

MINUTES OF THE MEETING
OF THE BOARD OF THE
SPORTS & EXHIBITION AUTHORITY OF PITTSBURGH
AND ALLEGHENY COUNTY
HELD THURSDAY, NOVEMBER 12, 2020
REMOTELY VIA ZOOM CONFERENCE
PITTSBURGH, PENNSYLVANIA
COMMENCING AT 10:37 A.M. E.S.T.

A meeting of the Board of Directors of the Sports & Exhibition Authority of Pittsburgh and Allegheny County (the “Authority”) was held upon proper notice on Thursday, November 12, 2020 commencing at 10:37 A.M. E.S.T. Due to the COVID-19 pandemic and guidance from public health experts, the meeting and was conducted remotely via the online conferencing platform Zoom.

Members of the Authority

Present:	Sen. Wayne Fontana, Chairman Michael Dunleavy, Vice Chairman Sala Udin, Secretary Councilman Anthony Coghill, Member Councilman Nicholas Futules, Member Reverend Glenn Grayson, Member Jill Weimer, Member
Also Present:	Mary Conturo, Doug Straley, Rosanne Casciato, Michael Wassil, Bill Williams, Rhea Thomas, Rifat Qureshi, Lauren Henderson, and Maggie Pike of the Authority; Morgan Hanson, Solicitor; Clarence Curry, CFC-3 Management Services; Tim Muldoon and Guy DeFazio of SMG; Lance Harrell, CCIP; J.J. McGraw, Pittsburgh Pirates; and Mark Belko, Pittsburgh Post-Gazette.

Senator Wayne Fontana called the meeting to order with the Pledge of Allegiance. Mr. Morgan Hanson followed with a roll call of the Board Members. Mr. Hanson advised that a quorum was present.

Beginning with public participation, Senator Fontana asked if any members of the audience would like to address the Board. Members of the public were offered participation by emailing

comments before the meeting or by making comments via Zoom during the meeting. Ms. Henderson stated that the Authority had not received any prior comments via email and none were submitted via Zoom thus far. Seeing none, Senator Fontana moved to the next item on the agenda, approval of the minutes from the meeting of October 8, 2020. A motion was made, seconded and unanimously approved.

Senator Fontana continued on to the next item on the agenda under David L. Lawrence Convention Center (“DLCC”), authorization to enter into an agreement with Courtman Painting in a lump sum amount of \$4,125 for touch up painting of the membrane bioreactor tank in the Waste Water Treatment Plant.

Mr. Guy DeFazio stated that the DLCC’s 50,000-gallon capacity on-site Waste Water Treatment Plant collects and treats all wastewater from sanitary and potable uses. This water is then recycled throughout the building for toilet flushing. In 2019, approximately 5.4 million gallons of water were recycled.

The Authority contracts with Veolia Water North America (“Veolia”) for the operation of the Waste Water Treatment Plant. As part of the maintenance of the Waste Water Treatment Plant, the membrane bioreactor tank is inspected every 7 to 10 years. The last inspection and coating repair occurred in 2011. The tank was drained in June 2020 and the Waste Water Treatment Plant has been idle due to the COVID-19 pandemic.

On September 23, 2020, Veolia brought in Real Painting to conduct an inspection on the tank. Their conclusion was that the tank coating is in good condition and only minor touch-ups are needed at wear points. Veolia solicited five proposals with one from an MBE company and another from a WBE company. Four proposals were received. The scope of work is to prep the tank and then use a special epoxy paint to coat the interior. Upon approval and execution of the

agreement, work will begin in November 2020 and will be completed by the end of the year.

Courtman Painting is a WBE firm.

Senator Fontana asked if there were any questions from the Board. Hearing none, he asked for a motion to approve. On a motion duly made, seconded, and unanimously carried, the following resolution was approved:

RESOLUTION NO. 5714

RESOLVED by the Sports & Exhibition Authority of Pittsburgh and Allegheny County that its Executive Director and other proper officers are authorized to enter into an agreement with Courtman Painting in a lump sum amount of \$4,125 for touch up painting of the membrane bioreactor tank in the Waste Water Treatment Plant; and further that the proper officers and agents of the Authority are authorized to take all action and execute such documents as are necessary and proper to effectuate the terms of this Resolution.

Senator Fontana introduced the next item on the agenda, authorization to exercise the option to extend the contract with SMG for management and operation of the DLCC for an additional five years.

Ms. Rosanne Casciato stated that the Authority entered into a contract with SMG in January 1, 2002 to manage the DLCC. That contract was amended in 2004 and 2010 and a new contract was entered into in 2011. In 2015, the Authority issued a RFP to select a management company for the year beginning January 1, 2016. Seven firms requested the RFP. Two companies responded with written proposals and SMG was selected as the management company for an initial five-year term beginning January 1, 2016 and ending December 31, 2020.

The existing contract provides that the Authority, in its discretion, has the right to extend the term for an additional five years (to December 31, 2025), under the same terms and conditions.

The existing contract also provides that the Authority has the right to terminate, without reason or penalty, at the end of 2022, and again, without reason or penalty, at the end of 2024.

The fee structure of the contract provides for a fixed fee. The fixed fee increases annually by the percentage increase in CPI, with a cap of 3%. In addition to the fixed fee, the contract provides that SMG could earn an incentive fee. The incentive fee is calculated at 20% of the Adjusted Gross Income in excess of the average of the Adjusted Gross Income for the prior three year period. However, in no event will the incentive fee exceed 20% of the total fee. There is a 20% reduction to the incentive fee for every 1% that SMG exceeds the annual Operating Expense Budget. Staff has reviewed the fees under the contract as compared to contracts of other convention centers. The fees due under our contract proved to be among the lowest, most reasonable. In addition, SMG has agreed to forgo half of the 2020 fixed fee. Based on a review of the performance of SMG and a review of the financial terms of the contract as compared to contracts of other convention centers, it is recommended that the contract be extended for five years.

Senator Fontana asked if there were any questions from the Board.

Mr. Udin asked if the 50% reduction of their fee was for the full five years or only 2020.

Ms. Casciato replied that the reduction only applies for 2020.

Mr. Udin asked what the fee will be for the remainder of the term.

Ms. Casciato stated that the fee for the remainder of the term will be the full, fixed fee with CPI increase.

Mr. Udin asked if this assumes that the pandemic will be eliminated and the DLCC will be fully operational in 2022.

Ms. Casciato stated that is correct.

Mr. Udin asked what the fees will look like in the case that the pandemic is not eliminated by the end of 2022.

Ms. Casciato replied that the Authority has the option at the end of 2022 and 2024 to terminate the contract.

Mr. Udin asked if the Authority has the opportunity to renegotiate in 2022 or 2024.

Ms. Casciato responded yes.

Mr. Tim Muldoon thanked the Board for their confidence in SMG on behalf of the local and corporate staff. Mr. Muldoon mentioned that the pandemic will end at some point and management staff is working hard to get the DLCC back to business pre-pandemic levels of economic impact to the region, as soon as that is possible.

Senator Fontana asked if there were any further questions from the Board. Hearing none, he asked for a motion to approve. On a motion duly made, seconded, and unanimously carried, the following resolution was approved:

RESOLUTION NO. 5715

RESOLVED by the Board of the Sports & Exhibition Authority of Pittsburgh and Allegheny County that its Executive Director and other proper officers are authorized to exercise option for five year extension of contract with SMG for management and operation of the David L. Lawrence Convention Center; and further that the proper officers and agents of the Authority are authorized to take all action and execute such documents as are necessary and proper to effectuate the terms of this Resolution.

Senator Fontana continued on to the next item on the agenda, under North Shore Parking, authorization to extend operating agreement under the same terms with Alco Parking Corporation (“ALCO”) for surface parking Lot Green 21 (Lot P-1) through December 31, 2025.

Mr. Rifat Qureshi explained that the Authority owns Lot Green 21, also known as Lot P-1, a surface parking lot, cattycorner to Heinz Field, at the northwest corner of Reedsdale Street and Allegheny Avenue. The lot contains approximately 125 spaces and is currently used primarily for Steelers daily employee parking, commuter monthly leases, pre-sold Steelers/Panthers games, Pirates games, and concerts as needed. ALCO is the Authority's parking operator for Lot Green 21 pursuant to a management agreement entered into in connection with a consent decree governing use of parking spaces and development of the new stadiums at the North Shore. The decree requires that the parties to the management agreement agree every five years to a management fee. The management fee payable to ALCO is currently 3.5% of net operating income which has been in place since 2011 and has not increased. Staff recommends that the management fee for Lot Green 21 continue at 3.5% for the next five-year period. Based on the 2019 revenues of Lot Green 21, the management fee was approximately \$3,300, and the average fee in the past five years was approximately \$3,600 annually.

Senator Fontana asked if there were any questions from the Board. Hearing none, he asked for a motion to approve. On a motion duly made, seconded, and unanimously carried, the following resolution was approved:

RESOLUTION NO. 5716

RESOLVED by the Sports & Exhibition Authority of Pittsburgh and Allegheny County that its Executive Director and other proper officers are authorized to extend operating agreement under the same terms with Alco Parking Corporation ("ALCO") for surface parking Lot Green 21 (Lot P-1) through December 31, 2025; and further that the proper officers and agents of the Authority are authorized to take all action and execute such documents as are necessary and proper to effectuate the terms of this Resolution.

Senator Fontana continued on to the next item on the agenda, under North Shore Riverfront Park, authorization to issue a final change order in the amount of \$16,356 with Mariani & Richards for concrete and caulking repairs, and other miscellaneous items.

Mr. Bill Williams explained that in June 2020, the Board authorized a contract with Mariani & Richards based on anticipated quantities and unit prices for the base bid repairs at the North Shore Riverfront Park and parking lot sidewalks. Unit prices were taken in the original bid to cover any additional quantities that were discovered during the course of the work that were not documented in the initial project scope.

Additional items discovered during the course of work included the Korean War Memorial walkway sealant joints, additional water steps mortar joints, Vietnam Veterans Memorial wall sealant joints and cosmetic wall repairs, and other concrete cracks and sealant joints repairs in the park. The Authority reviewed the changes prior to commencing the work and verified the work after completion.

The overall workforce consisted of three employees, and one employee on the project was a minority. This has been reviewed by the Authority's Senior Diversity Coordinator, Clarence Curry. The staff recommends the Board approve the change order amount of \$16,356.

Senator Fontana asked if the World War II Memorial was included in the course of work.

Mr. Williams stated that the Vietnam Veterans Memorial and the Korean War Memorial were included, but not the World War II Memorial.

Ms. Conturo asked Mr. Straley to confirm that the City owns the Vietnam Veterans Memorial and the Korean War Memorial.

Mr. Straley confirmed but explained that minimal concrete work was needed at the memorials and the contractors were already deployed to that location, so the work was done.

Senator Fontana asked if there were any further questions from the Board. Hearing none, he asked for a motion to approve. On a motion duly made, seconded, and unanimously carried, the following resolution was approved:

RESOLUTION NO. 5717

RESOLVED by the Sports & Exhibition Authority of Pittsburgh and Allegheny County that its Executive Director and other proper officers are authorized to issue a final change order in the amount of \$16,356 with Mariani & Richards for concrete and caulking repairs, and other miscellaneous items; and further that the proper officers and agents of the Authority are authorized to take all action and execute such documents as are necessary and proper to effectuate the terms of this Resolution.

Senator Fontana continued on to the next item on the agenda, under SEA Operating, authorization to enter into a Memorandum of Understanding with the members of the Western Pennsylvania Electricity Consortium (WPEC) (including the City of Pittsburgh, Allegheny County, PWSA, URA, Pittsburgh Zoo and Carlow University) and enter into an electricity purchasing consultant contract with Enel X for the David L Lawrence Convention Center and North Shore Parking Garage.

Mr. Doug Straley stated that since 2012, the Authority has participated in WPEC with other governmental entities, such as the City of Pittsburgh, Allegheny County, PWSA, URA, Pittsburgh Zoo and Carlow University. In 2019, WPEC established itself as a PJM Subaccount. This allows members to purchase electricity wholesale, as opposed to retail through a supplier. Other groups such as the City of Philadelphia, the Baltimore Regional Consortium Purchasing Committee (BRCPC), and the Eastern Shore of Maryland Educational Consortium Energy Trust have successfully employed PJM Subaccounts to deliver lower cost energy (including components of renewable energy) to their members. The memorandum of understanding with the Consortium would establish a seven-member Energy Committee (including City, County, PWSA, URA, SEA,

Pittsburgh Zoo and a representative of other members), provide cost sharing for consultant expenses based on usage by each member, and outline requirements for additional membership into WPEC. The memorandum of understanding is for a term of five years.

In 2019, the City issued an RFP, on behalf of the WPEC, to select a consultant to communicate with energy suppliers, provide options to members about energy supplier information and pricing, and to develop the RFP. Enel X was selected as the consultant based on their proposal and their contract would go through October 31, 2023 with two one-year renewal options. Enel X would be paid based on the number of kWh used by each member. Their rate is \$0.00068 per kWh (which is lower than the existing rate, per an agreement with Direct Energy). This equates to roughly \$9,750 per year based on the DLCC usage. The garages would also have the ability to purchase energy through the PJM subaccount.

Senator Fontana asked if the \$9,750 was an annual or monthly cost.

Mr. Straley replied that it is an annual cost. It will likely be less this year, but on an average year, it would be approximately \$9,750.

Senator Fontana stated that it does not seem like a very high number, and asked if there was something he was missing.

Mr. Straley responded that the costs are spread across all consortium membership, so it does seem reasonable.

Senator Fontana asked if there were any further questions from the Board. Hearing none, he asked for a motion to approve. On a motion duly made, seconded, and unanimously carried, the following resolution was approved:

RESOLUTION NO. 5718

RESOLVED by the Sports & Exhibition Authority of Pittsburgh and Allegheny County that its Executive Director and other proper officers are

authorized to enter into a Memorandum of Understanding with the members of the Western Pennsylvania Electricity Consortium (WPEC) (including the City of Pittsburgh, Allegheny County, PWSA, URA, Pittsburgh Zoo and Carlow University) and enter into an electricity purchasing consultant contract with Enel X for the David L Lawrence Convention Center and North Shore Parking Garage; and further that the proper officers and agents of the Authority are authorized to take all action and execute such documents as are necessary and proper to effectuate the terms of this Resolution.

Senator Fontana continued on to the next item on the agenda, authorization to enter into a five-year agreement with Enel X North America, Inc. to participate in the Emergency Load Response Program beginning June 1, 2021 to May 31, 2026.

Mr. Straley stated in 2016, the Authority entered into a five-year agreement with EnerNOC, to participate in the emergency load demand response program. In 2017, EnerNOC was acquired by Enel X. The Authority is recommending continuing with another five-year agreement with Enel X. Over the past five-year term, the Authority has been able to participate in the program for three years resulting in approximate total earnings of \$62,000 for energy reduction. Generally, the Authority is able to participate when the demand response days do not overlap with an event at the DLCC. There are no penalties for non-participation, but the Authority does not receive payment for the demand response event. This agreement is the same as the previous agreement, except the events are now twelve-month programs, instead of only during the summer months. The estimated payment would be approximately \$37,000 per year, depending on peak load information from the year prior and how much energy load the Authority is able to reduce.

Senator Fontana asked if there were any questions from the Board. Hearing none, he asked for a motion to approve. On a motion duly made, seconded, and unanimously carried, the following resolution was approved:

RESOLUTION NO. 5719

RESOLVED by the Sports & Exhibition Authority of Pittsburgh and Allegheny County that its Executive Director and other proper officers are authorized to enter into a five-year agreement with Enel X North America, Inc. to participate in the Emergency Load Response Program beginning June 1, 2021 to May 31, 2026; and further that the proper officers and agents of the Authority are authorized to take all action and execute such documents as are necessary and proper to effectuate the terms of this Resolution.

Senator Fontana continued on to the next item on the agenda, authorization to enter into a five-year agreement with Voltus, Inc. to participate in the Synchronized Reserve Market Program.

Mr. Straley stated that the DLCC and Authority were approached by Voltus, Inc. in 2016 to participate in the Synchronized Reserve Market Program. This program is similar to the demand response program, except the energy reduction is for very short timeframes (less than twenty minutes). The program is not based on overall grid use, it is based on occasions when grid instability needs repaired or electrical conveyance needs redirected in order to resolve a temporary issue in the system that could not be predicted. There is no penalty for non-compliance if the Authority is not able to participate during an event. It is estimated the Authority could earn approximately \$10,000 in 2021 with an increase to \$68,000 per year for 2022–2026. The average event is 9 minutes long and could be a good opportunity to gain revenue for the Authority.

Senator Fontana asked if there were any questions from the Board. Hearing none, he asked for a motion to approve. On a motion duly made, seconded, and unanimously carried, the following resolution was approved:

RESOLUTION NO. 5720

RESOLVED by the Sports & Exhibition Authority of Pittsburgh and Allegheny County that its Executive Director and other proper officers are authorized to enter into a five-year agreement with Voltus, Inc. to participate in the Synchronized Reserve Market Program; and further that

the proper officers and agents of the Authority are authorized to take all action and execute such documents as are necessary and proper to effectuate the terms of this Resolution.

The next item was public participation, and Senator Fontana asked if anyone in the audience desired to address the Board.

Ms. Lauren Henderson stated that the Authority has allowed the public three options for public participation: email, telephone, or Zoom chat. No public comments were submitted via email and there were no registrations to submit a public comment via telephone or the Zoom chat.

Senator Fontana asked if there were any comments from the Board.

Mr. Udin stated that he received contact information from a minority public financing firm seeking to be put on a notification list whenever the Authority advertises RFP/RFQs or Bids, specifically on items related to public finance.

Ms. Conturo replied that public finance related opportunities are not available on a regular basis, but she will keep the contact information and reach out to the firm when an opportunity becomes available, possibly in the next year or two.

Senator Fontana asked if there were any other further comments from the Board. There being no additional comments or business, Senator Fontana asked for a motion to adjourn. Upon a motion duly made, seconded and unanimously carried, the meeting was adjourned at 11:03 A.M.



Mary Conturo
Assistant Secretary