

**STADIUM AUTHORITY OF THE CITY OF PITTSBURGH
BOARD MEETING
THURSDAY, MAY 26, 2016
9:18 A.M. E.S.T.**

A general meeting of the Board of Directors of the Stadium Authority of the City of Pittsburgh was held upon proper notice on May 26, 2016 in Room 315 of the David L. Lawrence Convention Center. Board members in attendance: Stanley Lederman, Chairperson; Jay Anderko, Secretary; Michael Danovitz; James Malanos, Vice-Chairman; and Reverend Brenda Gregg, Treasurer and Assistant Secretary; as well as Authority staff members: Mary Conturo, Doug Straley, Rosanne Casciato, Rosemary Carroll, Rifat Qureshi, Theresa Bissell, Taylor Blice, Christina Lynch, Allison Botti, Caitlin Fadgen, Clarence Curry of CFC-3, and Tom Ryser of TPR, LLC; Also in attendance: William Merchant sitting in for Diane Wohlfarth, Solicitor; Dan Ford, Allegheny Health Network; Diana Bucco, Buhl Foundation; and Frederick Winkler, architect.

Mr. Lederman called the meeting to order at 9:18 A.M. and requested that everyone rise for the Pledge of Allegiance. Mr. Merchant proceeded with a roll call of the Board Members, and advised a quorum was present.

The following agenda items were discussed:

1. Public Participation

Mr. Lederman asked if any members of the public would like to speak. Seeing none, Mr. Lederman moved to the next item on the agenda.

2. Approval of the Minutes from the special meeting of February 25, 2016.

A motion to approve was made, seconded and carried. The Minutes were accepted. Mr. Lederman continued on to the next item on the agenda.

3. Election of Officers

Mr. Lederman recognized Mr. Michael Danovitz who made five separate motions for the election of officers as follows:

- Chairman – Mr. Stanley Lederman; A motion was seconded and hearing none opposed, was passed.
- Vice Chair – Mr. James Malanos; A motion was seconded and hearing none opposed, was passed.
- Secretary- Mr. Jay Anderko; A motion was seconded and hearing none opposed, was passed.

- Treasurer/Assistant Secretary – Reverend Brenda Gregg; A motion was seconded and hearing none opposed, was passed.
- Second Assistant Secretary – Ms. Mary Conturo; A motion was seconded hearing none opposed, was passed.

4. New Business

The first item read was:

- A. Authorization to approve new Steeler game day parking rates at West General Robinson Street Garage and North Shore Surface Parking Lots 1-5 and Lots 7A-7J.

Mr. Rifat Qureshi explained that North Shore Lots 1-5 are located between PNC Park and Heinz Field; and Lots 7A-7J are located north of PNC Park. ALCO Parking, the operator for the Authority of the West General Robinson Street Garage and the lessee of the North Shore surface parking lots, pursuant to agreements with the Stadium Authority, has recommended rate adjustments for Steeler game days. The changes are from \$35 to \$40; for playoff games, \$40 to \$45; and for presold parking passes, from \$430 to \$490. The proposed rates are in line with comparable NFL cities providing game day parking such as Cleveland, Philadelphia, Detroit and Minneapolis, among others. Steelers parking rates were last increased in 2010. ALCO estimates the rate increases will generate an additional \$202,985 in gross revenues over a season. This is estimated to be an additional \$55,354 for City parking tax, and a net revenue to the Authority of \$70,100.

The Authority's revenues generated are pledged for debt service on the Stadium Authority/Sports & Exhibition Authority parking garage loans. These rates will be effective at the start of the Steelers season.

Mr. Lederman asked if any Board Members had any questions. Hearing none, he asked for a motion to approve.

The motion to approve was made, seconded and the following resolution was passed:

RESOLUTION NO. 26 (2016)

RESOLVED by the by Board of the Stadium Authority of the City of Pittsburgh that its Executive Director and other proper officers are authorized to approve new Steeler game day parking rates at West General Robinson Street Garage and North Shore Surface Parking Lots 1- 5 and Lots 7A-7J; and further that the proper officers and agents of the Authority are authorized and directed to take all action and execute such documents as are related and proper to effectuate the terms of this Resolution.

The next item read was:

- B. Authorization to enter into a 10-year lease, with options to extend for two (2) periods of five (5) years each, with Rally House Stores, Inc. for the retail space at West General Robinson Street Garage.

Mr. Qureshi explained that the West General Robinson Street Garage has a retail space on the first floor along West General Robinson Street. The first floor consists of a raw space of 5,390 square feet. Rally House Stores requested the entire retail space for use for its retail store. Rally House Stores, Inc. is a specialty sports boutique retailer offering apparel, gifts and related merchandise licensed from the NCAA, NFL, MLB, NBA, NHL and MLS teams. It is a national retailer with forty-six (46) stores in eight (8) states. Avison Young is the Authority's real-estate broker for the retail space. The tenant is represented by Hanna Langholz Wilson Ellis and the Retail Connection. Avison Young negotiated the terms of the lease and reviewed Rally House's company information. Avison Young recommends that the Tenant is suitable, that it is an appropriate use of space, and that the rent is fair market rate for comparable retail space in the downtown and North Shore areas.

The initial term is for ten (10) years, with options to extend for two (2) periods of five (5) years each. The base rent is \$21 per square foot in the first five (5) years, and \$23.10 per square foot for years six (6) through ten (10). For the first option period, rent is \$25.50 per square foot, and for the second option period, rent is \$28 per square foot. The rent does not include utilities, trash removal, recycling, janitorial services, insurance, and day-to-day maintenance of the space. The estimated number of employees at time of occupancy is between eight (8) and twenty-five (25).

With respect to Rally House's proposed tenant improvements, Rally House will build out the raw space for its retail use. Rally House's construction manager is T-Construction & Consulting Services, a local, one-hundred percent (100%) WBE firm. The estimated cost of the build-out is \$499,314. The Authority will pay Tenant a tenant improvement allowance in a lump sum amount of \$350,000 (or approximately \$65 per square foot), which will be paid upon completion and receipt of certificate of occupancy. The tenant is responsible for all costs above the tenant

improvement allowance. All of the improvements will become property of the Authority after the lease ends, not including furniture and fixtures.

The tenant will pursue the Authority's MBE/WBE participation goals for any subcontractors to be used, and will work with the Authority's senior diversity coordinator, Clarence Curry, as needed. The tenant will provide for prevailing wage for the building. The tenant will also pursue sustainability strategies for the build-out, as well as for day-to-day operations, and will work with the Authority's sustainability coordinator, as needed.

With respect to schedule, the tenant will pursue necessary permits for the build-out after lease execution and submit plans for the Authority's review and approval. The term of the lease and rental payments will commence one-hundred twenty (120) days after the permits are received for the building. It is estimated the build-out will be completed September 2016. In the event the commencement date occurs between November 1, 2016 and April 1, 2017, no base rent shall be due in this period.

In accordance to the Authority's broker agreement with Avison Young, for a transaction involving a cooperating broker, the broker fee due is i) six percent (6%) of the total base rental for years one (1) through five (5), and ii) three percent (3%) of the total base rental for years six (6) through ten (10), to be split with the cooperating broker. It is estimated the total base rent generated over the term of the lease is approximately \$1,188,495, while the broker fee is estimated at \$52,633, and no commissions are to be paid for any extensions. The payback period, including both the tenant improvement allowance and the brokers commission, is estimated to be 3.6 years.

Mr. Lederman asked if any Board Members had any questions. Mr. Michael Danovitz said that initially we will be replenishing the Authority's funds with lease payments and asked what will happen after the \$350,000 for the tenant improvement allowance is recovered, and where those funds will go. Ms. Rosanne Casciato replied that the funds will be used towards the debt service for the parking facilities on the North Shore and confirmed that the funds will help to accelerate the payments on the new Lot 1 Garage. Mr. Lederman asked if there were any other questions from the Board. Hearing none, he asked for a motion to approve.

The following motion made, seconded and was passed:

RESOLUTION NO. 27 (2016)

RESOLVED by the by Board of the Stadium Authority of the City of Pittsburgh that its Executive Director and other proper officers are authorized to enter into a 10-year lease, with options to extend for two (2) periods of five (5) years each, with Rally House Stores, Inc. for the retail space at West General Robinson Street Garage; and further that the proper officers and agents of the Authority are authorized and directed to take all action and execute such documents as are related and proper to effectuate the terms of this Resolution.

The next item read was:

- C. Authorization to amend and extend existing license agreement with West Penn Allegheny Health System for the use of 750 parking spaces in the West General Robinson Street Garage through March 31, 2020.

Mr. Doug Straley explained that the Authority has had an agreement with West Penn Allegheny Health System since 2007, just after the West General Robinson Street Garage opened, for providing employee parking for Allegheny General Hospital. Currently, approximately 750 to 850 spaces are available for this term, which will expire on June 30, 2016. This extension of the agreement is for three (3) years and eight (8) months, ending on March 31, 2020. The parties may mutually agree to extend the term of the existing agreement for up to two (2) renewal periods of one (1) year each, the first from April 1, 2020 through March 31, 2021 and the second from April 1, 2021 to March 31, 2022.

This agreement restricts access to the employees during events, giving them access to parking during the day only. For Pirate day games, the employees will be relocated to surface spaces in Green Lots 22 and 23, if available. West Penn Allegheny Health System will be responsible for all the operating expenses related to the agreement.

Within ninety (90) days' notice, the Authority has the right during the agreement to move the employees from the West General Robinson Street Garage to the new Lot 1 Garage that is being built. Currently, West Penn Allegheny Health System is paying \$97,500 per month as a lease payment for employee parking. As of July 1, 2016, that amount would increase to \$105,000 per month, and during the initial term, the amount would increase to \$146,250 per month. The renewal period amounts would be \$150,000 per month and \$153,750, if accepted. If the amount of spaces used exceeds 750, an additional fee would be paid: the applicable lease rate times one and a quarter (1.25), or twenty-five percent (25%).

Mr. Lederman asked Mr. Straley if more than 750 spaces are needed by the employees, whether the Authority can grant them the extra spaces based upon other demands for the parking spaces. Mr. Straley replied that ALCO Parking does a monthly calculation to determine how many extra spaces are needed by the hospital and it would pay a higher rate (an additional twenty-five percent (25%)) for the extra spaces used. Mr. Straley also confirmed that the Authority has the right to move employees from the West General Robinson Street Garage to the new Lot 1 Garage, and this option can be exercised at any time.

Mr. Lederman asked if there were any other questions from the Board. Hearing none, he asked for a motion to approve, which was seconded and followed by a roll call vote. Four (4) Board Members voted in favor and one (1) was opposed. With a four (4) to one (1) vote, the motion passed:

RESOLUTION NO. 28 (2016)

RESOLVED by the by Board of the Stadium Authority of the City of Pittsburgh that its Executive Director and other proper officers are authorized to amend and extend existing license agreement with West Penn Allegheny Health System for the use of 750 parking spaces in the West General Robinson Street Garage through March 31, 2020, and, if both parties agree, the possibility to extend for up to two (2) renewal periods of one (1) year each; and further that the proper officers and agents of the Authority are authorized and directed to take all action and execute such documents as are related and proper to effectuate the terms of this Resolution.

The next item on the agenda read was:

- D. Authorization to bind the Authority's general liability, property, automobile, umbrella, public officials and terrorism insurance for July 1, 2016 to June 30, 2017 at a cost of \$40,450 plus processing fees.

Ms. Rosanne Casciato explained that in 2014 the Board authorized Willis of Pennsylvania, as our insurance broker through June 30, 2017. Willis has provided the rates for the 2016/2017 insurance renewal period.

The proposal is 1.7 percent (1.7%) or \$702 more than the current year. The increase is in the public officials cost which is directly related to the increase in earned revenues.

AIG, the property insurance carrier, provided a three (3) year rate guarantee through June 30, 2017 so the property insurance cost is flat. All of the coverages and deductible limits are the same as last year. This coverage will be bound July 1, 2016. This does not include any

additional premium for the increased General Liability exposure for the proposed new parking garage and the Builders Risk coverage which will be based on the GMP and will be taken to the board at a later date.

Mr. Lederman asked if there were any questions from the Board. Hearing none, he asked for a motion to approve.

The following resolution was passed:

RESOLUTION NO. 29 (2016)

RESOLVED by the by Board of the Stadium Authority of the City of Pittsburgh that its Executive Director and other proper officers are authorized to bind the Authority's general liability, property, automobile, umbrella, public officials and terrorism insurance for July 1, 2016 to June 30, 2017 at a cost of \$40,450 plus processing fees; and further that the proper officers and agents of the Authority are authorized and directed to take all action and execute such documents as are related and proper to effectuate the terms of this Resolution.

The final item read was:

4. Public Participation

Mr. Lederman asked if there were any comments from the Board. Hearing none, Mr. Lederman asked if there were any additional comments from the public. Hearing none, he asked for a motion to adjourn. The motion was seconded and unanimously carried.

The meeting was adjourned at 9:38 A.M.

