

MINUTES OF THE MEETING
OF THE BOARD OF THE
SPORTS & EXHIBITION AUTHORITY OF PITTSBURGH
AND ALLEGHENY COUNTY
HELD THURSDAY, MARCH 12, 2015
AT THE DAVID L. LAWRENCE CONVENTION CENTER
PITTSBURGH, PENNSYLVANIA
COMMENCING AT 10:34 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 in Room 333 of the David L. Lawrence Convention Center in Pittsburgh, PA 15222, on Thursday, March 12, 2015, commencing at 10:34 A.M. E.S.T.

Members of the Authority

Present: Senator Wayne Fontana, Chairman
Reverend John Welch, Member
Michael Dunleavy, Vice-Chairman
Sala Udin, Member
Councilman Dan Gilman, Member

Absent: Jill Weimer, Member
Councilman James Ellenbogen, Member

Also Present: Mary Conturo, Doug Straley, Rosanne Casciato, Theresa Bissell, Rifat Qureshi, Taylor Blice, Christina Lynch and Allison Botti of the Authority; Clarence Curry of CFC-3; Tom Ryser of TPR, LLC; Bill Taxay of Cohen & Grigsby; Tim Muldoon, Hiedi Strothers, Conor McGarvey, Ryan Buries, and Linda Mihalic of SMG; Curtis Florence, Scott Caplan, and Sarah Davis of Clayco; Lance McOlgan of FS Architecture; Mark Popovich of HFF; Brett Goldstein of PSSI Stadiums LLC; Jason Kobeda of Pittsburgh Associates; Travis Williams of Pittsburgh Penguins; Jaime Bromley from Councilman Dan Gilman's Office; Paul Griffith of Integra Realty Resources; Sridhar Aluguvelli from Cosmos Technologies; Frederick Winkler, architect; Mark Belko from Pittsburgh Post-Gazette; and Tom Fontaine of Pittsburgh Tribune-Review

Senator Fontana called the meeting to order with the Pledge of Allegiance, followed by a roll call of the Board Members. Beginning with public participation, Senator Fontana asked if any members of the audience would like to address the Board. Hearing none, he moved to the next item on the agenda. The meeting continued with the approval of minutes from the meetings of February 12, 2015. A motion was made, seconded, and unanimously approved.

Senator Fontana addressed new business with the first item on the agenda, a request for authorization to enter into an agreement with Airtite Company in a lump sum amount of \$40,225 for water feature caulking.

Mr. Buries explained that in the fall of 2014, Advantus Engineering conducted a water loss investigation of the decorative water feature at the convention center. They discovered degradation of the joint sealant at multiple points throughout the feature which allows water to escape the system. Upon completion of the investigation they recommended replacing the sealant and observing the effect on the systemic water loss. Pending the results of these observations, further investigation of the mechanical systems, including pipes and manifolds, may be required. A separate authorization would be requested should that be deemed necessary. The sealants were installed in 2005 and there are no applicable warranties.

Advantus prepared design documents suitable for public bid. The project was advertised in the Tribune Review, New Pittsburgh Courier, and on the Authority's website. The Notice to Bidders was sent directly to an additional 45 contractors including four MBEs and one WBE contractor. A pre-bid meeting was held on January 29, 2015 which eight firms attended. Bids were received from the following contractors: Airtite Company, Mariani & Richards Inc., Nathan Contracting, Graciano Corporation, and Marsa Inc. Airtite was selected based on submitting the lowest responsible bid of \$40,225. The contract will include unit pricing for

additional, unforeseen concrete repair, waterproof coating, and sealant between the water trough and metal cap.

The project will begin upon authorization and execution of the contract. Removal of the failed sealants will begin immediately. Joint and surface preparation will immediately follow, and installation of the new sealants will commence once weather conditions are appropriate for the installation of the sealants.

Senator Fontana asked for a motion to approve. On a motion duly made, seconded, and unanimously carried, the following resolution was approved:

RESOLUTION NO. 5298

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 Airtite Company in a lump sum amount of \$40,225 for water feature caulking; 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, which was a request for authorization to enter into a three year agreement with ED3 Consultants, Inc. in an amount not-to-exceed \$180,000, including reimbursable expenses, to provide architectural services as needed for various projects.

Mr. Buries stated that in June 2012, SMG recommended soliciting professional architectural design services for various projects that arose during the three-year term. It was determined that it would be most efficient to have an open-ended contract with an architectural firm to provide services as needed for smaller projects. Managing the projects in this manner has allowed for efficiencies to be realized by working with the same architect for multiple projects. Reduced travel time and accumulated knowledge of the building are two ways that savings will

be realized. The existing open-ended contract is with GBBN and is nearing the end of its three-year term.

A request for proposals used to solicit proposals was developed based on a template from the City. A sample of potential projects was included in the RFP. The contract is non-exclusive so the Authority and SMG are able to hire another architect for any project that it chooses. The project initiation process is that the consultant provides a fee proposal which is reviewed by SMG and the Authority staff and then determined whether or not to proceed with the project at that time.

A new RFP was issued January 5, 2015, that included three different disciplines: architectural services; structural engineering services; and mechanical, electrical and plumbing services, which were advertised in the Tribune Review, the New Pittsburgh Courier, and the Authority website. A mandatory pre-proposal meeting was held on January 15. Firms were allowed to submit proposals in multiple areas or just the ones they were interested in. A list of the meeting attendees is attached.

Proposals were received on January 20. A review committee was established that included Mr. Buries and Ms. Mihalic of SMG; Mr. Curry, Mr. Straley, Mr. Blice, and Ms. Lynch from the Authority. The three proposals were reviewed and shortlisted, and the committee determined after a scope review that ED3 was the appropriate firm for the needs of the building.

Mr. Buries noted to the Board that under the expiring contract of GBBN, four projects were undertaken for a projected total of \$84,000. This contract will remain in place through the completion of these previously authorized projects which include Phase III Carpet Replacement and Concession Stand B Renovations. ED3 is a WBE certified firm and will use A&A Engineering for MBE participation.

After Senator Fontana asked for questions, Councilman Gilman asked about the list of attendees at the pre-proposal meeting and Mr. Buries said that he could provide them. Mr. Buries stated that eight firms attended; GBBN, Mavrovic, and ED3 were the architectural firms that attended.

Councilman Gilman noted that the project was in a not-to-exceed amount and asked if there was a base fee. Mr. Buries explained that the fee was based purely on hours worked, project by project. Moreover, the amount not-to-exceed \$180,000 is over the course of three years.

After asking for questions and hearing none, Senator Fontana asked for a motion to approve. On a motion duly made, seconded, and unanimously carried, the following resolution was approved:

RESOLUTION NO. 5299

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 three-year agreement with ED3 Consultants, Inc. in an amount not-to-exceed \$180,000, including reimbursable expenses, to provide architectural services as needed for various projects; 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, a request for authorization to approve a change order with Advantus Engineers, LLC for an additional three years, in an amount not-to-exceed \$240,000, including reimbursable expenses, to provide mechanical, electrical, and plumbing engineering services as needed for various projects.

Mr. Buries explained that this is the second of the three open-ended contracts solicited. Advantus Engineering was awarded the contract the first time around three years ago and SMG

has been very satisfied with their work. They submitted a proposal and based on rates and additionally the fact that they are a certified WBE/MBE firm the committee decided they were the best fit for the building and recommends extending the agreement for an additional three-year term.

After asking for questions and hearing none, Senator Fontana asked for a motion to approve. On a motion duly made, seconded, and unanimously carried, the following resolution was approved:

RESOLUTION NO. 5300

RESOLVED by the Sports & Exhibition Authority of Pittsburgh and Allegheny County that its Executive Director and other proper officers are authorized to approve a change order with Advantus Engineers, LLC for an additional three years, in an amount not-to-exceed \$240,000, including reimbursable expenses, to provide mechanical, electrical, and plumbing engineering services as needed for various projects; 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, a request for authorization to enter into a three-year agreement with Barber & Hoffman, Inc. in an amount not-to-exceed \$240,000, including reimbursable expenses, to provide structural engineering services as needed for various projects.

Mr. Buries stated that this is the approval for a long term professional contract for the third discipline; that is, for structural engineering services. The same procurement was followed for all three of the disciplines. The committee reviewed a shortlist of three firms and recommends Barber & Hoffman as the best fit for the building. They proposed to use A&A Engineering for MBE participation, Front Studio Architects and Moore Design Associates for

WBE participation, and Crawford Consulting Services for additional MBE participation in the course of the contract.

After asking for questions and hearing none, Senator Fontana asked for a motion to approve. On a motion duly made, seconded, and unanimously carried, the following resolution was approved:

RESOLUTION NO. 5301

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 three-year agreement with Barber & Hoffman, Inc. in an amount not-to-exceed \$240,000, including reimbursable expenses, to provide structural engineering services as needed for various projects; 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, a request for authorization to enter into an agreement with TP Electric, Inc. in a lump sum amount of \$56,705, for installation of additional electric service in event areas.

Mr. Buries stated that through the organic use of the building for different types of clients and events, several key areas were identified where additional power connections would be beneficial. The installation of these additional outlets and service connections will allow the convention center to serve their clients better by providing more flexibility in event setups and locations of equipment. Additionally, the presence of the connections will reduce labor costs, and eliminate the unsightliness of having power cords strung along columns and taped down across aisle ways.

After a thorough review of the event areas with the SMG event management staff and analysis of available circuits with the electrical team, Advantus Engineers created a design

package for public bidding. The project was advertised in the New Pittsburgh Courier, the Tribune-Review, and on the Authority website. The Notice to Bidders was also emailed directly to over 50 electrical contractors including 35 MBE and 20 WBE contractors. A pre-bid meeting was held on January 29, 2015, which was attended by seven contractors. Five contractors, including one WBE and one SDVE (Service Disabled Veteran Enterprise) contractor submitted bids. TP Electric was the lowest responsible bid, and the recommendation to award to them was based on that. They proposed to use 5% MBE and 2.5% WBE participation.

Senator Fontana asked for a motion to approve. On a motion duly made, seconded, and unanimously carried, the following resolution was approved:

RESOLUTION NO. 5302

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 TP Electric, Inc. in a lump sum amount of \$56,705, for installation of additional electric service in event areas; 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, a request for authorization to enter into a 10-year lease, with options to extend for two periods of five years each, with JJ Convention LLC (Jimmy John's Gourmet Sandwiches franchisee) for restaurant use in retail space along Penn Avenue.

Mr. Qureshi stated that the convention center has four retail spaces along Penn Avenue: two larger spaces and two office sized spaces. CBRE is the Authority's real estate broker for its retail spaces. They presented a proposal for Jimmy John's Gourmet sandwich shop to be placed at the western retail space which is approximately 2,500 square feet.

The principal is Brett Weinheimer who owns and operates three other Jimmy John's restaurants in Pittsburgh and two in Philadelphia. His management team includes his restaurant operators from his Pittsburgh restaurants.

CBRE assisted in negotiating lease terms and reviewed the proposed operations, ownership, the scope of work for the build out, financials and recommends the franchisee and use of the space. Also, SMG, the manager of the building, and Levy Restaurants, the food and beverage provider for the building, reviewed the information and both concurred that Jimmy John's would be a good addition to the convention center's retail space.

With respect to tenant improvements, the tenant will build out interior space of a typical Jimmy John's restaurant. Exterior improvements will include an opening of the western wall facing the parking lot to offer an outside patio area. The Authority will provide the space as is and the tenant will be responsible for constructing build out, including securing all permits and approvals as needed. All improvement plans and subcontractor will be reviewed by Authority staff for approval. The estimated cost of build out is \$550,000, and the Authority will provide the tenant an improvement allowance of \$165,000, but the tenant will be responsible for all costs above that. The allowance will be payable upon completion of improvements and tenants' receipt of certificate of occupancy.

The term of the lease is for 10 years with options to extend for two periods of five years each. Rent will commence the earlier of the dates the tenant opens for business, or 150 days after the date of possession. The rent is \$22 per square foot for the first five years, and \$25 per square foot for the second five years. The tenant will be responsible for all costs associated with its usage of the utilities except for water and sewage which will be part of the rent. The tenant will be responsible for keeping its premises clean and maintained, including the outdoor seating area.

The tenant agrees to coordinate these efforts with SMG both during the build out and during daily operations. The tenant agrees to pursue the Authority's MBE/WBE participation goals during the build out and during daily operations. The tenant also agrees to pursue green strategies during the build out and daily operations. They will meet with the Authority's senior diversity coordinator and sustainability coordinator during these efforts. The lease is guaranteed by the other three Pittsburgh franchisees. The hours of operation will be a minimum of 11 am to 9 pm but may be open later during events, with federal and state holidays excepted.

With respect to economic impact, the Tenant anticipates hiring 30 part-time employees and three full-time managers. Estimated sales tax revenue will be \$56,000 a year, and estimated patrons frequenting the restaurant will be approximately 110,000 per year. The staff recommends approving Jimmy John's for the retail space.

After Senator Fontana asked for questions, Councilman Gilman requested that any signage plans be submitted to the board prior to approval. Mr. Qureshi assured him that signage plans would be shared with the Board.

Mr. Udin asked who Jimmy John's primary market would be. He wanted to know if they were marketing to the employees in the general area or the tenants within the convention center. Mr. Qureshi explained that they did not provide those specifics, but he assumed it would be for anyone in the area daily as well as for events. They did express that they were interested in marketing to events and that Levy was fine with it. Levy provided a letter in support of the process.

Senator Fontana asked about the projected opening date. Mr. Qureshi stated that they would start as soon as the lease is executed. They anticipate 150 days, depending on how quickly they can get the permits, but sometime during the summer.

Senator Fontana asked for a motion to approve. On a motion duly made, seconded, and unanimously carried, the following resolution was approved:

RESOLUTION NO. 5303

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) a 10-year lease, with options to extend for two periods of five years each, with JJ Convention LLC (Jimmy John's Gourmet Sandwiches franchisee) for restaurant use in retail space along Penn Avenue (having the address 1027 Penn Avenue) at a base rent of \$56,144 per year for the first five years, \$63,800 per year for the second five years, \$71,456 per year for first option period and \$79,112 per year for second option period, (b) to provide a tenant improvement allowance in the amount of \$165,000 to be paid upon completion of tenant improvements and receipt of City of Pittsburgh certificate of occupancy and all necessary permits and approvals, and (c) to pay broker's fee in accordance with existing agreement; 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, a request for authorization to enter into an agreement with Plantscape, Inc. in an amount not-to-exceed \$4,265, with all costs to be reimbursed by Colcom Foundation, for landscape maintenance services at Tribute to Children.

Mr. Straley explained that Tribute to Children is the Fred Rogers statue on the North Shore and Colcom Foundation reimburses the Authority for maintenance expenses related to it. Last year, Colcom expressed an interest in obtaining landscape maintenance services for the memorial. The Authority solicited quotes from four different companies. Plantscape was the lowest proposal in the amount of \$16,286. The proposal was for three years with the first year totaling \$7,756. Colcom reviewed the quotes and recommended Plantscape for a one year contract to evaluate their work at the end of that period. Plantscape also handles the City's public parks and the North Shore Riverfront Park. They are a 100% WBE firm.

After asking for questions and hearing none, Senator Fontana asked for a second motion to approve. On a motion duly made, seconded, and unanimously carried, the following resolution was approved:

RESOLUTION NO. 5304

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 Plantscape, Inc. in an amount not-to-exceed \$4,265, with all costs to be reimbursed by Colcom Foundation, for landscape maintenance services at Tribute to Children; 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, a request for authorization for preliminary approval of a plan to build a five-story US Steel headquarters building at Block D of the Lower Hill option area and land purchase price, together with other related approvals and authorizations, including approval of subdivision, approval of terms of transfer of land for potential future expansion and authorization with respect to Block F Urban Open Space.

Mr. Straley was pleased to present to the Board the preliminary approval for the first development at the Lower Hill site for the US Steel headquarters. Per the Option Agreement with the Penguins, there is a process of approval, and this action relates to the Authority's preliminary approval of several aspects of this transaction.

Mr. Straley introduced the development team to allow them to walk the Board through the project. He introduced the Penguins, Clayco, and Clayco Forum, the architecture side of Clayco. Mr. Williams was present for the Penguins; Ms. Davis, Mr. Caplan, and Mr. Florence were present from Clayco; and Mr. McOlgan was present from Forum.

Mr. Williams wanted to thank a few people: the Authority Board, the Authority staff (Ms. Conturo in particular), as well as many others including Mayor Peduto, his Chief of Staff Kevin Acklin, County Executive Fitzgerald, and his staff, and the URA. They have all been phenomenal public partners in this process. The Penguins have appreciated the collaboration, the spirit of joint effort in trying to make a high quality development occur on this site, which has been the goal from Day 1. When they set out at the start of the process, there were two fundamental objectives they were trying to accomplish. One was sustainability and the other was community. From a sustainability perspective this development is on track to be the first LEED silver development in the state of Pennsylvania. One of the important parts of the first leg of development, this first parcel of the development, is it will fall in line with those sustainable initiatives. The Board will be hearing more from Forum and Clayco of their pursuit of LEED silver for this first building on the site.

In terms of the community, Mr. Williams continued, and working with Mr. Udin and others from the Hill District community, like Councilman Lavelle, they worked very hard to put together a monumental agreement: a Community Collaboration and Implementation Plan. It took many months to put together. A lot of thought and heart went into the document and they were pleased that this development also falls in line with that spirit of collaboration within the community. Before the US Steel headquarters deal was announced, Clayco had signed without question the affirmation of the document, to become a party to that. In addition, as many may have read, they are working through getting a LERTA approved. The LERTA itself would actually allow for up to \$3.75 million to be contributed into the Greater Hill District reinvestment fund, which was one of the main principles that was set up through this plan. Mr. Williams highlighted that they had spent a lot of time on the front end of the project related to those two

points, and as they move through the project they are still focused on community and sustainability when they select developers. Upon saying that, he introduced Clayco and Forum, stating that they couldn't have asked for a better partner in Forum Design and Clayco. They are world-renowned in terms of doing corporate headquarter buildings. When they sat down and started discussions with U.S. Steel, two things were very important. It was widely reported that U.S. Steel is going through their Carnegie Way strategy, so first and foremost, budget was important to them: making sure that they got a world-class, Class A office space that would be efficient and allow them to operate in the modern world of office space today but at a price that made sense relative to all the other initiatives that they were going through with Carnegie Way. Mr. Williams continued that the second point was timing. Their lease is up in September of 2017, so the Penguins had to have someone who was at their side helping them design, develop, and construct this building that was nimble. They have certainly proven that. Mr. Williams stated that if Clayco had not been involved, he wasn't sure that U.S. Steel would be putting their world headquarters on Parcel D. He was proud to call them a partner and confident that the Board would see that today. He then introduced Mr. Caplan and Mr. McOlgan.

Mr. Caplan introduced himself and thanked everyone for their time. The first thing he wanted to discuss was the economic impact of the project. The project will have a PLA (Project Labor Agreement) agreement and will have 100% union labor. They anticipate there will be about 303 full-time employees on the construction site and about 10 million in payroll compliant with the PLA. Some of the other highlights pertaining to economic impact include discussion of the tax revenue. There will be a LERTA (Local Economic Revitalization Tax Assistance) in place and improvements to the land, but payments will support the Greater Hill Reinvestment Fund. The other highlight is post construction. Since the building will be a corporate

headquarters, there would be 800 jobs and on the corporate side, and 43 jobs on the retail side. Benefits will arise also from earned income tax and the sales tax.

Mr. Udin asked if the Board had a copy of the presentation. Mr. Caplan stated that he would make sure to forward them a copy today.

Mr. Caplan continued with his second point that as they were going through their municipal and city planning process as it relates to the approvals, a couple things they wanted to highlight regarding the project milestones is obviously the planning commission, which is the first milestone, and some prerequisites in satisfying tenants' requirements. They are on schedule for March 24 and if the Board deems the project successful then it will come before them again on June 11. Their construction commencement is scheduled for the fall of this year, which will be consistent with the take down notice. They're excited to have occupancy for the tenant for September 2017. He then turned the presentation to Mr. McOlgan who is a team member of Clayco through Forum Architecture.

Mr. McOlgan stated that he would go over a quick overview of the design of the project. He explained that on the screen there was an overall shot of the 28 acres in the Lower Hill District. Their site is on Block D. His team has taken a careful analysis of the PLDP and the master plan for the Lower Hill District and adjusted what U.S. Steel wanted to achieve in their office building to that master plan and being sensitive to all the work that's gone into that plan. The project fronts on Block F, civic open space to just the left of where Block D is indicated on the drawing. He showed a closer image of the site itself. The site plan for U.S. Steel's headquarters is 285,000 total square feet of five levels. U.S. Steel will occupy approximately 250,000 rentable square feet of office on the upper floors with approximately 18,000 square feet of retail on the lower level that faces Street 1 as well as Centre Avenue. In addition there is a

proposal to subdivide Block D into another Parcel called D-2. This parcel allows for potential future expansion of U.S. Steel space.

Mr. McOlgan showed some slides of renderings depicting the design of the project. Afterward he showed a brief overview of the sustainability plan. The project seeks to have a LEED new construction silver certification. They hope to achieve higher than that, but they are committed to the silver certification. As Mr. Williams had said, they are contributing to the neighborhood development, as well. They will work with the prerequisites, regarding achieving LEED-ND (neighborhood) certification, with the hope of achieving a higher LEED certification for the overall development of the 28 acres. In addition, they are looking into participation in the Pittsburgh 2030 District. They currently have 62% energy savings and 50% water savings in the building, which is in compliance of the 2030 District goals. The building has a high efficiency scan looking to save energy as a key component of the sustainable design, as well as a plan for holding storm water on the site, and using that for irrigation as well. That concluded the presentation and Mr. McOlgan announced they would be entertaining questions.

Mr. Williams took the time to thank U.S. Steel and Mario Longhi, its CEO. In earlier discussions with them regarding the site, one of the things that was most attractive was that the City was built, in larger part, on the back of U.S. Steel. Many other companies were important to the City's history as well, but for the most part, it was built on the back of U.S. Steel. One thing that he thought was very important, and one thing that drew him to this site was the fact that U.S. Steel would be part of a rebirth of a neighborhood and a community and they would truly be accomplishing that with this design and this building, with their statement of putting their world headquarters, especially as they're going through a major transformation with their company,

putting their world headquarters on this site speaks volumes about how important this site is to the region.

Mr. Straley walked the Board through the various components of the approval. The first component is the preliminary design, which was the presentation by Forum. The subdivision, creating the two parcels, as shown on the drawing as the D-2 Parcel, is approximately 14,000 square feet. This is the expansion parcel as requested by the tenant. The purchase price for the D-1 Parcel is \$2.75 million. Mr. Straley pointed out that among those in the room today were Mr. Popovich of Holliday, Fenoglio, Fowler, who was the advisor to the Authority in regard to the real estate matters, and Mr. Griffith of Integra Realty, who did the appraisal on this property, as people who could answer questions directed to them. The other component of it includes the sale of the D-2 parcel for \$10, however there are certain conditions surrounding that D-2 parcel that in the future if it gets developed there will be an appraisal done in order to determine the market value, and that appraised value will be paid at that time. The Authority may reacquire for \$10 in certain circumstances this parcel if U.S. Steel no longer occupies 50% of the office space or if U.S. Steel's lease is terminated for any reason during the initial 18 year term or if D-2 is not developed during the initial 18 year term of the lease.

The Block F open urban space, also known as the civic open space, is part of the PLDP. The open space for the Lower Hill is aggregated into those two main areas, Block F and Block A, the community open space. Via the Option Agreement, this Block D development triggers language in the Option Agreement related to the Block F open urban space. The URA and the Authority feel that it is an important open urban space and they want to ensure quality development with public amenities happen here. The Authority and the URA are jointly seeking approval to increase the redevelopment credit by \$750,000 to ensure that happens. Between now

and the final approval in June, they're going to get the public approvals through the City Planning and subdivision. This will include securing financing, completing the construction documents, completing their MBE/WBE work force plan and taking that through the City's EORC commission, finalizing the sustainability plan, and all of that will happen prior to the June approval. There is a lot of work to do in a tight time frame, but everyone is committed to that.

Mr. Udin acknowledged and thanked the Penguins and the U.S. Steel Corporation for locating their headquarters here in Pittsburgh and on this site and jumpstarting the long awaited development on this site. He congratulated them and said, "Here we go." Relative to the comments in the media, he asked with respect to the chairperson of the planning commission who was underwhelmed by the design for this location, he wondered as they continued to seek approval, what effect it might have on the design.

Mr. McOlgan answered that there was a statement from their CEO Bob Clark that was issued to the paper. He stated that they would continue to develop the design and will continue to look at opportunities; they're not ignoring those comments.

Mr. Udin asked if someone could go into more detail about the plans for participating in the Community Collaboration Implementation Plan and community and MBE/WBE involvement. He wanted to hear more about where they were with that and what the plans are and how this project will jumpstart the MBE opportunities.

Mr. Caplan stated that Clayco is signatory to the CCIP, and it's an initiative of their organization for diversity, MBE, and WBE participation. It's a culture that's within their organization. Their objective is for workforce development and also for a work force education. They've had two community meetings as it relates to the outreach for making sure that all contractors are educated and WBE/MBE, are afforded the opportunity to participate in this

project. The Authority's requirement was 25% and 15%, and Clayco is seeking 42% overall. They have an additional outreach meeting that is occurring on Tuesday night and there will be further summation of where they are in their plan. They will be reaching back with communication with the labor leaders also, looking for their participation in this. They're very excited.

Mr. Udin asked for more details about the culture of diversity within Clayco. He asked what it looked like.

Mr. Caplan explained that Clayco is a privately owned company with two diversity coordinators. They have headquarters in Chicago and St. Louis. He didn't have the exact numbers of what the diversity makeup is but assured Mr. Udin that it was very aggressive. He promised to get the numbers to him.

Mr. Udin's last question was regarding the D-2 site. He acknowledged that he was not a developer and stated that it did not make sense to him to set aside a plot of land for free for \$10 and it's going to sit there potentially for 18 years and if you don't decide to expand, then it doesn't get developed and we don't get any compensation for not having sold it or used it for development. You cannot just say that you've decided to not develop it after 15 years and if you have somebody in development you can find somebody but it will have sat there for 15 years and it hadn't been developed.

Mr. Caplan explained that initially on behalf of the master plan there were certain initiatives that were required for density requirements as to what could be built. In Block D the sum total of the area was around 300,000 square feet of total buildable land to be accomplished in the master plan. They created an efficient floor plan at the desire of the tenant and diagnosed so any future growth needed would be added. Future growth plans are in excess of what they

had looked at as part of today's economic package as the outlined evolved. What is proposed on the corner plaza there is intended to activate the area so it can be a gathering place for some events that could occur in the community on an interim basis. Ultimately it's an expansion space for the tenant, U.S. Steel, at their request.

Mr. Udin thanked him but said that it still didn't make sense. He then asked about the retail space, what kind of retail would go in and who would determine what kind of retail. Will it be the Penguins, Clayco, U.S. Steel? Who will control the retail space and what is their plan?

Mr. Caplan deferred to Mr. Williams, but Ms. Conturo interjected to tell Mr. Udin that the D-2 Parcel would be temporarily improved during this period, like an open space, park area and maintained without expense to the Authority. Mr. Udin thanked her for the information.

In regard to the retail space, Mr. Williams explained that one of their plans was that once they got through the PLDP approval process and have the U.S. Steel world headquarters project moving forward, they will then work to bring McCormack Baron before the Board by the end of the year for review of their process for a takedown on the residential. The next focus, once those two projects were underway, is the retail. They're in the process of working on developing an RFQ/RFP that they expect to put out publicly before the midpoint of the year. Then they will go out for a master retail entertainment developer. They believe there are a couple of options relative to retail whether they ultimately use a retail broker to attract retail tenants into this space or they combine this 18,000 square feet of retail space into the scope of a master retail developer plan which should include other parcels that are designed or intended pursuant to the master plan to include retail space. Mr. Williams expressed his conjecture that with it being situated across from CONSOL Energy Center and its position on the site, and the fact that it sits in the first floor of a Class A office space, that the actual tenants who occupy the space will be providers of

amenities to people in the office space and also complement those people that will be attending events. As they continue to develop the residential and office around it, retail space would provide amenities for them as well. Mr. Williams envisioned restaurants and those types of places, especially as the Block D retail space sits across from a green space, that is, the urban open space that will be designed on Parcel F.

Mr. Udin thanked him and the Penguins. He welcomed Clayco and told them that he was looking forward to working with them. He said, "Let's get it started."

After asking for more questions and hearing none, Senator Fontana asked for a motion to approve. On a motion duly made, seconded, and unanimously carried, the following resolution was approved:

RESOLUTION NO. 5305

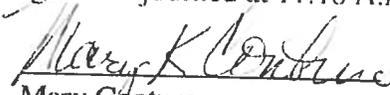
RESOLVED by the Sports & Exhibition Authority of Pittsburgh and Allegheny County that

- (i) preliminary approval is given to the plan to construct a five-story US Steel headquarters building with land for possible future expansion, on Block D, bounded by Centre Avenue, Street 1, Street 2 and Wylie Avenue on the Lower Hill site, subject in all respects to further approvals in accordance with the Comprehensive Option Agreement, among this Authority, the Urban Redevelopment Authority of Pittsburgh ("URA"), and Pittsburgh Arena Real Estate Redevelopment LP ("Optionee"), dated as of September 11, 2014 (the "Option Agreement");
- (ii) subdivision(s) of the option area creating parcels D-1 (headquarters building) and D-2 (expansion area) is hereby authorized and approved;
- (iii) the purchase price of \$2,750,000 for parcel D-1 is hereby approved, provided that the development of parcel D-1 is in accordance with the approved plan, and subject to any applicable provisions of the Option Agreement including that the assumptions upon which the appraisal is based continue to be valid at closing;
- (iv) transfer of parcel D-2 is approved on the following conditions: (a) D-1 to be transferred and developed as provided above; (b) \$10 to be due at the time of the D-2 transfer, with an additional payment to be made at time of development, the

amount of which is to be determined based on market rate appraisal; (c) SEA may reacquire for \$10 in certain instances including (i) if USS no longer occupies 50% of the office space, (ii) if the USS lease is terminated for any reason during the initial 18 year term, or (iii) if D-2 is not developed during the initial 18 year term of the USS lease;

- (v) approval is given, jointly with the URA, that the Redevelopment Credits provided for in Section 3.2(a) of the Option Agreement will increase by \$750,000 contingent upon negotiation of final terms and satisfaction of certain requirements with respect to the development of the Block F Urban Open Space; and
- (vi) the proper officers and agents of the Authority are authorized and directed to take all actions and execute such documents as are related and proper to effect the terms of the foregoing.

Finishing new business, Senator Fontana asked if any members of the audience would like to address the Board or if there were comments from the Board Members. There being no 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 11:18 A.M.


Mary Conturo
Assistant Secretary