

ACT 42 EDTF RESTRICTED ACCOUNT PROGRAMS AND PROCEDURES

RECITALS

WHEREAS, pursuant to Section 27.4 of PA General Assembly Act 42 of 2017 (**Act 42**) there is an annual allocation of funds from the PA Gaming Economic Development and Tourism Fund (**EDTF**) to the Sports & Exhibition Authority of Pittsburgh and Allegheny County (**SEA**) for the establishment, administration and maintenance of a regional sports commission;

WHEREAS, in accordance with Act 42, the SEA will deposit funds received into a restricted receipts account (**Restricted Account**) and may make transfers and expenditures therefrom as provided herein;

WHEREAS, the SEA adopted Resolution 5710 (August 13, 2020) (**Resolution**) establishing the SEA Sports Commission (**Sports Commission**), as a committee of the SEA, for the purpose of assisting the region in maintaining and growing its competitive position in the sports event market;

WHEREAS, being host to major sporting events and conferences, and providing high quality, internationally recognized venues have helped to establish the Pittsburgh region as a legendary sports town, which has increased the commerce and prosperity of the region;

WHEREAS, in furtherance thereof, the Restricted Account may be used to provide financial assistance to organizations to provide eligible, high quality sports events that drive economic activity to the region;

WHEREAS, in furtherance thereof, the Restricted Account may also be used to assist the SEA with capital repairs of Heinz Field, PNC Park, PPG Paints Arena and the David L. Lawrence Convention Center (**Convention Center**), so that they continue to showcase the region and serve as venues to, *inter alia*, host major league sports teams, other sporting events and sports related conferences, driving economic activity to the region;

WHEREAS, the Sports Commission will review applications and requests for the use of the Restricted Account for event funding and those that are recommended by the Sports Commission will be considered by the SEA Board for funding;

WHEREAS, the events and the well maintained major venues will help to expand the tourism economy across Allegheny County, increase commerce and prosperity and promote the educational, cultural, physical, civic, social and moral welfare of its residents;

WHEREAS, pursuant to resolutions 5751 (May 13, 2021) and 5786 (November 11, 2021) the SEA adopted these "Act 42 EDTF Restricted Account Programs and Procedures" for the implementation of the Resolution and on May 28, 2021 and November 16, 2021 the Sports

Commission by resolutions accepted and adopted these “Act 42 EDTF Restricted Account Programs and Procedures”.

DEFINED TERMS

Defined terms used herein include, but are not limited to, the following:

Eligible Sports Event shall mean (a) a Major Sporting Event at Heinz Field, PNC Park, PPG Paints Arena, the Convention Center or other location in Allegheny County, or (b) a sports related conference at the Convention Center. The term “Eligible Sports Event” does not include awards dinners, banquets, walks or fundraising events.

Major Sporting Event shall mean a professional or amateur sports, athletic or esports event, that is regulated and sanctioned by a regional, national or international organization or association, and that provides significant economic impact for Allegheny County.

SportsPITTSBURGH shall mean VisitPITTSBURGH, acting through its sports development department.

VisitPITTSBURGH shall mean the Greater Pittsburgh Convention and Visitors Bureau, Inc., d/b/a VisitPITTSBURGH, being the entity that, pursuant to the PA Tourist Promotion Law (73 P.S. 401 et seq.) is recognized by the PA Department of Community and Economic Development as Allegheny County’s tourist promotion agency.

RESTRICTED ACCOUNT ALLOCATION

Each annual EDTF allocation shall be applied as follows:

Sports Events Funding (SEF) Program – 70%

70% of each EDTF allocation shall be held in a subaccount of the Restricted Account (the **Sports Event Subaccount**). As described further below, the Sports Event Subaccount may be used to provide financial assistance for Eligible Sports Events. This 70% of the annual EDTF will accumulate and be held in the Sports Event Subaccount until so expended.

Capital Repair Funding Program – 25%

25% of each EDTF allocation shall be held in a subaccount of the Restricted Account (the **Facility Subaccount**). As described below, the Facility Subaccount may be used to pay capital repair and improvement costs that are the responsibility of SEA at Heinz Field, PNC Park, PPG Paints Arena or the Convention Center. This 25% of the annual EDTF will accumulate and be held in the Facility Subaccount until so expended.

Administrative Costs – 5%

5% of each EDTF allocation shall be held in a subaccount of the Restricted Account (the **Expense Subaccount**) and may be used for the payment of SEA costs associated with the Sports Commission, as approved by the Sports

Commission. Each year, as part of the SEA budgeting process, the Sports Commission shall approve the budgeted uses of the Expense Subaccount. Once the SEA Board has adopted the operating budget, including the approved uses, the budgeted funds shall be transferred from the Expense Subaccount to the SEA operating account and used for the budgeted purposes. Any unused funds at the end of the year shall be returned to the Expense Subaccount.

Annually, by January 31 of each year, the SEA shall provide the Sports Commission with an annual report of the activity of the Restricted Account and each of the Sports Event Subaccount, Facility Subaccount, and the Expense Subaccount, including but not limited to, receipts and revenues, expenditures and outstanding obligations and authorizations. The annual report shall be reviewed at a Sports Commission meeting held in the first quarter of the year. Annually, by May 1 of each year, the SEA shall provide the Sports Commission with a statement and/or certification provided by an independent certified public accounting firm that the Restricted Account and the Sports Event Subaccount, the Facility Subaccount and the Expense Subaccount were each used in accordance with the Resolution and these Act 42 EDTF Restricted Account Programs and Procedures. Annually, by August 31 of each year, the SEA shall provide the Sports Commission with a copy of the report that is submitted to the Governor's Office of the Budget in accordance with PA General Assembly Act 1 of 2010.

References to accounts and subaccounts refer to allocations and tracking on the books of the SEA. Any interest earned in an account or subaccount remains in that account or subaccount to be used as if an original deposit.

SPORTS EVENT FUNDING (SEF) PROGRAM

As determined through an application process, the Sports Event Subaccount may be used to provide grants and loans to support Eligible Sports Events.

The application form, relevant application information and application deadlines will be posted on the SEA web site. Applications will be accepted twice a year (by January 15 and by July 15).

Applicants. Eligible applicants are:

- (a) SportsPITTSBURGH, as the entity overseeing the local support for the event, or
- (b) the legally existing entity or organization that would contract for the holding of the event (must have been in existence for at least two (2) years).

Financial assistance. The financial assistance may be provided as a grant or a loan, for eligible expenses, in an amount not in excess of \$75,000, for events to occur within two (2) years of the date of application. Disbursements will be made on a reimbursement basis only, after the event has occurred and the final report made and accepted.

Eligible expenses include, but are not limited to, payments to vendors, advertising, marketing, venue rental or expense, equipment rental, promotional materials, production costs, and fees and costs for officiants.

Ineligible expenses include, but are not limited to, travel costs, solicitation efforts, lobbying fees, meals or dining other than on the dates of the event as described in the application, items that are purchased for resale, prizes given to participants, alcoholic beverages, salaries, overhead.

Only costs incurred within the contract period are eligible. Any costs incurred prior to a fully executed funding agreement are ineligible.

Basic application requirements. An application must provide the following basic information:

- (a) Applicant/ event holder's name, mailing address, e-mail address, telephone number, contact person, and federal employer identification number,
- (b) A detailed description of the event, including plan for promotion,
- (c) Whether it is a new event or a repeat event. Is it an annual event?
- (d) The date the proposed event will be held,
- (e) The location where the event will be held,
- (f) The event budget, including the amount and source of all funds, and the specific costs to be covered with Sports Event Subaccount funds,
- (g) Detailed information and projections sufficient to enable the Sports Commission and SEA to accurately assess the economic impact of the event, such as the estimated numbers of participants, event staff, and spectators/ attendees, expected total Allegheny County hotel room nights, other local spending, and state and local taxes to be generated. If the applicant/event holder has previously held substantially similar events, the same information with respect to such prior events. Attendance and other participant information shall be broken down by location (Allegheny County/ outside Allegheny County within PA/ outside PA/ outside US),
- (h) Estimated quality and quantity of advertising, media and promotional coverage the event will provide,
- (i) Demonstrated local support for the event,
- (j) If the event has previously been held in Allegheny County, provide a history,
- (k) Evidence of experience and financial stability of the entity holding the event, and
- (l) Such other items included in the application form or requested by the Sports Commission or the SEA.

The following items could preclude eligibility:

- (a) The event holder's status on delinquencies or defaults on federal, state or local taxes, pending litigation or delinquencies or defaults on any publicly or privately financed loan,
- (b) A felony conviction or other serious crime on behalf of any director or principal in a corporation, or partner in a partnership, or
- (c) Non-compliance of an applicant or event holder with the Conflict of Interest requirements established by the PA Ethics Commission.

Submission, review and recommendation of applications. Upon receipt, the SEA shall forward applications to the Sports Commission for review and evaluation. The Sports Commission will determine whether or not to recommend an application for funding by the SEA. In making a recommendation to the SEA Board, the Sports Commission may include terms or conditions of the recommendation. The SEA Board will consider for funding only those

applications that have been recommended by the Sports Commission. The SEA Board will consider funding only to the extent of unallocated funds on hand in the Sports Event Subaccount.

The review process includes financial, business and public impact evaluations. Applications will be reviewed for eligibility and evaluated on a number of criteria including, but not limited to:

- (a) Economic impact
 - Impact of the event on the Allegheny County, regional and state economies, with Allegheny County economic impact being favored,
 - Potential to attract visitors from outside Allegheny County and out-of-state visitors,
 - Whether the event provide high-value exposure to the region,
- (b) Funding need, leveraged funds ratio
 - Level of private sector investment leveraged,
 - The financial need of the event,
- (c) Strategic importance
 - Whether the event will assist the region in maintaining or growing its competitive position/ reputation in the sports event market,
 - Whether the event would occur in a hard to fill period in the tourism calendar for the region,
 - Whether an event will utilize the Convention Center (increased public benefit is attributed to events that utilize the Convention Center),
 - Whether it is a new event, a new event to the region, or a larger event than previously held,
- (d) Event quality, likelihood of success
 - Quality of the event,
 - Event readiness,
 - Experience and expertise of responsible individuals/parties, and other factors supporting the likelihood of success,
- (e) Diversity, accessibility and sustainability
 - Diversity, inclusion, equity, accessibility and environmental sustainability initiatives of the event/ event holder,
 - Does the event have an accessibility coordinator and a plan to make the event accessible to people with disabilities?
 - Does the event have a minority/ women business enterprises and workforce diversity plan?
 - Does the event have an environmental sustainability plan?

Economic impact may be calculated as total estimated attendance, multiplied by daily attendee spending, multiplied by average length of Allegheny County hotel stay. If an applicant wishes that an alternative formula for calculating economic impact be considered, the applicant shall supply a credible source for using such alternative formula. The Sports Commission and SEA may consider estimates of economic impact provided by SportsPITTSBURGH and/or other sources.

In the course of the review, additional information and/or changes from the provisions provided in the submitted application may be requested, and such additional information or changes, if provided, shall become part of the application.

Funding terms. The SEA Board shall make the final funding decision on each recommended application. Upon approval for funding by the SEA Board, a notification letter followed by a funding agreement will be issued explaining the terms and conditions of the financial assistance. The notification letter and funding agreement must each be signed and returned to the SEA within 30 days.

The funding agreement will detail requirements to be complied with, including but not limited to requirements for insurance, audit, event close-out report, and maintenance of records. The funding agreement will also include the terms and conditions under which the financial assistance must be repaid or penalties incurred.

CAPITAL REPAIR FUNDING PROGRAM

The Facility Subaccount may be used for the payment of costs of capital repairs and improvements that are the responsibility of the SEA with respect to (a) Heinz Field, pursuant to the requirements of the Lease Agreement between the SEA and PSSI Stadium Corp., entered into as of June 20, 2000, as amended, (b) PNC Park, pursuant to the requirements of the Lease Agreement between the SEA and Pittsburgh Associates, entered into as of June 2, 2000, as amended, (c) PPG Paints Arena, pursuant to the Sublease Agreement between SEA and Lemieux Group, LP, dated September 18, 2007, as amended, and/or (d) the Convention Center, by virtue of the SEA being the owner and operator thereof. The SEA Board may authorize funding from the Facility Subaccount only to the extent the expenditures meet the above requirements.

MISCELLANEOUS

Conflict of provisions. In the event of a conflict between the Resolution and these Act 42 EDTF Restricted Account Programs and Procedures, these Act 42 EDTF Restricted Account Programs and Procedures shall control.

Waiver of provisions. The SEA may waive any provisions of these Act 42 EDTF Restricted Account Programs and Procedures based upon a determination of public benefit.

Recitals. The recitals set forth above are incorporated into the body of these Act 42 EDTF Restricted Account Programs and Procedures as if set forth in full.