

MINUTES OF THE MEETING  
OF THE BOARD OF THE  
SPORTS & EXHIBITION AUTHORITY OF PITTSBURGH  
AND ALLEGHENY COUNTY  
HELD WEDNESDAY, SEPTEMBER 11, 2014  
AT THE DAVID L. LAWRENCE CONVENTION CENTER  
PITTSBURGH, PENNSYLVANIA  
COMMENCING AT 10:42 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, September 11, 2014, commencing at 10:42 A.M. E.S.T.

Members of the Authority

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

Absent: Councilman James Ellenbogen, Member  
Jill Weimer, Member  
Michael Dunleavy, Vice-Chairman

Also Present: Mary Conturo, Doug Straley, Rosanne Casciato, Rosemary Carroll, Rifat Qureshi, Michael Beasley, Taylor Blice, and Maura Lawson of the Authority; Clarence Curry of CFC-3; Tom Ryser of TPR, LLC; Tim Muldoon, Ryan Buries, Conor McGarvey, and Linda Mihalic of SMG; Morgan Hanson of Cohen & Grisby; Jason Kobeda of Pittsburgh Associates; Travis Williams of the Pittsburgh Penguins; Craig Dunham of Austin Davis of Allegheny County; Frederick Winkler, architect; Melissa Daniels of the Pittsburgh Tribune Review; and Mark Belko of the Pittsburgh Post-Gazette

Senator Fontana called the meeting to order with the Pledge of Allegiance, followed by a moment of silence for those who had lost their lives 13 years ago, for those who protect and keep our country's citizens safe. Senator Fontana continued by asking for a roll call of the Board

Members. With a quorum present, the meeting began with Senator Fontana asking if any members of the audience would like to address the Board. Hearing none, the meeting continued with the approval of minutes from the meeting of August 13, 2014. A motion was made, seconded, and unanimously approved.

Senator Fontana began new business with the first item on the agenda, a request for authorization to enter into a fixed hourly rate agreement with SAI Consulting Engineers, Inc. for construction inspection services of the Lower Hill Infrastructure Project – Element I in an amount not to exceed \$485,444.81.

Mr. Ryser explained that the Lower Hill Infrastructure Element I project consists of the construction of streets 2, 3, 4 and the eastern portion of street 5 as indicated in red areas on the presentation board. Because the construction inspection would be federally eligible if federal dollars were received, the PennDOT consultant selection procedures were followed. A request for statements of interest was advertised in the Pittsburgh Tribune Review, the Pittsburgh Courier, and posted on the Authority website, as well as PennDOT's ECMS website. Six statements of interest were received from CDR Maguire, Hill International, Larson Design Group, Mackin Engineering, SAI Consulting, and Trumbull Corporation. These statements were reviewed and rated by a committee consisting of representatives of the Authority and the URA. PennDOT's modified selection procedure was followed, which allowed the Authority and URA to select a top-rated firm directly from the statements of interest. As a result, SAI Consulting Engineers is recommended to perform these services. SAI's team consists of Construction Consultant Services, a WBE firm with 12.5% participation, and Tri-State Design and Development, an MBE firm with 29% 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. 5260**

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 fixed hourly rate agreement with SAI Consulting Engineers, Inc. for construction inspection services of the Lower Hill Infrastructure Project – Element I in an amount not to exceed \$485,444.81; and further that the proper officers and agents of the Authority are authorized to take all action and execute such documents as are necessary or proper to effectuate the terms of this Resolution.

Senator Fontana introduced the next item, which was a request for authorization to enter into the Comprehensive Option Agreement with the URA and Pittsburgh Arena Real Estate Redevelopment LP related to the development of the 28-acre site in the Lower Hill District, together with authorization to take other necessary actions, including submissions for the adoption by the City of a Preliminary Land Development Plan and a specially planned zoning district, and authorization of cooperation agreement(s) with the URA relating to the joint administration of the Comprehensive Option Agreement and other cooperative efforts related to the development.

Ms. Conturo gave some background on the item. She said that in 2007 there was an agreement brokered by then-governor Ed Rendell, related to the construction of what is now Consol Energy Center, and a long term lease to keep the Penguins in town. Included in part of that term sheet was an option for the team to redevelop what is now being called the 28-acre Lower Hill development site. That term sheet led to a short form option agreement at the time that included the basic terms of the redevelopment. Those basic terms have been referenced many times over the years. It provided for a 10 year draw down period where 10% of the parcels

were to be developed every year for the 10 year period. By the calculations set forth at that time, the first development was to start October 2014. The team was to keep parking revenues on the surface lots until October 2023. The team has a \$15 million credit toward the purchase price of the land for the development. The final form of the option agreement includes all of the mechanics, procedures, and forms related to the specifics of the development. They also include some modifications, additions, and detailed provisions. Ms. Conturo wanted to discuss the modifications to the basic terms in the 2007 term sheet.

One modification is that the 10 year period starts one year later, in October 2015, which means that is the date by when the first closing on the first parcel needs to take place. Under the terms of the option agreement, by that time there needs to be a fully approved transaction with financing in place, with construction ready to start shortly thereafter. In that concept of the start date and what has to happen during the 10 year option period, there was recognition of how development actually happens, and it's often not as linear as the 1/10<sup>th</sup> a year per year. There's a provision that if the team wishes to buy more time to take down a parcel, there's a price set forth to do that. At a price of \$12,500 per month per 1/10<sup>th</sup> parcel the takedown date for any particular parcel can be extended by two years. Related to that, and to the extent that if half the development is actually underway by the five year point, which is October 2019, and to the extent there were any pause fees paid during that period, half of the fees would be waived.

There's a provision that in very limited circumstances when the board agrees by board vote and where there has been an unreasonable burden to a development based on infrastructure issues, such as parking, environmental contamination or titled defects, the team would have a right of first offer for a three year period. That is, if the Authority voluntarily resolves one of those issues, which it is not obligated to do under the agreement, or receives an offer from

another developer during that three year period, the team has the right to make an offer back to the Authority for the development of that parcel but must actually negotiate and close that transaction within 225 days.

There's a provision that wasn't in the original term sheet that is worth mentioning and it is that the open space under usual zoning provisions requires that every development have 10% public open space as part of the development. In this case instead of having each individual development set aside some green space or open space, the green space is being aggregated into three larger parcels, three public open spaces, which were pointed out on the presentation board.

Ms. Conturo said that public spaces amount to 3 acres on the site. The team will take title to the public open space. There will be a covenant running with the land where the deed says it must stay public open space and the team will be responsible for the cost of the improvements and making sure that it is maintained. The public gets the open space but not the obligation of maintenance.

Ms. Conturo continued and described the two other pieces of the authorization, one of which was authorizing the filing with the Department of City Planning of the application for the preliminary land development plan and the specially planned district. In this case the zoning is being devised in a specially planned district that applies only to this 28 acres and the Consol arena site and that allows this district to be planned in a more cohesive manner instead of having every single development having to comply with the downtown business district zoning regulations or neighborhood zoning regulations. That specially planned district and preliminary land development plan calls for what has been in discussion over the years, an urban mixed use development with density and view corridors and other elements that are being carefully looked at here. The uses on this site are primarily residential on the eastern part and become more

heavily commercial toward the downtown area. The third element of this authorization is authorizing cooperation agreements as needed with the URA. The property is owned about one third by the URA and two thirds by the SEA so, in order for the two organizations to work together in various aspects of this, cooperation agreements may sent out in who's doing what and how to move forward in different scenarios, including funding, funding administration, and administration of the agreement as well.

Ms. Conturo added that this agreement was being done in connection with getting many elements related to the development resolved all at the same time. That includes the community agreement that the Board had heard about earlier in the week.

Mr. Udin thanked Ms. Conturo for expertly navigating through a very difficult process. Mr. Udin conveyed to the Board that his family was one of the families that had been displaced in the 1950s when the Lower Hill District was demolished. It had a very negative effect on the remainder of the Hill District and those effects still existed. Mr. Udin stated that they were still trying to climb out of the effects of the demolition of the Lower Hill District, and the 8,000 families, business, organizations, and churches that were scattered near and far as a result. The community looks forward to the rebuilding of that site. They have been in intense negotiations with the Pittsburgh Penguins as the master developers of the site in trying to merge their vision of a redevelopment site along with the community's vision of a redevelopment site. Mr. Udin stated that it was not easy and that it's taken a long time and he believed that the organizations were in agreement. He remarked that the proof is in the pudding, and that when the agreement is implemented is when everyone will see the proof of that work and those joint visions, that merged vision to help restore the hill district to its former historical glory. He thanked the Pittsburgh Penguins for finalizing the agreement. He looks forward to the work of the public

bodies of the Authority and URA as they move forward to help maintain the integrity of the agreement. Mr. Udin thanked everyone and said that he looked forward to supporting these revisions to the option agreement today.

Senator Fontana asked if any other members of the Board had comments.

Councilman Gilman shared his belief that the week would become the most historical week while he's an elected official and took absolutely zero credit for any involvement. He shared his pride to be a part of city government at this time. He thanked the Mayor, the County Executive, the Pittsburgh Penguins, Councilman Lavelle, and Kevin Acklin from the Mayor's office who worked through the night regularly, and meeting with the community, and meeting with developer on getting a deal done. He believed that this would be the rebirth of the Lower Hill, and as Mr. Udin mentioned, of its history, recognizing what happened when the Civic Arena was constructed. He stated that everyone would see the Hill District once again as one of the most historic and greatest neighborhoods in the City of Pittsburgh, a continuation and connection point between downtown and Oakland, which are the second and third largest economic centers of Pennsylvania with so much rich cultural history there. He believes that this agreement is a huge step forward in that. Councilman Gilman thanked all of those parties because he'll be proud to be a Pittsburgher in a week when it's done. He thanked Senator Fontana for allowing him to speak.

Mr. Udin thanked Councilman Gilman for reminding him that he would be remiss if he also did not include his appreciation for the work of County Executive Fitzgerald and Mayor Peduto, especially through his Chief of Staff Kevin Acklin, the leadership of Councilman Daniel Lavelle, and Marimba Millionnes, the executive director of the Hill CDC, and the support of State

Representative Jake Wheatley. It went down to the wire and without their help and support, it could not have been achieved.

Senator Fontana thanked Congressman Doyle, Senator Costa, Councilman Lavelle, the Mayor, the County Executive, for all getting together to try to make things happen. Senator Fontana was proud that everyone sat in that room and decided that they all should work together to bring their visions together. It happened because everybody pushed each other to get it done, and everyone cooperated, including the Penguins and everyone else who was involved. It was a crazy meeting but it was well worth it. It started the ball rolling and it continued to where we are today. Senator Fontana voiced his pride to be a part of state government when he sees cooperation between the county and the city and the state and the federal government all coming together, working in public-private partnerships that are talked about. That's what they had there and it's worked very well. He stated that it's a good thing right now for this area.

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

#### **RESOLUTION NO. 5261**

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

- (i) to execute a Comprehensive Option Agreement with the URA and Pittsburgh Arena Real Estate Redevelopment LP related to the development of the 28-acre site in the Lower Hill District;
- (ii) to prepare, execute and submit to the Department of City Planning, as a co-applicant with the Pittsburgh Arena Real Estate Redevelopment LP, an application for Development Review, to include a Preliminary Land Development Plan, and a Petition for Zoning Change for creation of the "SP-11 Lower Hill Planned Development District" at the 28 acre site in the Lower Hill District;
- (iii) to negotiate, prepare and execute a cooperation agreement or agreements with the URA related to the

administration and operation of the Comprehensive Option Agreement; to take all actions and execute such documents, instruments and assurances as are necessary or proper to effectuate the development of the 28-acre site in the Lower Hill District in accordance with the Comprehensive Option Agreement and this resolution including actions in support of community interests.

Finishing new business, Senator Fontana asked if any members of the audience would like to address the Board. Mr. Williams approached the podium.

MR. WILLIAMS:

Travis Williams, Chief Operating Officer of the Pittsburgh Penguins. I wanted to express our gratitude, on behalf of the Pittsburgh Penguins, to the SEA, the URA, all the Board Members here and many of the folks that you mentioned ranging from Congressman Doyle all the way down through County Executive Fitzgerald, Mayor Peduto, Kevin Acklin, and many, many others who spent a lot of time, including Mr. Udin, whom I spent many a day with at Consol Energy Center, working through the fine points of this community collaboration implementation plan. I said on Tuesday that normally when the Penguins talk we talk about how it's a great day for hockey, and I really do believe that Tuesday and today again, it's a great day for the City of Pittsburgh. Not just because we can move forward on our development but because we've shown that the community, the elected officials, and the private entity like the Penguins and their developers can come together and do something amazing like this. We truly want to do great things, and we're looking forward to it. As I've said many times, now the real work begins. We're rolling up our sleeves, and we're going to go do it. Again, I just want to thank you all, on behalf of the Penguins organization, we're looking forward to continuing working together on this development. Thank you.

Senator Fontana asked if anyone else would like to address the Board. 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 11:05 A.M.

  
Mary Conturo  
Assistant Secretary

