

RESOLUTION NO. R-54-2002**RESOLUTION CONSENTING TO CERTAIN UNDERTAKINGS OF THE CITY OF LAS VEGAS REDEVELOPMENT AGENCY IN CONNECTION WITH THE OWNER PARTICIPATION AGREEMENT WITH SIMON/CHELSEA LAS VEGAS DEVELOPMENT, LLC FOR THE PROJECT CONCERNING THE DEVELOPMENT OF REAL PROPERTY DESCRIBED AS APN 139-33-710-001**

WHEREAS, the City of Las Vegas Redevelopment Agency (the "Agency") adopted on March 5, 1986, that plan of redevelopment entitled, to-wit: the Redevelopment Plan for the Downtown Las Vegas Redevelopment Area pursuant to Ordinance 3218, which Redevelopment Plan has been subsequently amended on February 3, 1988, by Ordinance 3339; April 11, 1992, by Ordinance 3637 and on November 4, 1996, by Ordinance 4036 (the "Redevelopment Plan"); and

WHEREAS, the Redevelopment Plan identifies and designates an area within the corporate boundaries of the City of Las Vegas (the "Redevelopment Area") as in need of redevelopment in order to eliminate the environmental deficiencies and blight existing therein; and

WHEREAS, Simon/Chelsea Las Vegas Development, LLC is under contract to purchase approximately 39.2 acres of vacant land located at the southwest corner of Grand Central Parkway and Bonneville Street and which parcel is commonly known as APN 139-33-710-001 (the "Site"); and

WHEREAS, the City Council of the City of Las Vegas has considered the findings that the development of buildings, facilities, structures or other improvements to be located at the Site are of benefit to the Redevelopment Area or the immediate neighborhood in which the Redevelopment Area is located; and

WHEREAS, the City Council of the City of Las Vegas has considered the findings that no other reasonable means of financing the buildings, facilities, structures or other improvements on the Site are available; and

WHEREAS, the City Council of the City of Las Vegas has considered the undertakings of the Agency in connection with the Owner Participation Agreement (the "Agreement"), which provides for the financing of tax increment to reimburse for certain costs incurred by Developer to construct and develop certain improvements for the Las Vegas Premium Outlet Mall at the Site ("Project"), all as more fully set forth in the Agreement.

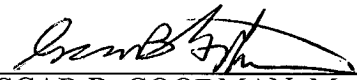
1 NOW, THEREFORE, BE IT HEREBY RESOLVED that the City Council of the City
2 of Las Vegas hereby finds and determines that the development of buildings, facilities, structures or
3 other improvements on the Site are of benefit to the Redevelopment Area or the immediate
4 neighborhood in which the Redevelopment Area is located; and

5 RESOLVED FURTHER, that the City Council of the City of Las Vegas hereby finds
6 and determines there are no reasonable means of financing those buildings, facilities, structural or
7 other improvements on the Site; and

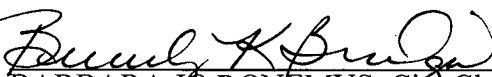
8 RESOLVED FURTHER, that the City Council of the City of Las Vegas hereby
9 consents to the undertakings of the Agency in connection with the Agreement with Simon/Chelsea
10 Las Vegas Development, LLC concerning the development of the Project on the Site.

11 THE FOREGOING RESOLUTION was passed, adopted and approved this 19 day
12 of June, 2002.

13 CITY OF LAS VEGAS

14
15 By: 
16 OSCAR B. GOODMAN, Mayor

17 ATTEST:

18 
19 BARBARA J. RONEMUS, City Clerk
20 By: Beverly K. Bridges
21 Chief Deputy City Clerk

22 APPROVED AS TO FORM

23  6/11/02
24 Date

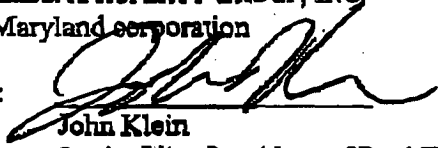
AFFIDAVIT

CHELSEA PROPERTY GROUP, INC.

The undersigned, John Klein, having been duly sworn according to law, deposes and says that:

1. I am Senior Vice President of Real Estate of Chelsea Property Group, Inc., a Maryland corporation (the "Company"), and I am authorized to make this Affidavit on behalf of the Company.
2. Prior to September 11, 2001, the Company planned to purchase certain real property commonly described by Clark County Assessor Parcel Number 139-33-710-001 and more particularly described on Exhibit A attached hereto and incorporated herein by this reference (the "Property") for the purpose of constructing thereon a retail outlet mall (the "Project"). The Company has an established internal rate of return for its development projects below which the Company will not undertake the Project. After September 11, 2001, the Project suffered a dramatic decrease in interest from prospective key tenants due to the subsequent decline in tourism and retail sales in the market. As a result thereof, the Company is not satisfied that the Project will provide an acceptable risk-adjusted rate of return without tax increment financing from the City of Las Vegas.
3. I understand that this Affidavit is made for presentation to the City of Las Vegas.
4. I hereby affirm that I have read this Affidavit and that the statements made in it are personally known by me to be true, accurate and complete, under penalty of perjury as provided by law.

CHELSEA PROPERTY GROUP, INC.
A Maryland corporation

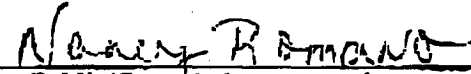
By: 

John Klein
Senior Vice President of Real Estate

STATE OF New Jersey }
COUNTY OF ESSEX } ss.

On this 4th day of June, 2002, before me, NANCY ROMANO, the undersigned officer, personally appeared John Klein known personally to me to be the Senior Vice President of Real Estate of Chelsea Property Group, Inc., a Maryland corporation (the "Company"), and acknowledged that he, as an officer being authorized so to do, executed this Affidavit for the purposes herein contained, by signing the name of the Company by himself as an officer.

IN WITNESS WHEREOF I have hereunto set my hand and official seal.


Notary Public/Commissioner of Oaths

(SEAL)

My Commission Expires
NANCY J. ROMANO
Notary Public of New Jersey
Commission Expires 12/29/2004

**EXHIBIT A
PROPERTY DESCRIPTION**

LOT ONE (1) OF PARKWAY CENTER, AS SHOWN BY MAP THEREOF ON FILE IN BOOK 53, OF PLATS, PAGE 61, IN THE OFFICE OF THE COUNTY RECORDER OF CLARK COUNTY, NEVADA

SIMON/CHELSEA AGREEMENT: 6/19/02 Meeting**Note These Minor Changes from Simon/Chelsea to Clarify Agreement:**

1A. Provide new Section 116 d. (ii) to Clerk and Council

1B. Read new Section 116 d. (ii) into Record

If and when we get it from KKBR (not in hand-look for Teri):

2A. Provide Clerk with Revised Attachment "A" / Site Plan and Map

2B. Note that this is the final Attachment "A"

3A. Provide Clerk with Revised Attachment "D" / Schedule of Performance

3B. Note that this is the final Attachment "D" and that dates are the same

4A. Provide Clerk with Revised Attachment "H" / Employment Plan

4B. Note that number of jobs created has been added to it.

5A. Provide Clerk with Revised Attachment "I" / Disclosure of Principals

5B. Note that Simon's and Chelsea's 2001 10-K and 1st Quarter 2002 10-Q Reports are now incorporated by reference

Submitted at City Council

Date June 19 Item 91
2002

AFFIDAVIT

CHELSEA PROPERTY GROUP, INC.

The undersigned, John Klein, having been duly sworn according to law, deposes and says that:

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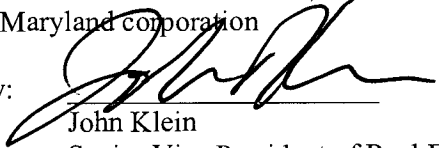
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3. I understand that this Affidavit is made for presentation to the City of Las Vegas.

4. I hereby affirm that I have read this Affidavit and that the statements made in it are personally known by me to be true, accurate and complete, under penalty of perjury as provided by law.

CHELSEA PROPERTY GROUP, INC.

A Maryland corporation

By: 

John Klein

Senior Vice President of Real Estate

STATE OF NEW JERSEY }
COUNTY OF ESSEX } ss.

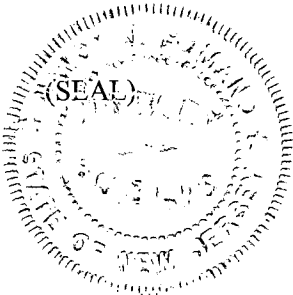
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IN WITNESS WHEREOF I have hereunto set my hand and official seal.

Nancy Romano
Notary Public/Commissioner of Oaths

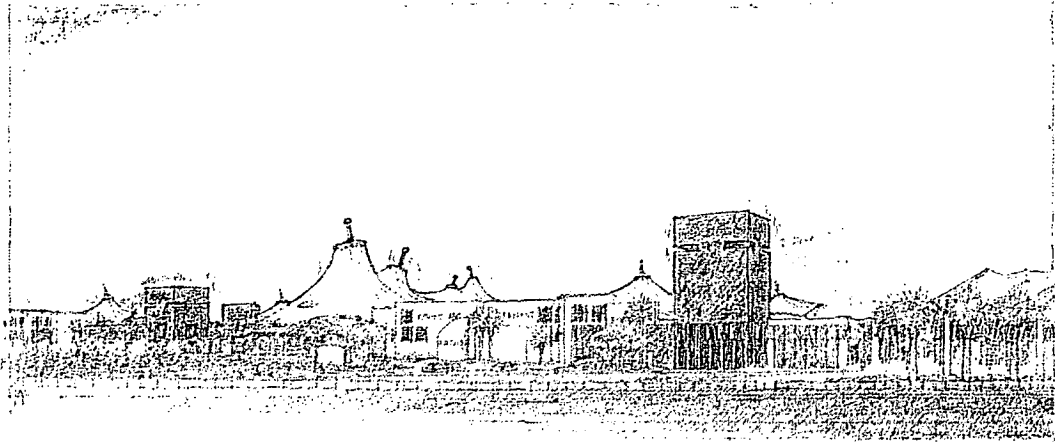
My Commission Expires

NANCY J. ROMANO
Notary Public of New Jersey
Commission Expires 12/29/2004



LAS VEGAS PREMIUM OUTLETS®

Fact Sheet



AAA Adams Hennen

LAS VEGAS PREMIUM OUTLETS
HIGHWAY I-15 ELEVATION



Location: Located off Interstate 15 (Charleston Avenue exit) at Bonneville Avenue and Grand Central Parkway in Las Vegas, Nevada.

Developer: Chelsea Property Group (NYSE: CPG), Roseland, NJ is a self-administered and self-managed real estate investment trust (REIT).

CPG wholly or partially owns 55 outlet shopping centers and three community shopping centers, located in 28 states and Japan. Our portfolio currently contains approximately 12.5 million square feet of gross leasable area and 2,900 stores.

Chelsea Premium Outlet centers are home to the world's leading international fashion and mainstream brands, and include Woodbury Common Premium Outlets, near New York City; Desert Hills Premium Outlets, near Palm Springs, California; Wrentham Village Premium Outlets, near Boston; Orlando Premium Outlets, in Orlando, Florida; and Gotemba Premium Outlets, near Tokyo, Japan. In 2000, tenant sales of \$400 per square foot at Chelsea's U.S. Premium Outlet centers were among the highest in retail real estate.

Description: The center introduces the Las Vegas market to: *Chelsea Premium Outlets®*. Shoppers will be able to buy direct from an impressive collection of fashion designers and name brand manufacturers. The center will have 100 outlet stores offering everyday savings of 25 to 65 percent. By selling direct to the public, leading manufacturers offer substantial values on in-season and first-quality merchandise. The center offers a mix of product categories including apparel for women, men and children, shoes, fashion accessories, leather goods, tabletop and home furnishings. The architecturally themed, single level style outdoor village creates a pleasant, upscale

Submitted at City Council

Date June 19 Item 100
2002

atmosphere for shoppers. While pedestrian courtyards will be outdoors, large shade structures will provide all weather shopping comfort.

The center is being marketed as a shopping destination for area and regional residents and a year 'round attraction for area visitors including motor coach tours, conventions and international visitors.

Size: 435,000 square feet

Investment: \$85 million

Schedule: Groundbreaking: July 2002
Grand Opening: August 2003

Approvals: Fully approved

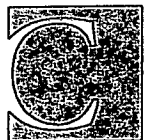
Future Development: The development will feature additional parcels to be sold or leased for additional complementary uses.

Features: The center will feature a large Food Court and will provide a wide range of customer services including an Information Center providing area and merchant information, stroller and wheelchair rentals, foreign currency exchange, ATM and more. The center will have a tour representative to provide services to the group tour market.

Economic Impact:

- **VISITORS:** Through Chelsea's international marketing program, the center is projected to attract over 8 million shoppers annually.
- **SALES:** The center is projected to generate over \$150 million annually in retail sales.
- **JOBS:** During construction, the development will create over 300 construction jobs. Once open, the center will provide over 800 permanent and part-time jobs, with an annual payroll of over \$15 million.
- **TAXES:** The center will generate in excess of \$11 million in sales taxes annually. In addition, the center is projected to generate annual real estate property tax revenues of more than \$600,000 annually.

Contact: Mark J. Silvestri
Senior Director – Development & Acquisitions
Chelsea Property Group, Inc.
103 Eisenhower Parkway
Roseland, NJ 07068
Phone: (973) 228-6111
Email: Msilvestri@cpgi.com



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MEETING OF
JUNE 19, 2002**

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**VERBATIM TRANSCRIPT: ITEM 91 – R-54-2002 - DISCUSSION AND POSSIBLE ACTION
REGARDING A RESOLUTION CONSENTING TO CERTAIN UNDERTAKINGS OF THE CITY OF
LAS VEGAS REDEVELOPMENT AGENCY IN CONNECTION WITH THE OWNER PARTICIPATION
AGREEMENT WITH SIMON/CHELSEA LAS VEGAS DEVELOPMENT, LLC, FOR THE PROJECT
CONCERNING THE DEVELOPMENT OF REAL PROPERTY**

MAYOR GOODMAN

Item 91, discussion and possible action regarding a resolution consenting to certain undertakings of the City of Las Vegas Redevelopment Agency in connection with the Owner Participation Agreement with Simon/Chelsea Las Vegas Development, LLC, for the project concerning the development of real property at APN No. 139-33-710-001. This is in Councilman Weekly's Ward. Ms. Coder.

LESA CODER, DIRECTOR,
OFFICE OF BUSINESS
DEVELOPMENT

Thank you, Mr. Mayor. At this time, we would request that this item be trailed. The attorney representing the client does need to make some findings for the record and has been delayed. We would ask that you trail this until after Items 87 and 88 are heard and just prior to the Redevelopment Agency meeting.

MAYOR GOODMAN

Okay. We're getting – pretty close to it, though. Yeah, so –

LESA CODER, DIRECTOR,
OFFICE OF BUSINESS
DEVELOPMENT

We're – anxiously trying to get a hold of him by phone.

MAYOR GOODMAN

But if the attorney isn't here at that time, we're –

CITY CLERK RONEMUS

Your Honor, I'm sorry. As it is right now, it would be the item, the two items that are being trailed will be heard after Neon Museum, we have Redevelopment Agency, we will already be (inaudible)

MAYOR GOODMAN

I – don't intend to do it that way. I intend to have 87 and 88 and this one before we go to Redevelopment.

CITY CLERK RONEMUS

Okay.

MAYOR GOODMAN

He's either here or he's not here.

LESA CODER, DIRECTOR,
OFFICE OF BUSINESS
DEVELOPMENT

That'd be fine. Thank you.

MAYOR GOODMAN

Okay.

TRAIL DISCUSSION – RESUME DISCUSSION

MAYOR GOODMAN

And we'll call Item 91 now. Item 91, Item 91 is discussion and possible action regarding a resolution consenting to certain undertakings of the City of Las Vegas

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CONCERNING THE DEVELOPMENT OF REAL PROPERTY**

Redevelopment Agency in connection with the Owner Participation Agreement with Simon/Chelsea Las Vegas Development, LLC, for the project concerning the development of real property. Ms. Coder.

LESA CODER, DIRECTOR,
OFFICE OF BUSINESS
DEVELOPMENT

Thank you, Mr. Mayor. As I begin to give you a quick summary of this particular agreement, both the principal for Chelsea/Simon as well as their attorney, Mark Fiorentino, are here to present to you some findings.

Essentially we've worked in a very short amount of time to do a Herculean task of – work and for that I would like to acknowledge our staff's input, Nick Niarchos who has helped us negotiate this, as well as the applicants in this case, for their cooperation and participation.

Essentially two findings need to be made, and that's what Mr. Fiorentino will address here in a moment, that are required by State statute as you hear the resolution. There is a companion item, which is the actual agreement, that will be on your Redevelopment Agency agenda.

MAYOR GOODMAN

(inaudible)

LESA CODER, DIRECTOR,
OFFICE OF BUSINESS
DEVELOPMENT

So at this time, I would like to turn it over to Mark to make his findings and then I'd like to present several modified and amended exhibits to the Clerk, for the record.

COUNCILMAN McDONALD

(inaudible)

MAYOR GOODMAN

Okay.

COUNCILMAN REESE

Mr. Mayor, if I could. Could I just ask the Honorable Representative here of Chelsea Group, why we – always have to wait for him? And if he'd put us first on his agenda one time or, I mean, it seem like we're always holding this or waiting for him to – get here. And –

ATTORNEY MARK FIORENTINO

Your Honor.

MAYOR GOODMAN

Mr. Fiorentino.

ATTORNEY MARK FIORENTINO

I'd love to address that. Councilman Reese, this morning I had absolutely no choice.

COUNCILMAN REESE

Well, that's what you told us the last time.

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CONCERNING THE DEVELOPMENT OF REAL PROPERTY**

- ATTORNEY MARK FIORENTINO I was the last item on the County's agenda this morning.
- COUNCILMAN REESE That's what I'm getting at. Why can't you put us before the County?
- ATTORNEY MARK FIORENTINO Because I would have missed my item at the County. The –
- MAYOR GOODMAN Well, we're not going to hold it against your, Mr. Fiorentino, just against your client.
- ATTORNEY MARK FIORENTINO Your Honor, thank you. We talked about this project I think at length some months ago –
- MAYOR GOODMAN I –
- ATTORNEY MARK FIORENTINO – when we presented the zoning entitlement applications to you. It is fully approved from a zoning standpoint. And actually we're in the process of trying to get this project started. We hope to start very soon. But what I submitted to you was a brief fact sheet about the project. I don't know if we went into some of these details back when we were doing the zoning items or not, but what I'd like to focus, have you focus on is on the back page of what I submitted to you, which talks a little bit about the economic impact of this project.
- For the record, I don't make any findings. I may, present some information to you. It's the Council's job to make a finding that this project will benefit the Redevelopment area. Just very quickly to highlight those points, and then we'd be happy to answer any questions that you may have. We expect this project to generate at least eight million visitors a year to the downtown area. Many of these would be people, most of these will be people who are currently not coming to downtown. So obviously the fact that we're bringing new people to this area is good for the area, we think.
- We expect about 150 million annually in retail sales. We expect to create 300, approximately 300 jobs during the construction phase and 800 permanent jobs when the project is complete.
- COUNCILMAN REESE If I could, Your Honor –
- MAYOR GOODMAN Yes?

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CONCERNING THE DEVELOPMENT OF REAL PROPERTY**

COUNCILMAN REESE

I'd like to address that item right there. During construction, we're going to develop over 300 construction jobs. Is that going to be construction jobs for our local union people that we have out of work here today?

ATTORNEY MARK FIORENTINO

It, well, the – tricky word is union. That may or may not be the case. We are having discussions with all of the trade unions, including the carpenters unions and we may or may not have an agreement with them. The one thing that we will guarantee, because the contract that's on your Redevelopment Agency requires it, is that we will pay prevailing wages to anybody we hire during the construction phase. The Statute require it, our contract requires it. Which means we may or may not have union employees, but we will be paying prevailing wage in either event.

COUNCILMAN REESE

But are we hiring, is this job going to go out to a local construction company?

ATTORNEY MARK FIORENTINO

They are licensed here in the State of Nevada if that's what you mean.

COUNCILMAN REESE

Are they a local construction company though?

MARK SILVESTRI

The – general contractor we –

MAYOR GOODMAN

Mr. Silvestri, please identify yourself.

MARK SILVESTRI

Sorry. Mark Silvestri, Chelsea Property Group. The general contractor we're using is a joint venture between Hardin Construction, which is a large national firm, and Jacobson, which is a local firm. The subs will be local firms.

COUNCILMAN REESE

Thank you.

MAYOR GOODMAN

Is that the Jacobson from the –

COUNCILMAN McDONALD

LVCVA.

MAYOR GOODMAN

That's doing the work on the south portions of the LVCVA?

MARK SILVESTRI

I'm not sure if that's the same firm. I presume it is.

MAYOR GOODMAN

Well, I'd sure like to know that because Councilman McDonald and myself –

COUNCILMAN McDONALD

Yeah.

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MAYOR GOODMAN

– are members of the LVCVA are involved now in some very contentious problems concerning the payment of – the subs and the work having been done and overrides and the like. And I'd – sure like to know that before we go forward this morning. Would you be able to ascertain that?

MARK SILVESTRI

I could try. I could make a call to our construction people.

MAYOR GOODMAN

I – would appreciate that. Or have somebody do that on your behalf.

MARK SILVESTRI

Sure.

MAYOR GOODMAN

Because I want to know whether we're, with whom we're dealing here.

MARK SILVESTRI

The primary firm, I'll make a call, the primary firm is Hardin, who's done most of our projects. They bring in a local "jv" occasionally. I'll make a phone call.

MAYOR GOODMAN

Okay. Please. I – think the other firm is Jacobs, but I'm not sure.

ATTORNEY MARK FIORENTINO

While he's doing that, Your Honor, do you want me to continue or do you want to –

MAYOR GOODMAN

No, please continue.

ATTORNEY MARK FIORENTINO

Okay. As far as taxes go, we expect to generate approximately eleven million in the sales taxes annually with this project and expect to generate approximately \$600,000 annually in property taxes. So with all of those tax, we think a finding that this will help the Redevelopment area should be simple. But again, we'd be happy to answer any questions that you have.

The second thing that the statute requires is a finding that we have some financial need, to demonstrate, we have to demonstrate some financial need for this agreement. You, I will just address it in the same manner that we addressed it at your CCDC meeting. You will recall that the developer said publicly, when they first started this project, that they did not expect to ask for any financial assistance from the City. Unfortunately, what happened between the time that they said those comments and today is September 11th, which had a dramatic impact on the potential to develop this particular project.

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This project relies very heavily on tourism and – obviously all the tourism markets were – impacted dramatically by 7, the attack on September 11th. It had a very substantial impact on our ability to attract and security key – tenants to this project. Without the tax increment financing that's presented before you today, the company could not guarantee that they would be able to achieve their established rate of return on projects of this size. Especially projects based on tourism. And so without your help, they're – not sure they would have gone forward with this project. And I think that's all you need again on the second finding in the statute, but we would be happy to answer whatever question you have.

Just for the record, I will submit for the City Clerk an affidavit from a corporate officer of the Chelsea/Simon partnership that – states under oath what I just said about their abilities.

MAYOR GOODMAN

May I see that please?

ATTORNEY MARK FIORENTINO

Absolutely.

LESA CODER, DIRECTOR,
OFFICE OF BUSINESS
DEVELOPMENT

Mr. Mayor, if Mr. Fiorentino is, has completed his comments, if you'd like while you're reviewing that, I can –

MAYOR GOODMAN

Thanks. Are – you finished?

ATTORNEY MARK FIORENTINO

Unless you have questions.

MAYOR GOODMAN

I do, but perhaps Ms. Coder's going to answer those questions first.

LESA CODER, DIRECTOR,
OFFICE OF BUSINESS
DEVELOPMENT

Okay.

MAYOR GOODMAN

I'm interested in the – density aspect of the project, on – both sides of the project. The project itself, in my opinion is the greatest thing since, you know, chopped liver or sliced bread, or whatever you want to call it, coming into the downtown area.

LESA CODER, DIRECTOR,
OFFICE OF BUSINESS
DEVELOPMENT

Sure.

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MAYOR GOODMAN

But I'm interested on what's happening with future development on that property as to both ends.

LESA CODER, DIRECTOR,
OFFICE OF BUSINESS
DEVELOPMENT

Sure. If I may address that, Mr. Mayor. Neither the resolution nor the agreement, as you'll see it show up on your RDA agenda, addresses future density on the out parcels. We had suggested to the clients that perhaps an offering to have the Redevelopment Agency have a first right of refusal or an option to buy, should he not be able to secure a high density on those two out parcels, might be appropriate. But I believe at this time there is – nothing contained within these documents that would secure that. So, I'm not sure if that adequately addresses your question, but we'd defer to the applicant for any –

COUNCILMAN WEEKLY

Your Honor?

MAYOR GOODMAN

Yes, Councilman.

COUNCILMAN WEEKLY

That question that you asked Ms. Coder just now, was that due to something that you also heard? 'Cause I also heard that there was something proposed, I guess, either retail, not retail but some type of, what's the word I'm looking for? A – casino proponent or some type of high-density, high-rise living complex or something like that; is that what you were told also?

MAYOR GOODMAN

In – the beginning of the project; yes.

COUNCILMAN WEEKLY

Okay. So is that kind of the question you were asking here?

MAYOR GOODMAN

Basically, I – just don't want to have more of the, oh shall I say the horizontal type development that is proposed here on all of that land. I think it's important that we have high-density at either end or both end of the project itself.

COUNCILMAN WEEKLY

Okay.

ATTORNEY MARK FIORENTINO

Your Honor, can I answer that though?

MAYOR GOODMAN

Sure.

ATTORNEY MARK FIORENTINO

I think we have a, maybe a more specific answer to your concern. As you will remember, when we showed you the plans during the – zoning hearings, we showed on the our, out parcels some potential for much more dense project which we have committed to you that we would continue,

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within the constraints placed on the real world and the market, to explore and have in fact been exploring those. The tax increment financing proposal that's before you does not affect the out parcels, we're not asking for assistance on the out parcels. We understand your desire.

However the agreement does address the FAR. And what it says is that with respect to the out parcels, for the first year, after this contract, we will not build a project with a lower density than a 1.25 FAR, which is a fairly dense project. We're certainly going to try to do better than that. But we would commit that while we're under construction for the first phase, we will not bring anything lower than a FAR 1.25.

MAYOR GOODMAN

Well, what does that mean?

ATTORNEY MARK FIORENTINO

It means that you are, well, I'm trying to figure out how to explain it.

MAYOR GOODMAN

Just simply.

MARK SILVESTRI

Mr. Mayor, the – square footage of the actual land area multiplied by 1.25 is the square footage that would be required for us to come in during that period. So it works out to around 4 or 500,000 square feet, roughly.

MAYOR GOODMAN

All right. What – I'm interested in, has there been a discussion about if in fact they're unable to build the high density project, whatever that might be, that the City would then have the opportunity to purchase the land from them?

LESA CODER, DIRECTOR,
OFFICE OF BUSINESS
DEVELOPMENT

And – that may be a real question to ask after the first year, while they're under construction which, and I stand corrected, there is a minor modification in here and that's as Mr. Fiorentino just explained. But it will be after this project opens that there will be nothing that would secure density on the two out parcels.

MAYOR GOODMAN

I – but I'm asking, is there a way, maybe I should ask Mr. Jerbic or Mr. Redlein, is there a way that we can secure density and if in fact they're unable to meet that obligation, that the City has the opportunity to purchase it from them?

ASSISTANT CITY ATTORNEY
REDLEIN

Your Honor, I'm not familiar enough with the terms of the agreement to know whether or not, as written, that happens. I suspect not. But we can make –

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MAYOR GOODMAN

It – is not in the agreement. I'm just asking, maybe Ms. Ponticello, with her vast experience or Mr. Niarchos would be able to answer the question, recognizing that perhaps you don't have the –

ASSISTANT CITY ATTORNEY
REDLEIN

Well, the answer is we can make anything happen. We just can't hap, make it happen today if it's not written into the agreement.

MAYOR GOODMAN

Okay. But my problem is this, my problem is I want the project more than anything than I can think of at this point in time. I think it's going to be wonderful. It's going to bring eight million people to an area that doesn't have one person right now. It's going to bring all sorts of money down here. It's going to be beautiful. But I want to make sure that our intention, at least I think my Council has indicated that they want this to be a high-density location, that we don't have more of the sprawl type units, but we have buildings that will be going up. And I want to be able to protect it that position. Am I right, Councilmen, or am I wrong?

COUNCILMAN BROWN

Your Honor?

MAYOR GOODMAN

Yes.

COUNCILMAN BROWN

I disagree with a certain component of that. One of the things that I – just fail to understand is, from a philosophical standpoint, staff and this Council can say what they want to see there. They want to see a high-rise, Turnberry Place. Sure, we want to see that. But what we want to see and what the market is able to do today and ten years from now and twenty-five years from now, it's what the market's going to bear. We can –

MAYOR GOODMAN

I understand.

COUNCILMAN BROWN

Do, we can certainly create incentives to try to expedite that and I just won't, I wouldn't want to jeopardize what you consider is the jewel here by putting an – additional condition or burden on the developer that I'm not sure the developer can answer today. Be it a year from now or five years from now.

We, the 61 acres and – all the land around it, even some of the land downtown, a lot of the times the City imposes itself to the point where we're going to create with wishful thinking an area. I – disagree. I think the market, with the

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assistance of the City and the Redevelopment Agency should create a realistic vision and realistic projects. What – we have before us is phenomenal. And – we should support that, at least I'll support it 110%. But I don't think we should go beyond that and start putting conditions that I think actually could harm the overall proposal before us.

MAYOR GOODMAN

Okay. Thank you.

ATTORNEY MARK FIORENTINO

Your Honor, you are, in any event, I think completely protected on your ability to have input and potentially purchase those parcels if you want to. Because nothing we do on those parcels can happen without numerous appearances before you. They – have no zoning entitlements. If we ever ask for any City's assistance, we got to come back. And clearly at that point, you'd be well within your discretion and – within the bounds of what you've been saying publicly to tell us if that isn't what I – the density I want, you're not going to get any assistance. And you're well within your bounds to say that isn't the density we want, can we buy it from you and – build the density ourselves.

None of that I think can happen today or should happen today, since we, the only project that's before you is the central part of this project.

MAYOR GOODMAN

All right. Okay. Any other questions or comments?

COUNCILMAN WEEKLY

I just want to briefly say I appreciate the comments Councilman Brown made as far as being realistic. But I am also of the opinion that we – should also continue to push the envelope to get the best that we possibly can get out of this project. And I believe that, it's just like that old philosophy, you shoot for the moon and if you miss, you're floating among stars. So, I – just like to continue to push and get the best project that we possibly can get out of this.

MAYOR GOODMAN

Ms. Coder, do you have a, any comment or, Ms. Ponticello or Mr. Niarchos?

LESA CODER, DIRECTOR,
OFFICE OF BUSINESS
DEVELOPMENT

Yes. Mr. Mayor, in consulting with Ms. Ponticello and Mr. Niarchos, we agree that first right of refusal would be the best possible alternative to move forward now, to draft the language, which could be approximately a page, page and a half long, may take a little bit of time. But I would ask you that if – that is your intent and you direct us to do that, that you approve this agreement and if you find that the findings

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stated on the record are adequate, that we move forward subject to authorizing the City Manager to approve that language with that intent and to go ahead and execute, authorize the Mayor to execute the document, after, once it's prepared.

That would be based upon the language meeting your intent for first right of refusal that's mutually acceptable to the clients and in the absence of that, we would bring the item back before you.

MAYOR GOODMAN

Mr. Fiorentino?

ATTORNEY MARK FIORENTINO

We, we've discussed this at length with your staff in the negotiations leading up to today, Your Honor. We will not accept a provision in this agreement that gives, grants the City a blanket first right of refusal. We have said we will work with them and provide them opportunities if they want to purchase the property, but we're not going to encumber it with an agreement that's been approved by the City Council.

COUNCILMAN REESE

Call them up.

MAYOR GOODMAN

All right. I want to ask the City Attorney then, what is the position if this Council, at the time that Chelsea comes back to us and says that they want to continue a low-rise type concept, in order to deny them based on today's discussion?

ASSISTANT CITY ATTORNEY
REDLEIN

Your Honor, I, I'd feel a lot more comfortable if Ms. Ponticello confirmed this, but let me say to you my sense of it is what's we've got here is a resolution. It is a declaration of your intentions that's formalized in writing by a vote. It's not a contract. And so what you resolve today, I believe, by the documentation that will flow afterwards to implement this project, you can deviate from your resolution.

MAYOR GOODMAN

All right. Let –

ASSISTANT CITY ATTORNEY
REDLEIN

But let's – not lead anybody down a different path. If they're unwilling to have it in the resolution and you want to see it in documents subsequently, we may be wasting our time.

MAYOR GOODMAN

Okay. Let me ask you this, Ms. Ponticello, would be within our legal grounds that when Chelsea comes here, let's say a year from now, and they want to continue a low-rise, for us to say no, we want to have high density?

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DEPUTY CITY ATTORNEY TERI
PONTICELLO

What was, what has been negotiated in the agreement right now is to cover the project as it's presently been stated.

MAYOR GOODMAN

Right.

DEPUTY CITY ATTORNEY TERI
PONTICELLO

And any other, as Ms. Coder has stated earlier, any other options on the property, additional properties, was to come back to the Agency. We had no, there were no – additional language as to what the –

MAYOR GOODMAN

No, I – appre – I'm – asking you a different question. I'm saying assuming that Chelsea goes forward and they build this wonderful project that I think everybody on this Council is very excited about and it really will do wonders for our, for what we're trying to accomplish down there. When they come back to us a year, a year and a half from now and they want to develop the rest of the property, are we within our legal rights to say we want high density? We think that that's appropriate for this area and vote against a project based on that? Without it having any language, just, I'm talking as a matter of zoning laws, a matter of our discretion? Are we in a position where we could do that.

CITY ATTORNEY JERBIC

If I can, Your Honor.

MAYOR GOODMAN

Yes.

CITY ATTORNEY JERBIC

The – zoning laws are the zoning laws and you make a good observation. If – low density is allowed in this particular area and they have a right to apply for it and they meet all the other requirements, you're going to have a hard time denying a project that's consistent with an existing project, if it's an expansion of it. They'll probably have to come in for a site plan development review and the like and it's my understanding that if they were to come in with something similar to what they're building right now, you wouldn't want it. That you'd want it to be higher density. The, if the project that you're looking at today is viewed as a multiple phase project, I make a couple observations.

One, the documents ought to reflect that you're contemplating future phases and that future phases must be high density. The reason I say that is that this developer may not be the developer that comes back a couple years from now.

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If Chelsea sells this development or some other thing happens with the project, you could have a new property owner coming in who won't be bound by any representation that Mr. Fiorentino makes today.

MAYOR GOODMAN

I'm – not really talking about binding representations at this time. I'm talking in terms of can a, can we make a decision based on the fact that we feel that a particular site plan is inappropriate for the area at a particular point in time and be upheld in a court, if somebody takes us there?

CITY ATTORNEY JERBIC

You can. I think it's just a matter of making the proper record for why high density is more desirable than lower density and why lower density is not consistent with the Redevelopment Plan for the site. I think if those things can be established well in the record, we have a very defensible argument in the court if somebody sues us and tries to put low density there.

MAYOR GOODMAN

Okay. Okay.

COUNCILMAN BROWN

Your Honor, if I – could follow up to the City Attorney. There seems to be a difference between the – City owned property, the 61 acres and other City owned parcels downtown where we basically control what can and can't go on it than a privately owned parcel where they abide by the existing zoning codes. I, Your Honor, I'll state again for the record, I don't think we as a City should be the experts to dictate what the – market is going to come down and build. On our 61 acres we can. That's our property. We're private property owners there, the taxpayers are.

But when a piece like this, that's been sitting vacant for 98 years, you have an internationally acclaimed developer that wants to build this and we're saying well, we'll let you build this wonderful project, but we want to dictate high-rise density apartments or residential units there, we are sending the wrong signal as a City. I just think we're not in the position to drive the free market and certainly history shows we're not the people that should drive what kind of development happens downtown.

I just, I think we're setting the wrong signal here.

DEPUTY CITY ATTORNEY TERI
PONTICELLO

Your Honor, I do want to make a distinction as to what we're approving here. We are approving the tax increment financing.

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MAYOR GOODMAN

Right.

DEPUTY CITY ATTORNEY TERI
PONTICELLOSo they are going to be getting this tax increment financing
–

MAYOR GOODMAN

On the existing project.

DEPUTY CITY ATTORNEY TERI
PONTICELLOYeah, for the existing project, for the way. If they – do not
build this project in accordance to what we have in the
contract, they are not entitled to that tax increment in the
future. So that's – separate and –

MAYOR GOODMAN

No, no, we appreciate that. But it's a limited project that's
before us. It's the 150 discount stores. And what I was
addressing were the remainder of the land that's there. And
I disagree with my colleague, the Councilman. I appreciate
his position, but I think we as a Council can have our vision
complied with as, even if it's not in the – free market. We
just wait until it becomes in the free market. It's – I think
those are determinations that we have to make regarding
that entire parcel of land in addition to just the 61 acres. But
that's my position. I just wanted to know where we stand
legally and – unless there are any further questions, I'm
ready to make a finding that they have met the – showing
that is required in order to qualify for the TIF financing and –
I think we're in a position, it would be Councilman Weekly's
Ward to consider a motion.

COUNCILMAN WEEKLY

Yes. Thank you, Your Honor. Lesa, –

LESA CODERM DIRECTOR,
OFFICE OF BUSINESS
DEVELOPMENT

Yes, Councilman.

COUNCILMAN WEEKLY

– what's your recommendation here today, please?

LESA CODER, DIRECTOR,
OFFICE OF BUSINESS
DEVELOPMENTCouncilman, Mr. Mayor, if I may go ahead and read the
amendments into the record and we won't have to do that a
little bit later.

That would note minor changes to this agreement, first in
Section 1A to provide a new Section 116D(ii) to the Clerk
and Council and 1B to read in new Section 116D, small two,
small i, two ii into the record, and that would be as follows:

To delete language under that Section on Page 5,
approximately six lines down, the real estate taxes paid on

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the assessed value of the property on which the project is located in connection with a project in the fiscal year of 2002/2003, including land and improvements, if any, and to delete that Section and replace it with the following language:

The real estate taxes paid based on the item's current tax rate applied against the fiscal year 2002/2003 assessed value of the property on which the project is located, including land and improvements, if any, and

And finally, for 2A, provide the Clerk with a revised Attachment A, the site plan and map and 2B note that this is the final attachment A and under 3A, provide Clerk with a revised Attachment D, Schedule of Performance. Also note that this is the final Attachment D and that the dates are the same. Provide the Clerk with revised Attachment H, which is the employment plan. Note the number of jobs created, which has been added to that and provide the Clerk with revised Attachment I, Disclosure of Principles and note that Simons and Chelsea's 2001-10K and first quarter 2002-10Q reports are now incorporated into that agreement by reference. Thank you.

MAYOR GOODMAN

All right.

COUNCILMAN WEEKLY

That being said, Your Honor, I'd move to **move for approval, including the added conditions, or amendments as – stated**, please.

MAYOR GOODMAN

Is that your understanding, Mr. Fiorentino?

ATTORNEY MARK FIORENTINO

Yes, Sir. And I, yes, and I was just going to say, Your Honor, if you deem it appropriate, I have a clean copy of the agreement that includes all of those changes, if you'd like me to give it to the Clerk.

MAYOR GOODMAN

I would like that given to the Clerk. I'd like Ms. Coder to make sure that it reflects exactly what the both parties agreed about.

ATTORNEY MARK FIORENTINO

We did prior to coming up to the podium.

MAYOR GOODMAN

Very good. I appreciate that. All right. Vote on the motion, please. Post, please. Motion carries. **(Motion carried unanimously.)**

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UNIDENTIFIED MAN IN THE
AUDIENCE

(inaudible) the contractor.

ATTORNEY MARK FIORENTINO

That's right, Your Honor. The audience is reminding me to answer your question about the contractor. He is in fact a different contractor than is doing the Convention Center.

MAYOR GOODMAN

Yeah, I was sure about it. Very similar in name, but I – upon reflection, I remembered it's completely different. Because we didn't want to inherit those problems, that's for darn sure. Okay. All I can tell you, Mr. Silvestri, this better be what I think it's going to be; okay? Or else I will bring in Joe Pesci and run you right out of town; okay?

MARK SILVESTRI

Gotcha.

MAYOR GOODMAN

All right. And you're going to be meeting with Mr. Fehrman, has my office set that up with you yet?

MARK SILVESTRI

I've already spoken to him this morning.

MAYOR GOODMAN

Very good. Okay. I want you to be very cooperative with all of our local unions, because the last thing in the world we want is any difficulty, especially at these times.

MARK SILVESTRI

Absolutely.

MAYOR GOODMAN

Okay. Thanks a lot. Thank you. Good luck.

MARK SILVESTRI

Thank you.

LESA CODER, DIRECTOR,
OFFICE OF BUSINESS
DEVELOPMENT

Thank you.

ATTORNEY MARK FIORENTINO

Thank you, Your Honor.

(END OF DISCUSSION)

/vwd;ac