

**STADIUM AUTHORITY OF THE CITY OF PITTSBURGH
BOARD MEETING
FRIDAY, MARCH 28, 2013
1:00 PM**

A general meeting of the Board of Directors of the Stadium Authority of the City of Pittsburgh was held on March 28, 2013, in Room 333 of the David L. Lawrence Convention Center. Board members in attendance: Michael Danovitz, Chairperson; Sophie Masloff, Secretary; Jim Malanos; Corey O'Connor, as well as Authority staff members: Mary Conturo, Douglas Straley, Theresa Bissell, Rosanne Casciato, Taylor Blice, Michelle Masters, and Rosemary Carroll. Also in attendance: Bob Murphy, Solicitor; Barry Ford, Tina Mechling, and Mike Hudec of Continental Real Estate; Herky Pollock of CBRE; Ed Shriver of Strada; Frederick Winkler, architect; Stephen Quick of Stephen Quick FAIA; Robert Brown, Shawn Foyle, and Robert Olinger of IATSE Local 3; Jeremy Boren of the Pittsburgh Tribune Review; and Mark Belko of Pittsburgh Post-Gazette.

Mr. Danovitz called the meeting to order at 1:00 PM and requested that everyone rise for the Pledge of Allegiance. Mr. Danovitz proceeded with asking Ms. Conturo for a roll call of the Board Members. A quorum was present.

The following agenda items were discussed:

1. Public Participation

Mr. Danovitz asked if any members of the public would like to speak. Mr. Brown stepped forward.

MR. BROWN:

Good morning, Ladies and Gentlemen. My name is Robert Brown. I'm a business representative of IATSE Local No. 3. Along with President Robert Olinger and Secretary Treasurer Shawn Foyle, we represent the stage technicians employed in and around the City of Pittsburgh. Stage technicians work in various venues as stage carpenters, electricians, property masters, and set dressers. We provide theatrical and arena riggers responsible for safety, installation of lighting, sound, and scenic elements hanging over the stage. We also provide audio and visual technicians for corporate events. We work in every major venue in the City of Pittsburgh: the Benedum, Heinz Hall, the Byham Theatre, the O'Reilly Theatre, the Cabaret Theatre, and the August Wilson Center. We're employed at rock and roll events at Heinz Field, First Niagara Pavilion, and Consol Energy Center. Everything from opera to rock and roll, sporting events to ballet, you'll likely find stagehands employed there.

The purpose of our presence here today is to ask for your support in our pursuit of obtaining a fair and equitable agreement with PromoWest Live, the management company of Stage AE. In December of 2010, Bob Olinger, Shawn Foyle, and I met with Mr. Steinecker, president of PromoWest. At that meeting, Mr. Steinecker informed us that he had already engaged Mr. Todd Harris to provide labor to Stage AE. We assured Mr. Steinecker we could

meet the technical needs of Stage AE at rates we were sure he could agree to. He informed us at that time that he had engaged Mr. Harris for three years and that he looked forward to speaking with us at the expiration of that agreement. We later found out that Mr. Steinecker was mistaken and that the contract was for five years. We've been aware of Mr. Harris for quite a few years and had always suspected that he had questionable business practices, most noticeably: cash payments to employees, which undermine the very tax base that benefited Stage AE to the sum of \$2.5 million in state funding. As I had stated, we had always been suspect to Mr. Harris' business dealings. It was not until November 2012 when I was able to confirm what we had suspected all along, even prior to Stage AE. I had four riggers from Ohio that verbally confirmed to me that they had worked at Stage AE and they indeed been paid cash for their services. And in no uncertain terms, Mr. Harris and Promowest had no desire to work with the union. They stated that the fact that they were speaking to me risked any future employment at Stage AE, as well as employment at their sister venue in Ohio, which is also run by Promowest.

Although we have a great deal of information on Stage AE, we will confine our concerns to three issues: tax dollars that were used toward Stage AE, out of state workers and cash payments. Promowest has recently released Mr. Harris. Scott Steinecker has informed me, as he has in the past, that he has engaged a local person to fulfill Mr. Harris' responsibilities until 2015 and that he looks forward to speaking with us at that time.

In closing, union organizing is an employee's choice, it's their right, and it's our responsibility. Our tax dollars are used for public buildings; however, the decision to use our tax dollars used for public buildings, development, and land acquisition is placed in authorities such as yourselves. We hope that you will support us as we continue to attempt to organize Stage AE or seek voluntary recognition from Promowest. That concludes my comment, ladies and gentlemen. Thank you.

Mr. Danovitz thanked Mr. Brown.

Councilman O'Connor thanked the union representatives for coming to the meeting. He acknowledged this issue and thanked them for bringing the statistics and numbers to the Board. Mr. O'Connor added that jobs need to stay within the state and the building is union-built and if a project would be union, why couldn't the employees also be union. Councilman O'Connor revealed that he has had talks with the unions and thanked them for bringing their concern to the attention of the other Board members.

The union representatives thanked the Board and offered to answer any questions.

Mr. Danovitz thanked them again. He then asked if there were any others who would like to speak in the public participation portion. Seeing none, he moved to the next item on the agenda.

2. Approval of the Minutes from the meeting of December 28, 2012.

The Minutes were unanimously accepted.

3. New Business.

- A. Amendment of Resolution No. 4 (2012) dated March 16, 2012 regarding the Fifth Take Down Parcel and Sixth Take Down Parcel (total 71,092 square feet) to provide for the transfer to North Shore Developers, L.P. for a purchase price of \$1,100,000, for development of two three-story buildings for retail and office use, and to extend the closing date to no later than July 1, 2013.

Mr. Straley delivered an update on the project. In March 2012 the Developer from the Continental Real Estate Companies presented a preliminary concept for the takedown of the 5th & 6th parcels which are across from the Del Monte building on North Shore Drive. The Developer had proposed retail space on the first floor and office space on the second floor. The Board approved the preliminary concept since the project would help North Shore Drive become a street destination that would achieve a sense of completion through the first phase of development on the North Shore. Since that approval, the Developer has been continuing communication with the Authority about increasing the size of the building by adding another floor of office space. The Authority was supportive as the increase in density would further align the project with the urban character and vision for the North Shore Master Plan. Since then, the Developer has submitted this revised development plan with the three-story development. It has been reviewed by Authority's urban planning consultant Steve Quick, who recommends approval with some noted details that will be worked out through the completion of the construction documents. Continental has also taken this to the City of Pittsburgh Planning Commission, who approved it on November 13, 2012. They wanted a wider connection on the north side of the building and a wider passage between the two buildings, which Continental and Strada have worked on. The Developer has also requested extending the closing date to no later than July 1, 2013, in order to create a financing package, prepare the final construction documents and submit the outstanding required items for closing. In March 2012, the Board approved a combined purchase price of \$900,000 or \$15.43 per square foot for the two floor layout. Since the building sized has increased, and the residential land value approach used by Integra Realty Services has been revised, Integra reappraised the property. That resulted in a purchase price of \$1,100,000 or \$18.85 per square foot. The projected schedule for the project would be that the closing would occur no later than July 1, 2013. Continental intends to start construction on site by August 1, 2013. As stated earlier, a union construction team would be used and completion of the core and shell of the building would be completed in the second or third quarter of 2014. Tenant improvements would be completed in the third quarter of 2014 and a final building occupancy and opening would occur in the fall or winter of 2014. Now I would like to present Barry Ford and his team to show the revised building plan and answer questions.

Mr. Ford thanked Mr. Straley. He stated that Continental is excited to get the next phase of the three-story building project started. This is the same building that Continental worked on with the Authority at length, collected comments and incorporated them into the plan, and took them to the Planning Commission. He introduced his team: Tina Meckling, marketing for Continental; Ed Shriver, art design for Strada; Herky Pollock, retail and restaurant leasing for the space; and Mike Hudec from Continental, coordinator for planning, design, and construction. Mr. Ford

encouraged any questions, and explained that Mr. Hudec would give a brief overview on the approved plan.

Mr. Hudec presented illustrative boards and pointed out that North Shore I and II will be located opposite of the Del Monte building. Both buildings, a larger building and a somewhat smaller building, have a corridor ceiling that aligns with the passageway underneath the bridge of the Del Monte building. He stated that there are some utilities along Tony Dorset Drive that the development needs to respect. They are underground so the developer cannot extend the building further than what is proposed on the site plan. Mr. Hudec said that the indicated area will be utilized for an outdoor space for the adjoining restaurant. He asserted that the ample outdoor space is very important to tenants. Mr. Hudec asked for questions pertaining to restaurant and retail tenants and added that the team would work with staff of the city planning commission to address the rear of the building, which will abut the existing parking lot. The plan does not interfere with existing parking gates or use of that parking lot. There will be very similar materials used on the buildings that are evidenced in other North Shore buildings and consistent with the Master Plan. The primary building material is brick and a lot of glass is evidenced on the elevations shown. There is cast stone, another primary material that has been used elsewhere on the North Shore. There is metal that will be painted. Mr. Hudec brought some samples of actual building material so the Board members could see them. Per Mr. Danovitz' request, Mr. Hudec turned the site plan so that persons sitting in the audience could view it.

Ms. Masloff asked a question concerning the location of the development and Ms. Conturo illustrated the location of North Shore Drive, Del Monte, and the two parcels in question. Ms. Masloff asked for confirmation that the parcels were opposite the Del Monte building, which was confirmed.

Mr. Danovitz asked if the color of the new building would be the same as the Del Monte building. Mr. Hudec answered that it is similar but the brick is slightly different.

Mr. Danovitz asked Mr. Quick if he looked at the aesthetics to see how it will match the Del Monte building. Mr. Quick responded that a lot of building materials are almost identical and that he thought it would fit in very well. Mr. Danovitz thanked him for his expertise.

Mr. Hudec went on to say that they spent a lot of time looking at the back of the building. The upper floor is very consistent to the other sides of the building. There are a significant amount of windows on the ground level. Landscaping will include ivy growing on the sides of the walls, street trees, sidewalks and also a painted mural that will have a shadow effect on the backside of the building. At night, down lighting in front of the building from the restaurants will create an enlivened atmosphere and the towers on the building will be highlighted.

Ms. Conturo asked him to talk about the outdoor seating. Mr. Hudec explained that it would be important for the restaurants and ground floor retail to have outdoor exposure on the Del Monte side. The drawing illustrates that along North Shore Place I, the design provides for the outdoor seating 20 – 22 feet in depth. It extends along the front of the building and then wraps into that corridor we have maintained. There has been an agreement on the depth of the passageway that would be necessary between the two buildings and the outdoor seating.

Mr. Malanos asked Mr. Hudec if that area would be fenced. Mr. Hudec answered affirmatively. He pulled another board with a rendering of that particular perspective. He indicated that there would be transparent landscaping along the edges at the open fence with brick masonry on the corners.

Mr. Danovitz acknowledged the fencing and asked if there would be a brick wall on Tony Dorsett Drive. Mr. Hudec answered that at the corner of Tony Dorsett Drive, there would be a brick wall and in between there would be a metal fence with access to the outdoor area. Mr. Danovitz confirmed that on Tony Dorsett Drive there would be breaks with metal fence so people could see in. Mr. Hudec agreed and added that there would be landscaping along the edge.

Mr. Danovitz asked Mr. Pollock to talk about the restaurants that have already signed on to be tenants and how much space is left to lease.

Mr. Pollock answered that there are already two signed leases and very active prospects for the balance of the space. There is a 16,000 square foot restaurant called *Toby Keith's I Love This Bar and Grill* which will be on the far left side of the project. On the other side of the project is *North Park Lounge and Cabana Bar* utilizing an outdoor/indoor venue which will take the most difficult portion of the project – underneath the bridge and current parking field where that cannot be built upon because of underground utilities and easements. Mr. Pollock said that this will give the area a “neighborhood” feel.

Mr. Danovitz asked for clarification that the lounge and bar would take the outdoor portion. Mr. Pollock stated affirmatively. Completing this development in an era when financing and tenancy is difficult speaks to the strength of the development team and the site itself. Mr. Pollock stated that he is very fortunate to be part of the team and is excited about the future retail prospects to fill the retail space with vital and vibrant prospects that are catering to the population who visits the North Shore on a regular basis and to extend the central business district to the North Shore. The success of residential and office components downtown makes this an incredible opportunity for Continental, the Steelers and the Authority to capitalize on the success of our urban core, so there are some benefits to having this project delayed as long as it has been.

Mr. Ford thanked Mr. Hudec and Mr. Pollock for speaking. He stated that he had the privilege, a week prior, to speak with the Pittsburgh Downtown Partnership. He told the group that the goal when they started the project was that downtown could be extended, and that the rivers are not a boundary. He told Pittsburgh Downtown Partnership that the North Shore is now part of downtown. The tenants, the buildings and the opportunities have allowed the city to grow. It is a great outlet, and a different product that acts differently from a high-rise office building – but it's been a great lease for the city. Mr. Ford thanked everyone for their foresight and vision. He admitted that he was nervous about including a third floor, but stated that they have prospects for it. They are looking forward to getting started in the summer.

Mr. O'Connor stated that he would much rather see three stories than two because it shows how vibrant the city is. He agreed with Mr. Pollock and paraphrased a Field of Dreams quote, saying,

“If you build it, they’re going to come.” There are so many young entrepreneurs moving back that they will need the space to have an office. With three huge developments going on in the city: the Strip District site, the Lower Hill Redevelopment site, and the Hazelwood site, this allows for smaller sized tenants to come into downtown Pittsburgh.

Mr. Ford said that the conversation sounded like the one they had internally six weeks prior. He agreed that they were providing a little different product type for smaller users.

Mr. O’Connor agreed that it was needed. He stated that the CMU incubator types that are looking for space are going to East Liberty and other areas of the city, but to get them downtown and into that space helps a lot. He commended and thanked them.

Mr. Danovitz asked if there were any additional comments. Seeing none, he asked for a motion to approve. A motion to approve was made, seconded, and unanimously carried.

RESOLUTION NO. 1 (2013)

RESOLVED, by the Stadium Authority of the City of Pittsburgh and its Executive Director and other proper officers are authorized to amend Resolution No. 4 (2012) of March 16, 2012 regarding the Fifth Take Down Parcel and Sixth Take Down Parcel (total 71,092 square feet) to provide for the transfer to North Shore Developers, L.P. for a purchase price of \$1,100,000, for development of two three-story buildings for retail and office use, all substantially in accordance with the terms attached hereto, and in form acceptable to Counsel of Authority, and further to amend Resolution No. 10 (2012) of December 28, 2012 regarding a grant of forbearance related to the Closing Date for the Fifth Take Down Parcel and Sixth Take Down Parcel to provide that the forbearance is extended to no later than July 1, 2013; and further that the proper officers and agents of the Authority are authorized and directed to take all actions and execute a deed and such documents and other related documents (including but not limited to encroachment and overhang easements, construction license agreement, contribution agreement and ground easements) and pay all costs and expenses as necessary and proper to effectuate the terms of this resolution, and that all prior inconsistent resolutions or portions of resolutions are hereby repealed.

- B. Authorization to enter into a Substitute Space agreement with ALCO Parking Corporation to reallocate approximately 231 leasehold spaces from Gold Lot 2 to Gold Lot 1.

Mr. Straley explained that the future location of the two buildings is currently surface parking lots that encompass 231 spaces. The spaces are subject to either a lease where ALCO Parking Corporation is the tenant, or a management agreement with that ALCO as the operator. The

Authority could buy-out the leasehold spaces or reallocate them to the existing management spaces. This authorization would be to reallocate spaces subject to the lease from Lot 2 to Lot 1.

Mr. Danovitz asked if this would meet the Authority's obligations to Mr. Stabile's company. Mr. Straley answered affirmatively.

Mr. Danovitz asked if there were any additional comments. Seeing none, he asked for a motion to approve. A motion to approve was made, seconded, and unanimously carried.

RESOLUTION NO. 2 (2013)

RESOLVED by the Board of the Stadium Authority of the City of Pittsburgh that its Executive Director and other proper officers are authorized to enter into a Substitute Space agreement with ALCO Parking Corporation to allocate approximately 231 leasehold spaces from Gold Lot 2 to Gold Lot 1; 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.

- C. Authorization to reimburse ALCO Parking up to \$65,554 for improvements to Lot 7D, funded in part from the balance of the Non-Routine Maintenance Fund.

Mr. Blice stated that as part of the lease agreement for PNC Park, Pittsburgh Associates are guaranteed 150 parking spaces for their employee's use. Currently the Pirates' 150 spaces are spread among three facilities: North Shore Garage, West General Robinson Street Garage, and Lot 7G. Because the garages and lots are filled to capacity on a daily basis, ALCO Parking recommended relocating the Pirates' 150 spaces to nearby lot that would consolidate Pirates employee parking, and that would allow increased revenues in the garages. The spaces in Lot D are currently not being used for daily parking and it would be suitable to be the location for all the Pirates' 150 parking spaces. ALCO estimates gross revenues to Authority will increase \$203,542 annually. ALCO Parking and the Pirates met to discuss the physical changes needed to transition employees to Lot 7D. There is equipment that needs to be installed: a card reader, cameras, lighting, and power for the safety and security measures. ALCO solicited and received proposals for installing the equipment. The following contractors are being recommended for approval to work: GMI Electric to install a concrete island, power, and 16 new lighting fixtures in the amount of \$41,854.28; CTR Systems to install a lease card system in the amount of \$16,040; and Loss Prevention to install five new cameras that ALCO and the Pirates can monitor in the amount of \$7,659.63. Per the lease agreement with ALCO Parking, a non-routine maintenance fund was established and replenished with annual revenue generated by leasehold spaces. However, when the original term of the lease agreement ended in April 2010, mandatory contributions to the non-routine maintenance fund ceased and all future non-routine maintenance expenses are recorded as expenses to each individual lot. The Authority and ALCO Parking have agreed to use the remaining \$20,376.41 in the non-routine maintenance fund for this improvement. The remaining \$45,177 will be charged to the Lot 7D expense statement.

Authority staff reviewed the request and believes that the work is necessary and prudent and recommends approval in the amount of \$65,554.

Ms. Conturo asked Mr. Blice and Mr. Straley to illustrate to the Board the location of the old and new spaces on the renderings. She stated that under the Pirates lease, the team is entitled to 150 spaces at a below-market rate. She informed the Board that in their informational binders was a map she would reference. She pointed out some spaces are in the West General Robinson Street Garage, and some in the North Shore Garage.

Mr. Straley explained that 50 spaces are in the West General Robinson Street Garage, which is between the stadiums, 50 are in the North Shore Garage, which is across from the Alcoa Business Center and 50 are in Lot 7G, which is located behind the North Shore Garage. Mr. Straley explained that they would be moved to Lot 7D, which could hold them all in one place. Mr. Straley described Lot 7D to be at the corner of Federal and Reedsdale, one block from the facility.

Mr. Danovitz expressed that he was happy to see how seriously security was taken into account, both the physical security of the facility and the security of the patrons of the facilities. He was glad to see that the Authority would be instituting security cameras as part of the overall package for both loss prevention and security of the patrons.

Mr. Straley pointed out that the Pirates' security staff would also be able to view the cameras.

A motion to approve was made, seconded, and unanimously carried.

RESOLUTION NO. 3 (2013)

RESOLVED by the Board of the Stadium Authority of the City of Pittsburgh that its Executive Director and other proper officers are authorized to reimburse ALCO Parking up to \$65,554 for improvements to Lot 7D, funded in part from the balance of the Non-Routine Maintenance Fund; 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.

D. Approval of the Stadium Authority Operating Budget for the period ending March 31, 2014.

Ms. Casciato stated that the Authority budget is separated into restricted and unrestricted sections. For 2014, the *unrestricted* revenues are generated from interest and small miscellaneous items. *Unrestricted* expenses include salary reimbursement to the SEA, insurance coverage, and professional fees such as legal, auditing, and engineering services.

The *restricted* budget includes daily parking lot revenues from Lots 1 through 7J which are restricted to debt on the North Shore Garage, and the West General Robinson Street Garage. It also includes the 5th and 6th take-down parcels from the Option Area previously discussed.

The annual budget for the West General Robinson Street Garage is included separately. The garage is estimated to produce \$1.7 million net revenue generated from daily parkers, leases, Steelers/Pirates games and other events. Debt payments due on the garage in fiscal year 2014 total \$1.3 million.

A motion to approve was made, seconded, and unanimously carried.

RESOLUTION NO. 4 (2013)

RESOLVED by the Board of the Stadium Authority of the City of Pittsburgh that the Stadium Authority Operating Budget for the period ending March 31, 2014 is hereby approved; 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.

4. Public Participation.

Mr. Danovitz asked if there were any 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 1:39 PM.

