manager, and Kathy Brown, FGI Director of Project Development, provided an update on various 2020 Major Maintenance and Modernization Projects. The projects include the Radio

DAS project, WiFi, nitrogen fire suppression system, expansion joint replacements, and COVID-19 related facility modifications.

Mr. Gardner stated that staff recommends adoption of the updated 2020 Major Maintenance & Modernization Plan.

3. General Manager's Report

David Young, FGI Senior Vice President/General Manager, briefed the Board on the facility related effects of COVID-19. He stated that the facility has been empty for months and staff has been working on maintenance upgrades for a touchless fan experience, disinfection of the building, and working through future COVID-19 opening scenarios, etc.

The facility recently began hosting Seattle Sounders and Seahawks games with no fans. Mr. Young stated that all remaining consumer shows have cancelled for 2020. His staff is working with each vendor to rebook them in 2021. He also mentioned that the facility has been used as a staging area for FareStart, Food Lifeline, and a Bloodworks Northwest donation site.

V. Chair and Director's Reports

A. Chair's Report

There was no report given.

B. Director's Report

Ms. Kawasaki Romero reported the following:

- PSA staff will be working with FGI and King County to resolve the Sounders tax remittance issues.
- Staff will be working with the State and Seahawks to obtain refunds on taxes that were remitted to the State in 2020 for games that will not be played.
- Once the debt is paid off in January 2021, admissions and parking tax revenues flow to the PSA. Staff is currently in discussions with King County and OFM to ensure procedures are in place for a seamless transition. She anticipates an amendment to the MOU with King County and OFM regarding tax collection so all parties have a clear understanding moving forward. An update will be provided at the November meeting.
- The Office of the Waterfront issued a DNS checklist for proposed South King Street pedestrian improvements. A truck turning radius analysis was completed which revealed that a proposed curb bulb at 1st Avenue and South King Street would impede the ability of some large truck to make the turn from 1st Avenue to South King Street to access the facility for purposes of moving in events. Staff will be submitting a comment letter to the City by October 1st. The appeal deadline is October 8, 2020.
- The Common School Fund contribution of \$405,689 was sent to State OFM.

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 #651-658 and payroll for the periods ended May 15, May 31, June 15, June 30, July 15, July 31, August 15 and August 31, 2020 in a total amount of \$298,024.78.

Motion by Vice Chair Jundt, and second by Member Zehnder to approve Vouchers included in blanket Vouchers # 651-658 and payroll for the periods ended May 15, May 31, June 15, June 30, July 15, July 31, August 15 and August 31, 2020 in a total amount of \$298,024.78.

Motion carried 7-0.

B. Naming Rights Reimbursement

There were no items for review.

C. Resolutions

1. **Resolution No. 322**

A Resolution of the Board of the Washington State Public Stadium Authority Ratifying an Amendment to the Employment Agreement for the Executive Director of the Authority.

Motion by Vice Chair Jundt, second by Member Loomans to approve Resolution No. 322.

Motion carried 7-0

2. **Resolution No. 323**

A Resolution of the Board of the Washington State Public Stadium Authority Confirming Approval of Modifications to the 2020 Major Maintenance and Modernization Plan for CenturyLink Field and Event Center.

Motion by Vice Chair Jundt, second by Member Marquardt to approve Resolution No. 323.

Motion carried 7-0.

3. **Resolution No. 324**

A Resolution of the Board of the Washington State Public Stadium Authority Ratifying a Third Amendment to the Stadium District Cost-Sharing Agreement with the Washington State Major League Baseball Stadium Public Facilities District.

Motion by Vice Chair Jundt, second by Member Ing to approve Resolution No. 324.

John Marchione, Deputy Executive Director, stated that Resolution No. 324 would ratify a third amendment to the Stadium District Cost-Sharing agreement with the PFD. The amendment amends the scope of work and the amount the

PSA will reimburse for consulting services. The PFD Board has already approved the amendment.

Chair Mendoza stated that the PFD is moving ahead with interests that primarily benefit them and the south end of their property and have no material benefit for the PSA. He agrees with the amendment and reducing the amount the PSA pays for consulting fees. Members Ing and Marquardt agreed with Chair Mendoza. Member Loomans commended Mr. Marchione on his due diligence to protect the PSA's interests.

Motion carried 7-0.

4. Resolution No. 325

A Resolution of the Board of the Washington State Public Stadium Authority Authorizing the Board Chair to Enter into an Employment Agreement for an Executive Director of the Authority.

Motion by Vice Chair Jundt, second by Member Loomans to approve Resolution No. 325.

Chair Mendoza stated that Mr. Marchione's contract commences on December 1, 2020. Ms. Kawasaki Romero will be retiring in early 2021.

Motion carried 7-0.

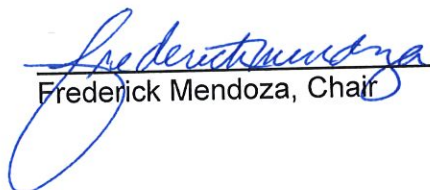
VIII. Executive Session

There was no executive session.

IX. Adjournment

The regular meeting of the Public Stadium Authority Board adjourned at 2:41 p.m.

Approved this 19th day of November 2020.


Frederick Mendoza, Chair


Jodi Todd, Clerk of the Board