

Design and Constructability Team Questions/Requests

Please note that requests for specific drawings, construction budget, structural details and estimate of % of reuse of the existing building were sent to your team last week and we have not yet received that information.

1. Do you have WA State sales tax in your project budget?
2. Please show the turning radius you have for access to the truck ramps in your design, and we need to see how the trucks are using the adjacent city streets. Are stage trucks entering the subterranean loading dock via Thomas, or via Warren?
3. Please provide a MEP narrative, with the following details:
 - a. Mechanical: Are you planning to connect to the Seattle Center utility plant? What is your plan to relocate equipment in the Northwest Room courtyard?
 - b. For Electrical: What is your plan to relocate main electrical in south yard since you have repurposed that location?
 - c. For Plumbing: Please provide a general overview of domestic water, sewage, and any storm water/GSI details you may have studied.
4. Please explain what, if any, programmatic and/or financial nexus exists between your development on the south site (1st Ave N block) and the arena. Are any arena functions housed in your residential building? Is revenue from the residential building included as part of your financials?
5. Your site plan says that your south building is for “Relocation of Current Tenants”. We do not find any details on that in your narrative. Are you assuming market rent for these tenants? Please explain your proposed rent structure and identify all revenues associated with this building.
6. Please explain box office, will call, search, locations, etc. for your entry locations.
7. Please outline the details of the new seating bowl, including:
 - a. Riser treads for upper bowl
 - b. Sightline under or through new roof beam at south end
8. Schedule – you have quite a bit of detail to your construction process in your schedule, but your entitlement period, from June 2017 to November 2018 is not defined. Do you have any more detail you can share on this portion of your schedule?
9. Your construction schedule shows Substantial Completion in January 2021, but your operations schedule shows Certificate of Occupancy in Feb 2021, with “opening” in March 2021. Is this correct?
10. Have the NBA and NHL confirmed that your design meets the criteria to host a team per their individual league standards?
11. How much of the current building are you planning on using without making any modifications?
12. When is the anticipated building permit application submittal date?
13. Does the proposal assume that this is a substantial alteration, requiring a seismic evaluation?
14. Depending on the results of the evaluation, does the proposal anticipate a seismic retrofitting?

Operations Team Questions/Requests

1. Please explain how your building design can be flexible to accommodate changes to demand in fan services and evolving event needs over the next 5, 10, 15 years.
2. Will the remodeled arena provide a better platform for AEG Presents to bring programming to?
3. Please explain your sponsorship strategy in greater detail. If you are giving control of sponsorships for the entire campus, how do you balance the aesthetics of increased commercialization in the public spaces of Seattle Center? How does this strategy not cannibalize the opportunities for event/festivals and non-profits on the campus?
4. Please explain in greater detail the premium seating business model and how flexible it is to accommodate different event types.
5. Will AEG be directly handling the food and beverage service or contracting with an outside company?
6. A security/command center is not shown on any of the diagrams. Please describe its location and features.
7. What is the ratio for restroom stalls, urinals, and sinks per guest by seating level?
8. Please describe the VIP parking shown on the diagrams. How is it accessed? How many spaces are there? How do guests enter the building?
9. How do you plan to coordinate scheduling with Seattle Center and other resident orgs? Do you expect to create some sort of scheduling agreement? How do you expect to coordinate booking/scheduling as arena events can have ingress/egress impacts on campus events? Of the staff you have identified, who would work with Seattle Center and resident orgs on this specific coordination?
10. What is the breakdown of the 200-plus events you are bringing to the venue? Type?
11. The Seattle Center campus hosts several large summer festival events. How will Arena events be managed when scheduled in the same timeframe to minimize the impacts?
12. There is no analysis included of competitors in the greater Seattle marketplace. Please provide this information.
13. Please describe how your arena reduction system will create a lowered capacity configuration for WNBA games.
14. Will the proposed food courts and/or restaurants located inside the arena be open and available to the public during non-event hours?
15. What level of contribution do you see to support transportation ideas you have outlined in your agreement? Don't they offer \$5M?
16. Event genre information is not available in the proposals. This information is critical in planning for transportation. Vehicle occupancy rates, timing and travel routes vary dramatically per event. How will information be gathered and used in planning? increased number of residential units, including the one you propose at south end? This is an OVG question,

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17. Seattle Police intersection control is currently in use for Key Arena events at high traffic locations. This mitigation tool is not mentioned in proposals. Will this tool be part of the transportation plans?
18. Summer festivals use Thomas Street, 2nd Ave, Republican Street and Warren Ave adjacent to the Seattle Center campus for vender, artist, food and beverage, band gear, ice and other trucks and vehicles. Several of these locations would not be available under the proposed plans. How would you propose this be mitigated?
19. Is your plan to have AEG Live be the exclusive provider of musical programming should you win the bid?

Financial Team Questions/Requests

Facility Questions

1. After the initial redevelopment, what additional facility work, if any, would be required to make the facility ready if an NBA and/or NHL tenant is found? Would the terms of the agreement change if there is an NBA and/or NHL tenant?
2. Please provide a financial operating pro-forma for a building occupied by an NBA tenant, an NHL tenant, and/or both.
3. Do you have specific plans to help relocate Pottery Northwest or the Seattle Center Gardener's Complex?
4. On page 383, reference is made to "ancillary development opportunities." Please provide additional information about what those opportunities are. Will Seattle Partners manage and maintain?
5. When will the lease commence? Will rent begin when Seattle Partners assumes control of the Redevelopment Site?
6. What is the rationale behind the amount of the annual capital reserve? Is this amount meant to cover only the arena or does it cover the additional facilities included? Please describe the spending plan for these funds. What is the anticipated annual need? Over a 10-year basis? Over a 35-year basis?

Financial Questions

1. Please provide Excel files for the financial exhibits and projections (e.g. Bond Financing Schedule). Please provide assumptions and any supporting data or worksheets that will help us understand your projections. We'd like to understand if/how Exhibits 1 and 2 tie into the projections.
2. Please provide a more detailed operating pro-forma. We would like to see by type of event, rent, labor reimbursements, concessions, ticketing, facility fees, merchandise, and any other revenue categories. Similarly, please provide a more detailed description of the projected expense categories such as event labor, utilities, taxes, maintenance (routine and major), etc.
3. What are the revenue streams anticipated from the office/residential buildings referred to in the proposal? If they are included in the in the pro-forma provided, please provide separate break out pro-forma for each facility. Where do they fit into the \$55 million (office buildings, residential/food and beverage/underground parking)? Please provide a detailed breakdown of the \$55 million of annual revenue shown in your pro forma.
4. Projected revenue from the \$5 per ticket facility fee increases by an average of 5% per year in the first three years of operations and by 2.3% over the 35-year lease period (response pdf page 472). Is the basis for this change an increase in ticket sales, an increase in the fee, or some combination of the two? If it is the latter, please specify the assumptions for each component of the increase. Is the fee charged on all tickets for all events?

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5. On response pdf pg. 383, the proposal states, “Ensuring that (a) construction costs incurred to redevelop the Arena as contemplated in this proposal are not subject to the imposition of sales, use or business and occupational taxes, and (b) the Arena does not become subject to the imposition of any property, possessory interest or similar tax during construction or operation.” Are these taxes what is being referred to in the use credit of \$47.8M for Government fees/taxes in the sources and uses table on response pdf page 463? If not, please explain the latter figure. How should the \$47.8M on page 463 be reconciled with the \$50.4M in estimated construction period tax revenue shown in Exhibit 1 on response pdf page 471?
6. The proposal states that one of the sources for City bond repayment is a portion of the City’s share of incremental taxes for the operation of the redeveloped arena (proposal pdf page 385). We assume that these incremental taxes are the City taxes in Exhibit 2 on pdf response page 471 and that total projected tax revenues from the arena should be the amounts in the table plus the 2014-2016 baseline figures. Is this correct? If so, please provide the 2014-2016 baseline figures that were used.
7. Please provide detailed information on how the tax increment estimates in Exhibit 2 were calculated.?
8. Please provide detail on the projection/calculation of the net Sponsorship and Premium Seating estimates?
9. In regards to using rent plus taxes plus facility fee as a cumulative source to pay debt service and use against shortfalls in future year revenues, what happens to any interest earned on these funds during that time?
10. If cumulative payments can be used for shortfalls in future years, is the intent that the City hold all the revenues in reserve throughout the agreement term in case there is a shortfall in some future year? Would there be intended or restricted uses of the surplus? Which party has control or discretion over use those funds? Could the City pay down the bond principal with a portion of the surplus if it chose to do so?
11. Please provide a list of other U.S. municipalities that issued bonds or similar debt to finance the development of arena projects in partnership or agreement with AEG and/or Hudson Pacific Properties. For any such arena projects, please provide (a) amount of government bonds or financing instrument originally issued, (b) sources of revenue for bond payment, and (c) indicate whether anticipated revenues have been sufficient to cover payments.
12. What collateral is being offered up in order to guarantee the proposed bond payments?
13. Did you consider a 100% private financing approach, and if so, what lead you to decide on partial public financing?
14. Does the proposed public bond financing plan comply with the State of Washington law prohibiting tax increment financing? Was this considered?
15. If public financing cannot be issued, or issued at a lower level than requested, does Seattle Partners have an alternative source of financing? If so, please describe.

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16. If there are incremental taxes received from the addition of an NHL and/or NBA team, what are you proposing they would go towards? You state they would be excluded from the City's share of incremental taxes that would repay the City Bonds. If collected by the City, what is your estimate of the taxes generated by these activities? How would it impact the projected tax streams from other events (e.g. NBA or NHL games means fewer concerts to sell)?
17. Please detail how you arrived at the approximately \$4 million number you project for facility fee revenue.
18. Of the other arenas you operate, especially those in similar markets to Seattle, what has been the number of events (by type, if possible) hosted each year for the past 3-4 years? How much revenue was generated from events? How much other revenue have the arenas generated (by type, if possible).

Campus Impact Questions

1. How will the maintenance be handled for additions beyond the Redevelopment Site footprint and who will fund (e.g. fitness trail, art installations, Thomas St. greening, etc.)?
2. How did you come to the valuation of \$1 million for campus sponsorship rights?
3. The proposal refers to "offsite parking" for trucks used for load in and load out of shows? Where will this parking be located?
4. The proposal suggests capping utility costs at a historical average. Does this mean that the City will pay for increased utility costs associated with the increased size and heavier event load of the new arena?

General Question

1. When you built Sprint Center in Kansas City, it was with a similar goal of trying to bring a professional sports team to the city. Why was a team not able to be secured and why is this situation different?

Legal Team Questions/Requests

City Bonds and Seattle Partners Guaranty of Repayment (proposal page 386)

1. Please specify any covenants that will be required from the City in connection with the proposed City bonds. When do you anticipate the bond sale occurring? Please confirm each revenue source proposed to pay debt service on the bonds and for each: 1) clarify when each revenue stream will be available to pay debt service (e.g. will facility fee revenues be available for initial years of debt service if bonds issued at beginning of construction?); 2) clarify whether there are eligible portions of project costs (e.g. parking taxes can only be used to support transportation related costs); and 3) for incremental taxes, please clarify assumptions for each city tax during construction and operations. Who will be responsible for costs of issuance and debt service reserves?
2. Please describe the scope of your proposed guaranty of any shortfall in the funding sources for the City's bond repayment obligations. Please provide the specific entity information for the entity or entities providing the guarantees, with the understanding that City will need further assurances of the credit worthiness of such entities. Note that in addition to guaranties of the bond repayment obligations, assuming the City will require guaranties of Seattle Partners' obligations under the Development Agreement and Lease Agreement, describe any difference in guarantors for those obligations.
3. Verify whether the proposed facility fee is static during the bond repayment term or is subject to increase (e.g., CPI)?

Lease Term and Structure (proposal page 383)

1. The financial terms of lease renewals in your proposal are unlikely to be acceptable to the City. We invite you to offer more competitive terms relating to base rent, incentive rent, reserve fund deposits and tax increments applicable during renewal terms.
2. Provide additional details about a lease structure which would achieve AEG/Hudson's stated objective of "[e]nsuring that (a) construction costs incurred to redevelop the Arena as contemplated in this proposal are not subject to the imposition of sales, use or business and occupational taxes, and (b) the Arena does not become subject to the imposition of any property, possessory interest or similar tax during construction or operation."
3. You state that if the Project does become subject to the above taxes, you will seek to modify certain of the economic terms set forth in the proposal to account for the impact of those additional taxes. Please specify those modifications.

"Exclusive Rights" (proposal page 385)

Further detail your proposed 30-year exclusivity provision which would prohibit the City from support of an "Alternative Venue." Additionally, assuming the scope as currently proposed may

be unacceptably broad (i.e., directly or indirectly, finance, subsidize, provide any incentives for or otherwise assist any Alternative Venue), please propose a more limited scope of proposed restrictions which would work with your existing financial model.

Landmarks

Your proposal indicates you will embrace the historic roofline, although the design provides for an extension of the roofline. The proposal does not specify any interaction with or compliance with the landmark process if the Arena is designated as a historic structure. Please provide additional information regarding the design, landmarking and any associated contingencies.

Seattle Center Campus Exclusivity

Understanding there are existing limitations on sponsorship, promotional and similar rights, including exclusivities, and presuming that your prior work and interaction with Seattle Center has made you aware of both the practical and legal issues surrounding the Seattle Center Campus and its various tenants, please describe in more detail your plan for “exclusive control of sales of sponsorships, naming and premium seating” for the entire Seattle Center campus, including potential parameters, exceptions and restrictions, signage plans, and interaction with Seattle Center and existing tenants. Note that as currently described, the broad proposal is problematic; without understanding the details of your proposal, the City will not be able to adequately analyze and identify the range of potential issues.

Additionally, describe in more detail the “Campus Sponsorship Payment,” including proposed calculation and projected revenue to City and Seattle Center.

NBA/NHL

Taking into consideration the discussion of the Memorandum of Understanding Seattle Sports and Entertainment Facility on page 1 of the Request for Proposals, describe your anticipated plan and timing for seeking professional sports franchises as arena tenants. Describe how securing professional sports franchises as arena tenants, and the timing of the securing of such tenants, affects your proposal. In particular, describe any proposed incentives and/or consequences of obtaining or not obtaining a franchise or franchisees (including effect on the Alternative Arena restriction).

Transportation Team Questions/Requests

1. Seattle Police intersection control is currently in use for Key Arena events at high traffic locations. This mitigation tool is not mentioned in proposal. Will this tool be part of the transportation plans?
2. Event genre information is not available in the proposal. This information is critical in planning for transportation. Vehicle occupancy rates, timing and travel routes vary dramatically per event. How will information be gathered and used in planning?
3. Daytime corporate arena events do not fall within the evening timeframe analysis in the proposal. How will these events and their unique impacts be mitigated?
4. The Seattle Center campus hosts several large summer festival events. How will Arena events be managed when scheduled in the same timeframe to minimize the impacts?
5. Summer festivals use Thomas Street, 2nd Ave, Republican and Warren adjacent to the Seattle Center campus for vender, artist, food and beverage, band gear, ice and other trucks and vehicles. Several of these locations would not be available under the proposed plans. How will this be mitigated?
6. We currently encourage traffic egress headed South via 2nd Ave N towards downtown where additional points of freeway access do not impact the Mercer and Denny corridors. Will this route be added to the route mix?
7. The Proposal includes curbside changes which take away bus parking that is currently in heavy use in support of school children’s programming at several resident organization venues. How will the project replace this asset?
8. You are proposing transit-only lane on Eastbound Mercer. This will heavily impact McCaw Hall event egress and valet operations by removing a lane for cars exiting the Mercer Garage. How will this be mitigated?
9. Seattle Center’s 5th Ave N. Garage is underutilized by Key Arena patrons but offers the quickest access to SR 99. How will the project improve use of this garage?
10. Your Proposal highlights partnerships and investments to improve multi-modal access to the new Arena that depend on significant improvements to pedestrian, cycling and transit infrastructure -- you specifically highlight a \$5M investment in improvements to infrastructure including a mobility hub at the planned ST3 light rail station, and realization of the Thomas St. Green Street plan. How do you plan to leverage other funding sources to make sure these projects are fully realized?
11. Seattle Center’s Master Plan and the Uptown UDF encourage redevelopment of the 1300-stall Mercer St. parking garage. How does your proposal take this into account?
12. Use of the Monorail features prominently in your proposal. Can you describe in more detail how you plan to increase the service and capacity of the Monorail, and whether you have allowed budget for this?
13. For Figure 3 (Estimated Travel Mod to New Arena) on page 92, does that represent a forecast, or a target (meaning the desirable mode share)?
14. How was the “excess capacity” data on Figure 4 (also on page 92) calculated for parking, and more specifically, transit?
15. Your proposal commits \$5 million for capital improvements to support the arena. There are also several statements in the proposal about specific actions (such as “AEG

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plans to partner with the Seattle Monorail to implement the following...” or “AEG will incorporate a world-class bike center at the Seattle Coliseum...”). Are these investments over and above the \$5 million proposed for capital improvements?

Social Equity Team Questions/Requests

1. Describe the goals of AEG’s Global Diversity Department, as it relates to Seattle. Do you have any metrics and targets you will be committed to during the construction of the Arena as well as during its operations afterwards? Please describe.
2. What is Seattle Partner’s projection for using women and minority-owned businesses as subcontractors for the project?