

MINUTES OF THE MEETING  
OF THE BOARD OF THE  
SPORTS & EXHIBITION AUTHORITY OF PITTSBURGH  
AND ALLEGHENY COUNTY  
HELD THURSDAY, NOVEMBER 9, 2017  
AT THE DAVID L. LAWRENCE CONVENTION CENTER  
PITTSBURGH, PENNSYLVANIA  
COMMENCING AT 10:49 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 at the David L. Lawrence Convention Center in Pittsburgh, PA 15222, on Thursday, November 9, 2017 commencing at 10:49 A.M. E.S.T.

Members of the Authority

Present:

Sen. Wayne Fontana, Chairman  
Michael Dunleavy, Vice Chairman  
Councilman James Ellenbogen, Member (via telephone)  
Sala Udin, Secretary  
Jill Weimer, Member  
Rev. John Welch, Member  
Councilman Daniel Gilman, Member

Also Present:

Mary Conturo, Doug Straley, Taylor Blice, Sharon Mink, Rifat Qureshi, Rachel Cohen and Maggie Pike of the Authority; Morgan Hanson, Solicitor; Bill Taxay of Cohen & Grigsby, P.C.; Kevin Acklin, Chief of Staff, Office of Mayor William Peduto; Tom Ryser of TPR; Clarence Curry of CF3 Management; Tim Muldoon, Ryan Buries, Linda Mihalic, Conor McGarvey, John Burns and Bob McClintock of SMG; George Meehan of Levy Restaurants; Mark Stout of Hill International, Inc.; Margaret Krauss of WESA; Travis Williams of the Pittsburgh Penguins; Frederick Winkler, architect; J.J. McGraw of the Pittsburgh Pirates; Bob Bauder of the Tribune-Review; and Mark Belko of the Pittsburgh Post-Gazette.

Senator Wayne Fontana called the meeting to order with the Pledge of Allegiance. Mr. Morgan Hanson followed with a roll call of the Board Members. Mr. Hanson confirmed that Councilman James Ellenbogen was attending via telephone, and that he could hear the other

Board Members and the Board Members could hear him. Mr. Hanson advised that a quorum was present.

Beginning with public participation, Senator Fontana asked if any members of the audience would like to address the Board. Seeing none, he moved to the next item on the agenda, approval of the minutes from the meeting of October 12, 2017 and the special meetings of October 20, 2017 and October 26, 2017. A motion was made, seconded and unanimously approved.

Senator Fontana continued on to the next item on the agenda David L. Lawrence Convention Center, authorization to enter into a lump sum contract with Mendel Steel & Ornamental Iron Co. in the amount of \$13,000 for soak tank platform modifications in the wastewater treatment plant.

Ms. Linda Mihalic explained that the wastewater plant uses a specialized filtration system as part of the treatment process. As part of regular plant maintenance, Veolia technicians manually remove the filters and soak them in a large water tank to remove particulates and solids. The top of the soak tank is about five feet above floor level and the technicians stand on ladders to move the filter into and out of the tank. Veolia recommends improvements for tank access, which include lowering the height of the top of the tank and constructing a platform at floor level for more stable access to the tank.

Barber and Hoffman prepared drawings and specifications for the project. Quotes were solicited from seven contractors. SMG received three quotes, and Mendel Steel provided the low quote. Mendel Steel will complete the work in December 2017, and will provide a one-year warranty on materials and labor. The Mendel Steel contract is 100% WBE.



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

**RESOLUTION NO. 5502**

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 lump sum contract with Mendel Steel and Ornamental Iron Co. in the amount of \$12,500 for soak tank platform modifications in the wastewater treatment plant; and further that the proper officers and agents of the Authority are authorized to take all action and execute such documents as are necessary and proper to effectuate the terms of this Resolution.

Senator Fontana introduced the next item, authorization to reimburse convention center operations budget up to \$4,354 for material and labor to install cooling into the glass elevator machine room.

Mr. Ryan Buries explained that Passenger Elevator #11, also known as PE-11 or the Glass Elevator, operates from the Second Floor Concourse to the roof on the river side of the building. During times of heavy use, the elevator machine overheats and shuts itself down. This can restrict pedestrian movement between floors and the roof during events. The mechanical room for this unit is located beneath the escalators on the Second Level concourse. Due to the isolated location it is not connected to the HVAC system and currently there is no way to cool the space and prevent overheating of the equipment.

Advantus Engineers was engaged in January 2017 to do a feasibility report to develop options for cooling the elevator machine room. After reviewing the options and weighing costs, it was determined that the best course of action is to install a portable air conditioning unit using in-house labor. SMG solicited quotes for the materials required for the project and will complete

the project using in-house labor. Deckman Control Systems will install and program a heat sensor in the mechanical room that is tied to the building automation system.

The project will be completed in November 2017. The portable air conditioning unit comes with a one-year warranty and a five-year warranty on the refrigeration system.

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

**RESOLUTION NO. 5503**

RESOLVED by the Sports & Exhibition Authority of Pittsburgh and Allegheny County that its Executive Director and other proper officers are authorized to reimburse convention center operations budget up to \$4,354 for material and labor to install cooling into the glass elevator machine room; 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, authorization to purchase six portable bars from Iowa Rotocast Plastics for \$15,032.

Mr. George Meehan explained that Levy Restaurants is requesting the purchase of six portable bars to increase the current inventory to twelve. Six were purchased in 2015 with the idea of increasing to twelve over the next two years. By increasing the number of portable bars, Levy will have a more consistent look as well as serve the larger events more efficiently.

Levy solicited three quotes with Iowa Rotocast Plastics being the lowest responsible bidder. The bars purchased include a one-year warranty on Manufacturers Defects.

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



## RESOLUTION NO. 5504

RESOLVED by the Sports & Exhibition Authority of Pittsburgh and Allegheny County that its Executive Director and other proper officers are authorized to purchase six portable bars from Iowa Rotocast Plastics for \$15,032; 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 under North Shore Garage, authorization to enter into an agreement with Hostetter Auctioneers to provide auction services for the sale and removal of furniture, fixtures and equipment located in vacant first floor restaurant space.

Mr. Doug Straley explained that the first floor of the North Shore Garage consists of three vacant restaurant spaces with a shared kitchen. It is approximately 16,000 square feet.

In February of 2013, the space was vacated by the previous tenant. The Authority's real estate broker, Avison Young, has recommended that the Authority clean out the space of all of the furniture, fixtures and equipment (FF&E) that is currently in it, and create a "vanilla shell" to make the first floor more marketable to future tenants.

Authority staff contacted multiple auctioneer companies and received proposals. The recommendation is for Hostetter Auctioneers, which is the largest auction firm in Western Pennsylvania. They also do work for the City of Pittsburgh, the County Department of Public Works (DPW) and the County Attorney General. They were involved in the Three Rivers Stadium auction and liquidated the original David L. Lawrence Convention Center assets.

The proposal Hostetter provided includes photographs to be included in a catalog of all the assets of the retail space, and to post the catalog to their website prior to bidding. They would host a live, online auction for approximately two to four weeks, followed by a 14-day timeframe afterward during which buyers could pick up the items they are awarded.

Fees would include \$900 for marketing and advertising, labor would be billed at \$16 per person per hour, and the commission is 14 percent on all sales.

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

**RESOLUTION NO. 5505**

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 Hostetter Auctioneers to provide auction services for the sale and removal of furniture, fixtures and equipment located in vacant first floor restaurant space; 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 under SEA Operating, authorization to amend the existing Administrative Services Agreement between the Stadium Authority and the Sports & Exhibition Authority to clarify responsibilities.

Ms. Mary Conturo explained that since 2002 there has been an agreement between the two Authorities where the SEA provides all of the staff services for the Stadium Authority. That agreement needs to be updated to cover additional contracts and obligations that have occurred since then.

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



## RESOLUTION NO. 5506

RESOLVED by the Sports & Exhibition Authority of Pittsburgh and Allegheny County that its Chairman, Vice Chairman, Executive Director and other proper officers are authorized to enter into an amendment agreement to the Administrative Services Agreement dated November 1, 2002 to clarify responsibilities and other matters, in such form as approved by the Solicitor; 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 necessary and proper to effectuate the terms of this Resolution.

Senator Fontana introduced the next item under Lower Hill Project, authorization to amend the existing Comprehensive Option Agreement among the Sports & Exhibition Authority, the Urban Redevelopment Authority and Pittsburgh Arena Real Estate Redevelopment LP.

Senator Fontana called upon Mr. Kevin Acklin, Chief of Staff to the Mayor and Chairman of the URA, to address the item. Mr. Acklin explained that he wanted to talk about the proposed amendment to the Lower Hill Option Agreement among the Penguins, their development team, the URA and the SEA. Mr. Acklin offered to narrow it down to four specific issues. Mr. Acklin acknowledged that this has been a long process for all involved. He recalled the Option Agreement at the time he took office allowed for the Penguins to earn parking revenue over 10 years. If development did not occur, the Penguins would forfeit parcels back to the public, and there was a \$15 million credit that they would earn. That being the case, Mr. Acklin's first question to Mr. Travis Williams at the time was why the Penguins would ever develop. They would be giving up certain revenue to enter into uncertain development.

At that time, they entered into a first negotiation to more fairly allocate risk between the public and the Penguins. In 2014, a meeting with representatives from the Hill District was held, where the idea of the Community Collaboration and Implementation Plan (CCIP) was formed, which led to some of the highest levels of commitments to social equity in the Hill than any other

development in the city. Years later, we have moved forward with some of the work, but we are still stuck on some of the developments.

At that time, we really did not know what the development was going to look like. Now we are closer. We have met with the people that the Penguins have met with, McCormack Baron Salazar, and some of the others. We are looking to amend some of the Option Agreement terms, which in my opinion, make this deal better for the public, which will eliminate some of the uncertainty and risk to the public and have it land squarely on the shoulders of the Penguins to deliver.

The first item is with respect to development risk. By having \$15 million of credit to be used over time, there was a sharing of development risk between the Penguins and the public. If the Penguins didn't develop, the public was held accountable, meaning the public could, over time, get the land back, but we had to pay that money. That now is off the table. The Penguins have, in effect, given up their right to receive \$15 million. That makes them fully accountable to deliver development in the future. If they do not, they have given up the right to recover that money. That deal was negotiated under Governor Rendell, all of us inherited this deal. That \$15 million credit is now off the table.

Related to the credit, we had a fairly complex system of appraising the land. The \$15 million credit made us argue that the land should be valued at a very high level. The Penguins had the incentive to cram down the valuation of the land. We could never come to an agreement. At the time, when they had a pro forma for development, when they were trying to get certainty on land value, we never could agree. So we could continue to argue, but the Penguins have offered to trade away the \$15 million credit, and now they own the risk of development.



The second item is with respect to accountability. The accountability that was put into the original Option Agreement in 2014 was that there would be an annual check in, that the Penguins have to develop 2.1 acres per year or the public has the right to receive land back and the Penguins would forfeit their development rights for that land. This was somewhat of an arbitrary timeline, 2.15 acres per year. The Penguins could buy pauses to extend that out. What brings us here today is the U.S. Steel deal from two years ago. We are now at that first deadline, including all available extensions. That term expired October 22, 2017 and a few weeks ago we extended it to today.

We negotiated as part of this that by trading the credit, we have adjusted the deadlines where instead of one-year deadlines, there will be two, three-year check-ins. So, in 2020 and in 2023 there will be a certain amount of acres that the Penguins are to have developed. If they do not, under the existing agreement, they get to choose the land to forfeit. In early conversations with the Mayor it was assumed that we easily get the land back, but not so because of arguments the Penguins could make under the existing agreement to avoid that.

One of the disincentives to development is the fact that the Penguins earn parking revenue. By developing land, they are giving up parking revenue, so we felt that an appropriate penalty if they miss these deadlines in 2020 and 2023 would be to give up a percentage of parking revenue. If they don't develop 6.45 acres by 2020, which is 2.15 acres per year over three years, they would forfeit up to 20 percent of their parking revenue. At the second check-in, if they don't develop 10.75 acres by 2023, they would forfeit up to 30 percent of their parking revenue. If the Penguins fail both, that money would go to the Hill District Reinvestment Fund. The fund was originally structured to capture 50 percent of the tax revenue that we are looking to generate. Once development occurs, those monies generated will go in the Middle and Upper

Hill. If the Penguins meet both of those deadlines, they get that parking revenue back as an additional incentive to actually delivering this development.

From accountability, we are moving from a one-year, 2.15 acre-forfeiture risk to a three-year 6.45 acre and then 10.75 acre. What they're giving up is cash (parking revenues) that would return to the public if they fail those deadlines.

The third item is in respect to public commitments. What is the public committing to do here? There was this concept, back when this development was uncertain, there was this concept of joint development issue. If an issue arose on parking, if an issue arose on environmental, if an issue arose on infrastructure, any issue, and it became an issue that was an obstacle to development, the Penguins negotiated the ability to delay and avoid forfeiture. For example, if there was a dispute on an environmental condition, some of which had happened on the Melody Tent site, owned by the URA, there was an argument at least that the Penguins could avoid forfeiture because there was an environmental issue. What you had was a very uncertain list of issues that could arise in the future, that if the public didn't help solve them, the Penguins had the right to avoid forfeiture and delay the deadlines. That was always something that the goal was to solve this or we could give up hope for the potential development. There was a hesitancy at the time for the public to commit to parking, some of which was due to our experiences on the North Shore, we didn't know what the development was going to look like, we hadn't gone through the PLDP process, but now we know.

One of the wins is we've taken these uncertain public commitments, and we converted them into very specific commitments, and there are four of them. One is on parking, one is on affordable housing, one is on environmental, and one is on infrastructure. All of the uncertain things that could happen that the Penguins could argue that we need to help them with, that they



can avoid forfeiture and in effect delay development, we've now specifically converted them to specific negotiated covenants.

With respect to the parking garage, the obligation is to cause the Parking Authority, or another public agency, to build a garage of up to 1,000 spaces, subject to a demand study. When the public builds a garage, the risk is it isn't going to earn the money to justify the funding that it took to build the garage. The demand study protects the public. We mutually agree as to the location and the size of the garage. We get rights to the land, the first floor development as well as the air rights above. In effect, the Penguins have forfeited a development parcel in order for the public to move forward with building a garage, as a garage is needed to support development on this site, and it's no different than other garages that have been built on the North Shore, downtown, with the Saks garage, to support development.

Ten percent of the tax revenue generated by the garage will be devoted to the Hill District Redevelopment Fund, so now we have a revenue stream once that garage is constructed. If the public fails to build the garage and start it on a timely basis, and we've negotiated on the timelines, \$3 million of the credit that they are releasing today will return to the Penguins. Then the Penguins can choose to either recover that \$3 million, which then they would use to build the garage, or the City could enter into a parking tax diversion of up to \$3 million, which we've done in the Strip District, also with respect to the Saks garage downtown to help build the garage with future tax increment parking revenue.

To reiterate, under the existing agreement, these public commitments that we're making, we don't control the risk. Now we do with respect to the parking garage. With respect to the other three commitments, what we're committing to do is if there's an environmental issue, we will work with the Penguins to find funding and to help address it. We're not committing to

spend monies. In fact there's language that we don't have to expend any of our money to do so. They're just making sure that we will continue to work with them on environmental issues, on infrastructure, and on affordable housing. The agreement in the CCIP, which is 20 percent at 80 percent of AMI, we've now converted that to a specific commitment to work together to pursue, to prioritize the issuance of low-income housing tax credits on site, which is something that we hadn't agreed on in writing before, and obviously if those are awarded, under federal law those commitments are at 20 percent of 60 percent of AMI, which is even a deeper commitment to affordability than is contained in the CCIP.

The parking garage is a specific monetary commitment the public is making. If we don't build it on time, some of the \$15 million credit comes back into play. The other three commitments, if we don't do our part and don't work with them on environmental infrastructure or prioritizing affordable housing, there would be a separate recapture of up to \$3 million, which would be payable at the end of the term. But again, we control that risk. Instead of having an uncertain list of joint development issues, we now have public commitments that are negotiated in writing. If we do our part, their development will occur.

What we've done is address provisions of the original Option Agreement that we were dealing with that held a lot of uncertainty. By the Penguins giving up the \$15 million credit, we have converted those uncertain commitments to specific commitments. At 2 o'clock this afternoon this will be presented to the URA Board as well.

What we care about is that this development occurs. We have the commitments in the CCIP that it's going to occur in a manner that benefits the Middle and Upper Hill District. We have a three-taxing body revenue capture in place. I can say that there are deals in place that will be going through the Planning Commission that I think advance development on this site in a



manner that's transformational. We all have worked together; we have a "cap" project with \$26 million in funding from the federal government and other sources that the SEA has worked very hard to put together that are going to benefit not only this development but reconnect Downtown with the Hill District.

To summarize, each of these terms is in the public's favor, and eliminates risk of development. The Penguins will own the final risk. If there is any recapture of the \$15 million credit, it's because the public did not deliver in a certain way. The public will own its risk. The uncertainty of the agreement is now eliminated, and it's an open path to moving forward. With that, the amendment you have, I would be happy to answer any questions.

Senator Fontana thanked Mr. Acklin for his time and the presentation and asked if there were any questions from the Board.

Councilman Daniel Gilman asked Mr. Acklin to clarify for the record the components of the agreement in regards to the Curtain Call project and the I-579 Cap Project.

Mr. Acklin explained with respect to the Curtain Call project, there is an agreement in place for the Penguins to work with the URA, largely through some of their sponsors over the next year to raise up to \$500,000. There's a letter agreement that was signed and that's a collective process that will be worked through. That's not formally part of this amendment but it is a commitment that was made to work with the URA to do so, and there were conversations under way and there's work to be done there for the Curtain Call. For the Cap, there is an agreement under this provision of the amendment that a \$900,000 commitment that the Penguins made to help fund the cost of the Cap, which is related to the fact that the Cap project will include part of Parcel H, which is part of the required open space. When and if they take down Parcel H we now have them delivering us a promissory note that is self-executing so that upon

take down, they will pay the \$900,000. If they never take down Parcel H, that reverts back to the public and then we can recover that \$900,000 out of the value of that parcel.

Councilman Gilman mentioned that Mr. Acklin talked about, in connection with the parking garage, how the land and the air rights revert back to "us." Councilman Gilman asked legally who is "us," is it SEA, the URA, the city, or Parking Authority?

Mr. Bill Taxay explained that the parcel is owned by the SEA, and Mr. Acklin continued that in effect, it would be the SEA. The development rights are extinguished from that parcel and presumably when and if they got to a deal with the Parking Authority, there would be an agreement between the SEA and the Parking Authority and we would come back to all of you. But at that time the development rights above it, and the first floor, and the ownership of the land would initially belong to the SEA.

Mr. Sala Udin thanked everyone who has been working hard on this complex amendment. Mr. Udin stated that we have to acknowledge that we are trying to improve on what was originally, in his opinion, a bad deal for the public. It was a humongous giveaway to the Penguins in order to keep them from moving out of the city and out of the area. Part of what made it bad deal is the lack of public input and public notification and obviously elected officials and businesspeople would prefer to keep all of that on their inside coat pocket and not have too much public scrutiny because you don't know where it's going to go. But he emphasized that we are public servants. We are not private businesspeople. We are doing the people's business. This is their property and we are entrusted to make the best decisions we can on their behalf.

This proposal was being worked on up until midnight last night, and the versions that we have, the ink is still not dry on them. I think we owe it to the public to give them an opportunity to know what's in this proposal, perhaps to comment on it, and then we, I think, are authorized to



make the best decision we can make. We don't have to accept everything that everybody thinks ought to be in it, but I do think we owe them the opportunity to see it, to understand it, and to comment on it and then we come back and make the best decision that we can make. If there is a legal obligation for us to make a decision within a certain period of time, then I need to know what that is. If there is not, then I think we ought to designate, perhaps thirty days, a period of time that gives the public the opportunity to review the proposals that are included in Mr. Acklin's presentation, a mechanism for them to give feedback, perhaps through the website or some other medium, and then we take action. That's my proposal, and if it's appropriate, that's my motion.

Mr. Morgan Hanson asked to confirm that Mr. Udin was making a motion to table the current proposal for a thirty-day time period. Mr. Udin confirmed.

Mr. Hanson explained that it would be appropriate at that time to have a roll call vote on Mr. Udin's motion. These types of motions don't have debate, so it would go right to the vote starting with Senator Fontana. All Board members voted no except for Mr. Udin, and the motion failed.

Senator Fontana asked if there were any further questions from the Board. Reverend John Welch stated that he knows there has been a lot of hard work put into this, so as Mr. Udin indicated, he offered his thanks to all parties that were involved in putting this together. In his opinion it appears to be, and as Mr. Acklin articulated, a development-friendly proposal, and one where the public burden has been mitigated to a great extent. Reverend Welch appreciated Mr. Udin's proposal. He thinks it is worthy to qualify who the public is because it is clearly indicated and obvious that the public that will receive the greatest benefit are those in the Hill District, and he does not want to disparage against them. He thinks they deserve as much benefit as possible,

so we needed to qualify who the public is and need to be involved in feedback. The other thing is, with regards to the public obligations, there's probably no way to qualify what "assist" means, but not to get into semantical wars, I'm hoping and assuming that there isn't going to be any opportunities for there to be any jousting on the degree to which we're assisting to mediate any environmental issues that come up.

Mr. Acklin explained that this is a term sheet; it's a binding term sheet that will lead to a formal amendment of the Option Agreement, likely an amendment and restatement so if there are legal concerns around what we are agreeing to here, those can be discussed further. But the commitments that we are making on affordable housing and environmental infrastructure are commitments that we're making to support the development, which are generally public commitments, again not financial commitments. Each of those amendments, those covenants, say specifically that we are not required to expend public money of the URA or the SEA to advance those but to basically collaborate and work with them. My sense is between now and the final amendment, we can address any kind of concerns about that language as part of the amendment.

Councilman James Ellenbogen stated that he appreciated Mr. Acklin and Director Conturo's hard work in this situation and asked that Ms. Conturo provide the Deputy Mayor his email address so that when he communicates with the Board, Councilman Ellenbogen could be a part of the conversation.

Mr. Udin asked whether or not the SEA Board would be open to any period of time to accommodate public reflection. Are they only opposed to thirty days? If it were fourteen days, would that change their consideration? If it were seven days, would that change their consideration? And if so, he asked for the opportunity to make a motion to provide some time for



public consideration. It's a question to the Board as to whether or not they would provide any time for public consideration. He also had a question as to whether or not the effect of the URA's deliberation this afternoon should have any effect on the SEA Board's consideration and should the SEA Board at least delay their action until after the URA has taken their consideration up this afternoon.

Mr. Hanson explained that this is a joint obligation of both the URA and the SEA, so both boards have to approve, but from a legal perspective there is no sequence in which they have to approve. The SEA Board can go first and approve or deny, and if it were to deny the proposal, that would be the end of it because it takes two here. But there is nothing that requires the SEA Board to wait if the Board chooses not to.

Mr. Udin asked to have some discussion from the Board on the idea of whether or not they believe at all that the public should have any opportunity to take a look at this before we vote.

Reverend Welch asked about the original CCIP and the public party that was a part of that agreement.

Mr. Acklin explained that the CCIP Executive Committee is made up of Mr. [Councilman] Lavelle who has been briefed on the amendments, Mr. Acklin and Mr. Williams. The other members of the CCIP have been meeting on a biweekly basis largely relating to development. They had a meeting last week. The CCIP focus is the progress of development but not relating to the legal obligations of the public bodies.

Mr. Hanson clarified that the CCIP was created with far more input than from the three individuals he identified, and Mr. Acklin concurred. There were meetings in the Hill, Mr. Acklin recalled being there many times with the Hill CDC, the Hill House, so the CCIP itself is really

the nexus of the public engagement and candidly some of the amendments that are made here are made in the spirit of delivering the commitments in the CCIP, the biggest being the valuation. Disagreements over land valuation were one of the biggest obstacles as to why there isn't a shovel in the ground right now on the housing development. The Penguins have been committed; we have a submission in this round for nine percent low-income tax credits.

Mr. Udin asked if the CCIP had received a copy of these terms.

Mr. Acklin stated that to his knowledge, they did not, other than Councilman Lavelle who was intimately involved on some of the terms. The movement that's occurred that led to the proposal, in particular the 2023 deadline, was something Mr. Acklin and Councilman Lavelle discussed distinctly late last week and early this week, that ultimately the Penguins agreed to as part of this overall negotiation.

Senator Fontana posed Mr. Udin's question to the Board as to whether or not there was any appetite to delay the vote today, any length of time. If there was, he invited that person to make a motion.

Reverend Welch stated only to the extent that there is harm that can occur with any kind of movement on the part of the Penguins, he agreed with Mr. Udin to a point. The public was involved in putting together the original agreement beyond the persons named before, and to move forward without their knowledge or at least input could create some issue. However, to his original question, he doesn't think anyone in Hazelwood is really going to be concerned about what's happening or anyone in Homewood, although the benefits of this agreement, the process can benefit others in other parts of the city of Pittsburgh. So Reverend Welch said he was trying to push his colleague [Mr. Udin] to qualify who he meant by public and if it's going to require the folks who were involved, the community groups that were involved in the original CCIP,



Revered Welch could see how that would be beneficial, that way you have widespread buy-in but it's based on what degree of harm is included if there is no agreement today.

Mr. Hanson clarified the legal background in which all of this is occurring; the deadline for the forfeiture of the parcel was extended to today by the second special meeting, and it was also extended by the URA Board. If this Board were to not take an action today, and the URA Board were to not extend that deadline as well, then we would be in a potential legal quagmire because one board would be saying that the parcel should be forfeited and the other board would be saying that it shouldn't because the deadline had been extended, and so that would create some legal difficulty. So, from a legal perspective, Mr. Hanson believes the deadline would have to be extended further if additional time was taken to avoid potential friction with the URA, but that would still put the SEA Board in a position where they don't know what the URA is going to do with the extension. Mr. Hanson reiterated that it takes two working in coordination for all of this.

Mr. Udin asked if those two bodies have the legal authority to extend that time period.

Mr. Hanson confirmed that they do, as they did on October 20 and October 26.

Mr. Udin asked if they could extend it again.

Mr. Hanson confirmed that they could.

Senator Fontana asked if there was anyone who wanted to make a motion to delay for any specific amount of time or extend.

Senator Fontana said he did not hear any other motions to extend or delay.

Mr. Acklin clarified that there is no hesitation to meet with the public. He would commit to do a public meeting to explain the proposal. He feels very strongly that these terms are good for the public. He would ask for a vote today so that things can move forward but at the next

CCIP meeting, and he is sure Mr. Williams would agree, they would be happy to explain why these terms are in the public's favor. Mr. Acklin said his vote this afternoon will be in favor of this at the URA and believes his board will follow, but to Mr. Udin's point, there is no hesitation to have a public conversation about this. We are at a point where we have a deal, it's good for the public, and we do have a period of time before the amendment gets formally adopted. Perhaps if things come up that we missed we would have the ability to handle that. I believe yesterday or the day before Mr. Williams was talking with Marimba Milliones to try and get a public conversation going to advance the development. That is the nature of, I believe, the type of engagement you're going to get out of this administration and the Penguins as well.

Mr. Udin stated that it's one kind of public conversation to say these are the proposals that we are making for changing the current agreement. It's different than if you go to the public and say we have already agreed on these terms. It's a done deal, so we're just informing you before the deal is done. That's what makes people frustrated. The land there on the 28 acres belongs to the city of Pittsburgh. Obviously the Hill District has a special, historic relationship to that land. But the money we are talking about going back and forth in this deal is millions and millions of dollars and they are public dollars not just those of the Hill District, and so clearly the people who have been involved in the CCIP ought to have the opportunity to review and consider these proposals, but I also think the city ought to have an opportunity as well, the general public. I think it would be a terrible mistake if we made a decision without opportunity for public consideration.

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

Councilman Ellenbogen stated that this has been very public the last couple of weeks, it's been in the media, television, radio, and as an elected official and a Board member, he has not



had one single commentary, question, anything from another elected official or even anyone, from the public. Councilman Ellenbogen said it seems to him that the public is more interested right now in whether the Penguins can beat the Blackhawks than they are about this property. It is his opinion that we need to do the best deal we can do for the public because he doesn't think the public is really engaged with this, and sometimes the Board needs to do what is best for them because if they were engaged, he thinks by now he personally would have heard something from someone. He said he gets hundreds of emails about much lesser matters, so that is his opinion on the issue.

Senator Fontana said he understands Mr. Udin's point that it's tough to go to the public after the fact, after it's been done. This has been going on a long time, back to 2007, and there was a lot of public input back in those days. Senator Fontana said for him, the bottom line here is that hearing from Mr. Acklin and others over the last few days, granted he is on the Board so it is different, but this is a better deal for the public. How much better, he does not know. But after the fact, and as an elected official, he would like the commitment from the city and even the Penguins to have a public meeting. The fact of the matter is the public needs to know what's happened in this agreement and I'm sure if there is something that was not in there that should be in there or if there is something that needs to be adjusted, if everyone is there we could possibly deal with that going forward. I am comfortable enough today to make the vote on this amendment to the agreement today, and hope that the URA does the same, but also ask Mr. Acklin and Mr. Williams for a commitment from you to have a public meeting after the fact.

Mr. Acklin and Mr. Williams both expressed their affirmation.

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

Councilman Ellenbogen stated that sometimes when administrations “kick the can down the road” so to speak, once the can gets down the road, it can’t be perfect, so sometimes you just have to do the best you can. This seems to be the best we can.

Senator Fontana asked if there were any questions from the Board. Hearing none, he asked for a motion to approve. The motion was duly made, seconded, with Mr. Sala Udin opposing. The motion carried six yays to one nay, the following resolution was approved:

**RESOLUTION NO. 5507**

RESOLVED by the Sports & Exhibition Authority of Pittsburgh and Allegheny County that its Chairman, Vice Chairman, Executive Director and other proper officers are authorized to enter into a Term Sheet for Proposed Modifications to Comprehensive Option Agreement substantially in the form presented herewith and to enter into an amendment agreement thereafter, all subject to review of the Solicitor; 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 necessary and proper to effectuate the terms of this Resolution.

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

Ms. Felicity Williams, Executive Coordinator at the Hill CDC, spoke on behalf of Marimba Millions. Ms. Williams stated she was disappointed today to see that the Board did not give the public an opportunity to comment. Contrary to the councilman on the phone, the public in the Hill District is very engaged in this issue. Their office has received multiple questions about this deal. The Hill CDC is unfamiliar with the terms, they have not seen it, so they cannot offer the public any sort of assurances or how to feel about the agreement. Having the public comment after the fact is just that: after the fact. Ms. Williams thanked Mr. Sala Udin for his courage today and leadership in trying to persuade this Board to give the community time for public comment. The Board already voted and Ms. Williams stated the public was not



allowed to give comment prior so there is not much that can be done, but she wanted to express her disappointment in that and not allowing the public that opportunity.

Senator Fontana clarified that there is an opportunity for public comment beforehand.

Senator Fontana asked if anyone else in the audience desired to address the Board.

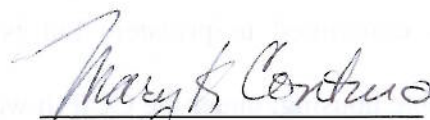
Mr. Travis Williams, Chief Operating Officer of the Pittsburgh Penguins, thanked the Board and expressed appreciation for their participation today and approval of the amendment. He also thanked Mayor Peduto and Kevin Acklin and their staff for all the hard work they put in over the last few months in putting this together; it has been very complex. He also thanked County Executive Fitzgerald, Jennifer Liptak, and their staff as well, and Mary Conturo and the SEA staff. Mr. Williams stated it has been a long process, one in which he thinks all parties have worked well together to come up with a solution that will allow for development to move forward. The Penguins have been always and remain committed to making sure this development is something this region can be proud of and also, to Mr. Udin's point, that the community can benefit from. Mr. Williams recalled spending a long time with the community through the CCIP process, sitting across the table with them for over 50 to 100 meetings over 18 months, and Mr. Williams thinks they came up with an agreement through the CCIP that is something that is unlike anything the region has seen and probably one of the best community benefits agreements for one individual community, the Hill District community, in the country. The Penguins are very proud of that fact, and Mr. Williams thinks at the end of the day, the CCIP is not in any way harmed whatsoever by this agreement. If anything it is enhanced because it shows, what was already committed to privately but is now being put in this document, a commitment to affordable housing; under the CCIP it was 20 percent at 80 percent AMI and it is now 20 percent at deeper levels of affordability and longer because it was only required for eight years and now

it is a statutory thirty-five years. That is something this community can be very proud of in addition to the fact that the penalties go into the LERTA. And that's on top of all the other things that the Penguins are already doing, such as engaging Ms. Milliones on the new Granada Theater Project and having their developers work with them on bringing money to the table through tax credits and other programs. So the Penguins are very committed to the Hill District, and would be happy to have that conversation with the community about this agreement as well. Mr. Williams thanked the Board for their action today, appreciated their engagement, and looks forward to working with them and moving forward on this development.

Senator Fontana asked if anyone else in the audience desired to address the Board.

Reverend Welch said he appreciated Mr. Williams' comments and clarified that his earlier point was not regarding any harm to the CCIP. His concern was the people who were involved in putting the CCIP together, the community input, etc., was where his point was directed. Even though action was taken by this Board, and he expressed appreciation for Ms. Williams' comments as well, he thinks there will be a lot of repercussions if the Penguins do not hold up to their promise to go back to the community, even though after the fact, to listen to public comment, and if there are any issues or exceptions raised, to make good faith effort to address them.

Senator Fontana asked if anyone else in the audience desired to address the Board. There being no additional comments or business, Senator Fontana asked for a motion to adjourn. Upon a motion duly made, seconded and unanimously carried, the meeting was adjourned at 11:44 A.M.

  
Mary Conturo  
Assistant Secretary