



Office of the County Executive

TO: Thomas R. Suozzi, County Executive

FROM: The Evaluation Committee:
Helena Williams, Deputy County Executive
William J. Cunningham, III, Counsel to the County Executive
Patricia Bourne, Executive Commissioner of Planning

RE: RFP# CE0812-0557 (Request for Proposals for the Redevelopment of the Nassau Veterans Memorial Coliseum Site)

DATE: March 15, 2006

MEMORANDUM

Introduction

On August 12, 2005, the County issued an RFP for the redevelopment of the Nassau Veterans Memorial Coliseum Site (the "Coliseum Site").¹ This process has been an open, transparent and competitive process. The Evaluation Committee (the "Committee") reviewed four proposals. On February 16, 2006, the County Executive authorized, based on the Committee's recommendation, that negotiations should continue with two finalists, Coliseum Redevelopment Corporation ("CRC") and Lighthouse Development Group, LLC (the "Lighthouse Group"). Intensive negotiations ensued yielding revised best and final offers (the "Revised BAFOs") from both teams.² Today, the Committee recommends going forward with the Lighthouse Group. This recommendation is based on the Committee's review of all the written materials, oral presentations, negotiations, the Revised BAFOs, and its scoring of the two proposals.³

Basis for Committee's Recommendation

The Committee's recommendation to select the Lighthouse Group is based on the following key considerations:

- The Lighthouse Group gives the people of Nassau County the certainty that the Islanders will continue to play hockey in Nassau County through 2025. The

¹ A complete description of the process is provided as Attachment "A".

² Details of the revised BAFOs are provided as Attachment "B".

³ The scoring is recorded in the Proposal Evaluation Package provided as part of Attachment "C".

Lighthouse Group also controls the possibility of future lease extensions beyond 2025. CRC, on the other hand, cannot provide this certainty. Simply stated, CRC's proposal does not offer a similar lease extension by the Islanders or by any other major league sports franchise. Notwithstanding CRC's good faith intention that it could secure such commitment at some point in the future, the fact is that today CRC is unable to assure the County that the Islanders will play at a new or renovated Coliseum beyond 2015. The hard reality of the CRC proposal is that it could leave the County without a professional hockey team at the Coliseum in 2015, thereby unreasonably putting at risk the County's interest in having a fully-operational state-of-the-art Coliseum.

- The Lighthouse Group also has a competitive advantage over CRC because it controls some 73 acres adjoining the Coliseum Site. Therefore, the Lighthouse Group is able to enhance its development of the 77-acre Coliseum Site by leveraging its property into a development vision for 150 acres. The adjacent sites under the control of the Lighthouse Group include: the Omni Office Complex; the Marriot Hotel; and Reckson Plaza. Examples of how the Lighthouse Group's expanded site control is beneficial to the County include: (i) the Lighthouse Group's willingness to use parking at the Omni Office Complex to support operation of a proposed new minor league baseball stadium which the Lighthouse Group is willing to construct at the Mitchel Field Athletic Complex (this would be subject to its own RFP and approval process); (ii) the Lighthouse Group's willingness to modify the existing real property rights which the Marriott Hotel has over the Coliseum Site; and (iii) the Lighthouse Group's ability, through control over the Islanders, to effectuate modifications to the Islander lease.
- Upon execution of the lease, the Lighthouse Group will immediately begin paying the County \$1.5 million per year, non-refundable, during the project approval process. CRC declined to make a similar commitment.
- Immediately upon execution of the lease, the Lighthouse Group as part of a \$55 million transportation financial commitment, will construct and operate at its cost a Hub Bus-Trolley System that will serve the Coliseum and surrounding destinations.
- With regard to Next Generation Housing, the Lighthouse Group improved its proposal by committing to 20% Next Generation Housing unrelated to implementation of a public transportation system.

The February 15, 2006 HR&A and CSL diagnostic report showed for the period 2009 – 2025 the estimated Total County Revenue for CRC was \$528 million and for the Lighthouse Group was \$521 million. During the past month of negotiations, the estimated Total County Revenue increased to \$596 million for CRC and \$585 million for the Lighthouse Group as per the consultants' updated financial analysis (see Attachment "C"). The Committee did not consider the \$11 million difference between CRC and the Lighthouse Group to be determinative as we considered the massive redevelopment project as a whole.

We recommend that the Committee meet with the Lighthouse Group to develop a Memorandum of Agreement to be submitted for the consideration and approval of the Nassau County Legislature. The Memorandum of Agreement will designate the Lighthouse Group as the County's development partner, outline the major terms and conditions, including the development metrics, and establish a period for lease negotiations.

Finally, the Committee recommends that the County contact the CRC team to express its appreciation for the time and resources invested by CRC in the process and to request that its proposal remain open and available for future consideration, if necessary.

The Lighthouse Group is well suited to facilitate the County's redevelopment objectives for the Coliseum Site as well as reshape the entire Hub area into a destination center consistent with the County Executive's vision for New Suburbia.

Submitted By:

Helena E. Williams, Deputy County Executive

William J. Cunningham, III, Counsel to the County Executive

Patricia Bourne, Executive Commissioner of Planning

Approved By:

Thomas R. Suozzi, County Executive

ATTACHMENT “A” BACKGROUND

The County Executive’s vision for New Suburbia – transforming the Coliseum Site into a destination center that maximizes the economic benefits for the residents of Nassau County has the following core goals:

- the renovation or replacement of the Coliseum building into a state-of-the-art, world-class sports and entertainment facility at no cost to the County;
- the extension of the Islanders’ agreement or an agreement with a comparable professional sports franchise;
- the use of structured parking adjacent to the Coliseum building to free up land for other development;
- the creation of a mixed-use, commercial/residential development;
- the construction of Next Generation Housing;
- the expansion of the tax base for Nassau County, the Town of Hempstead and applicable school district(s); and
- the enhancement of the Coliseum Site with a viable public transportation system connecting the site with the greater area known as the Nassau County Hub, concurrent with positive impacts and relationships on surrounding development and parcels.

On August 12, 2005, the County issued RFP No. CE0812-0557 entitled “Request for Proposals for the Redevelopment of the Nassau Veterans Memorial Coliseum Site” to solicit alternative competitive opportunities for the disposition of the Coliseum Site. In response to the RFP, proposals were submitted by Engel-Burman and Kabro Associates, CRC and Polimeni International and the Cordish Company.

On November 10, 2005, the Committee convened a public meeting at which the Lighthouse Group, Engel-Burman and Kabro Associates, CRC and Polimeni International and the Cordish Company presented their proposals to the County Executive, the Committee, its consultants and legal advisors, members of the Nassau County Legislature, the media and the general public.

Thereafter, on November 23, 2005, the County issued its Invitation to Submit Best and Final Offers to the four development teams. All submitted BAFOs by the December 23, 2005 deadline.

The RFP, the responses to the general and specific questions posed to the four development teams, their PowerPoint presentations, a transcript of the public proceedings held on November 10, 2005, the Invitation, the BAFOs, the proposed Lighthouse Group lease, the comments received from the public, and other information related to the redevelopment of the Coliseum Site are all posted on the County’s website at www.nassaucountyny.gov.

On February 16, 2006, the County Executive approved the recommendation of the Evaluation Committee that Nassau County proceed to negotiate with two of the four development teams participating in the RFP process for the redevelopment of the Coliseum Site. The Committee recommended that negotiations commence with the Lighthouse Group and CRC to determine whether a specific agreement could be reached which would achieve the County's core goals for redevelopment of the Coliseum Site, with particular emphasis on the sports, transportation, housing and revenue objectives.

On March 3, 2006, the Committee met separately with each of the development teams. The Committee discussed the strengths and weaknesses of the development team's BAFO and announced the opening of negotiations with the Committee and its outside counsel. In formal and informal discussions the development teams presented additional materials and revisions to their original proposals.

The Committee requested that each development team submit a written revised Best and Final Offer. The Revised BAFOs and related materials will be posted on the County's website at www.nassaucountyny.gov.

ATTACHMENT “B”
REVISED BAFOs

The following is a summary of each development team’s Revised BAFO:

CRC

Coliseum Renovation & Parking – The BAFO proposed \$300 million for renovating the Coliseum or constructing a new facility. The Revised BAFO offers \$400 million for constructing a new facility (\$300 million for the new stadium and \$100 million for the parking structure), the entire amount to be financed through the issuance of bonds. CRC would be responsible for all debt service.

Rent Paid to County – The BAFO proposed \$1.5 million plus a CPI adjustment in annual rent for the Coliseum. The Revised BAFO proposes that the rental payment would commence after the \$400 million bond financing is retired (anticipated to be 30 years). Upon repayment of the bonds, CRC will pay market rent to the County and share with the County revenue generated from Coliseum concessions. CRC offered a letter of credit to secure CRC’s obligation to reimburse the County for reasonable costs and expenses during the approvals period.

Sports – The Revised BAFO again proposes good faith negotiations with the Islanders for a commitment beyond 2015 or securing a comparable professional sports franchise for the Coliseum. The Revised BAFO offers the Islanders a “fair deal and reasonable terms as compared to similarly situated NHL teams.” CRC’s Revised BAFO also proposes that a Mets affiliated, full-season minor-league baseball team will play at or adjacent to the Coliseum Site at a stadium to be constructed by CRC at no cost to the County.

Next Generation Housing – The Revised BAFO clarified that the 20% allocation for Next Generation Housing shall be based on the total number of residential units constructed.

Transportation – In addition to the \$25 million originally proposed, CRC will invest up to \$1 million towards an on-site transportation station to meet immediate Hub transportation needs.

Lighthouse Group

Coliseum Renovation & Parking – The Revised BAFO clarified that the investment consists of approximately \$200 million for the renovation of the Coliseum, including the construction of two new buildings to be incorporated into the Coliseum’s existing structure, and approximately \$120 million towards the construction of on-site parking decks.

Rent Paid to County – The Revised BAFO from the Lighthouse Group proposes that the Lighthouse Group will commence payment of \$1.5 million annually as “Approvals Period Payments” until such time as the necessary permits and approvals are obtained. The Approvals Period Payments would be applied against the \$1.5 million (plus a CPI adjustment) annual rent due after the rent commencement date. If the Lighthouse Group does not obtain the required

approvals for the project and elects to terminate its participation, the Approvals Period Payments will be forfeited to the county.

Sports – The BAFO guarantees a lease extension with the Islanders until 2025 in a renovated, state-of-the-art Coliseum. Consistent with the Lighthouse Group’s vision for redevelopment of 150 Hub acres, including the acreage it presently controls plus the 77-acre Coliseum Site, the Revised BAFO proposes to construct a new minor league stadium at Mitchel Field Athletic Complex and to bring a minor league team to the Hub. They propose to use their existing structured parking adjacent to the proposed stadium and have entered into a Memorandum of Understanding with the Atlantic League of Professional Baseball Clubs. The Committee has advised the development teams that this proposed stadium will be subject to its own RFP and approval process.

The Lighthouse Group will also contribute \$5 million to what it describes as Hub community facilities including their proposed sponsorship of a newly-constructed Long Island Sports Hall of Fame on Museum Row and support for the Hempstead Plains.

Next Generation Housing – The BAFO proposed 20% Next Generation Housing contingent upon the County implementing a public transit system. The Revised BAFO commits to 20% Next Generation Housing, subject to the Town of Hempstead approval process. This commitment is independent of the County’s implementation of a transit system.

Transportation – The Revised BAFO proposes a \$55 million financial contribution to transportation in three parts. First, upon commencement of a lease with the County, the Lighthouse Group will begin to contribute \$1 million per year for up to five years toward the use of the bus system to connect to the LIRR. Secondly, the Lighthouse Group will also provide easements and \$25 million for Nassau County’s proposed Hub transportation system. Finally, the Lighthouse Group will contribute \$25 million to transform the Hub into a “pedestrian oriented suburban center,” including a possible lowering of Hempstead Turnpike and Charles Lindbergh Boulevard.

In addition, at the Lighthouse Group’s sole expense, upon execution of the lease, the Lighthouse Group will operate a Hub Bus-Trolley System serving the Coliseum and its immediate surrounding area.



Office of the County Executive

TO: Thomas R. Suozzi, County Executive

FROM: The Evaluation Committee:
Helena Williams, Deputy County Executive
William J. Cunningham, III, Counsel to the County Executive
Patricia Bourne, Executive Commissioner of Planning

RE: Proposal Evaluation Package
RFP# CE0812-0557 (Request for Proposals for the Redevelopment of the Nassau Veterans Memorial Coliseum Site)

DATE: March 15, 2006

MEMORANDUM

The Evaluation Committee completed the attached Proposal Evaluation Package. The results of the evaluation are as follows:

	Coliseum Redevelopment Corp.	Lighthouse Development Group
Strength of Plan and Program	36	45
Financial and Economic Impact to County	25	22
Ability to Deliver	25	25
TOTAL	86	92

Based on the above, the Committee recommends selection of the Lighthouse Development Group, LLC. The Committee's Memorandum dated March 15, 2006 discusses the basis for this selection.

In completing this evaluation the Committee considered an updated financial analysis provided by our consultants HR&A and CSL. The consultants reviewed the major financial modifications provided by the Lighthouse Group and CRC in their Revised BAFOs. Attached is the updated BAFO analysis from HR&A and CSL dated March 15, 2006.

PROPOSAL EVALUATION PACKAGE

REQUEST FOR PROPOSALS

FOR THE REDEVELOPMENT OF THE NASSAU VETERANS MEMORIAL COLISEUM SITE

RFP# CE 0812-0557

March 15, 2006

PROPOSAL EVALUATION PACKAGE

The Request for Proposals for the Redevelopment of the Nassau Veterans Memorial Coliseum Site set forth the evaluation criteria as follows:

Criteria In evaluating the proposals for the County, the evaluation committee will consider such criteria (all criteria considered by the County being hereinafter referred to collectively as the “Selection Criteria”) that, in its sole and absolute discretion, are in the best interests of the County. The criteria listed below are of significant concern to the County:

- a) Quantity and certainty of the financial return to the County;
- b) Financial viability of the proposal;
- c) Overall economic development benefit of the proposal, including proposal for and investment in public transportation improvements;
- d) Proposer’s experience in the development, management, marketing and design of projects of a scale, complexity and quality similar to that required by the RFP, and its ability to implement its proposal;
- e) Proposed timeframe for commencement and completion of the redevelopment or reuse;
- f) Proposer’s financial qualifications (including its proven ability to obtain financing for projects of similar size, experience with institutional lenders, and evidence of the willingness of such lenders to finance the proposed development), and the amount of equity or personal risk the Proposer proposes for the proposal;
- g) Quality of the development concepts including the proposed use and design based on:
 - Overall compliance with this RFP; and
 - Relationship and overall benefit to adjacent public spaces, streets, properties and community; and
- h) Proposer’s previous record of performance in business dealings with any municipal, state, or federal agencies, including the County.

In following the RFP directions, the Evaluation Committee developed the attached evaluation form to evaluate each proposal. The Committee established a 100 point value for its scoring.

I. Strength of Plan and Program	Possible Points	Evaluator's Score	
		CRC	Lighthouse
	50	36	45

Review the proposal as a whole considering the following:

The extent to which the development team's proposal addresses the County's vision for New Suburbia, and more specifically, the following principal goals:

- The renovation or replacement of the Coliseum building into a state-of-the-art, world-class sports and entertainment facility at no cost to the County;
- The extension of the Islanders' agreement or an agreement with a comparable professional sports franchise;
- The use of structured parking adjacent to the Coliseum building to free up land for other development;
- The creation of a mixed-use, commercial/residential development;
- The construction of Next Generation Housing; and
- The enhancement of the Coliseum site with a viable public transportation system connecting the site with the greater area known as the Nassau County Hub; concurrent with positive impacts and relationships on surrounding development and parcels.

II. Financial and Economic Impact to County	Possible Points	Evaluator's Score	
	25	CRC	Lighthouse
		25	22

Review the proposal as a whole considering the following:

- Quantity and certainty of the financial return to the County;
- Financial viability of the proposal;
- Overall economic development benefit of the proposal including expansion of the tax base

III. Ability to Deliver	Possible Points	Evaluator's Score	
	25	CRC	Lighthouse
		25	25

Review the proposal as a whole considering the following:

- Proposer's experience in the development, management, marketing and design of projects of a scale, complexity and quality similar to that required by the RFP, and its ability to implement its proposal;
- Proposer's financial qualifications (including its proven ability to obtain financing for projects of similar size, experience with institutional lenders, and evidence of the willingness of such lenders to finance the proposed development), and the amount of equity or personal risk the Proposer proposes for the proposal;
- Proposer's previous record of performance in business dealings with any municipal, state, or federal agencies, including the County.

**CONSOLIDATED EVALUATION SHEET
COLISEUM REDEVELOPMENT RFP**

	Coliseum Redevelopment Corp.	Lighthouse Development Group
Strength of Plan and Program	36	45
Financial and Economic Impact to County	25	22
Ability to Deliver	25	25
TOTAL	86	92

Helena E. Williams

Date

William J. Cunningham, III

Date

Patricia Bourne

Date



MEMORANDUM

TO: Helena Williams
Guy Courbois

FROM: Bill Rhoda
Meegan Massagli
John Meyers

DATE: March 15, 2006

RE: BAFO Updated Analysis

Per your request, we have updated our financial analysis of the competing proposals submitted by the Lighthouse Development and the Coliseum Redevelopment Corporation. Based on the supplemental information that has been provided to us by you, the following represents the major modifications to the proposals:

Lighthouse

1. The Lighthouse proposal provided for an additional \$60 million in transportation contributions.
2. Lighthouse has provided for the opportunity for a minor league baseball stadium at Mitchell Athletic Complex.

Coliseum Redevelopment Corporation

1. A new arena development that would cost \$400 million with the full cost covered by CRC.
2. The abatement of rent in exchange for the extra \$100 million contribution for a new arena.
3. The possible relocation of the minor league ballpark to the Hofstra campus.

Based on the updated proposals, the financial analysis has been updated. The Lighthouse impacts have not been modified from the previous model. Given the uncertain nature of the minor league ballpark, the associated impacts that could be generated from the development and operation of the ballpark have not been included in the analysis. However, based on the county discussions with Mr. Wang, it has become apparent that if the Lighthouse project does not receive approval, it is likely that the Islanders would

relocate in 2016 to a new arena project in Suffolk County. Under this scenario, the net new percentage associated with the fan-generated revenue (tickets, concessions, merchandise and parking) has been modified to approximately 90 percent. This is based on the probability that the majority of the existing fans in Nassau County would continue to support the Islanders in the neighboring county, thus exporting their dollars. The original analysis did not assume a new competitive arena in an adjacent county.

The CRC proposal does contain significant modifications as it relates to the possible development of a new arena. However, the County believes the development of a new arena would extend the SEQRA time period and a new arena would likely not come on-line at the same time as a renovated arena under the Lighthouse proposal. As such, it has been assumed that the new arena does not come online until 2012. Further, it is possible that the Islanders would not continue to play in the venue past 2015 if Mr. Wang received a suitable offer from Suffolk County. As such, the Islanders were removed from the financial model for the time period 2016 through 2025. In addition, the possible development of the land (16.5 acres) associated with the ballpark has not been incorporated into the financial analysis as there is no specific agreement related to the Hofstra site.

Based on the aforementioned assumptions the following table provides a summary of the updated financial comparison.

	Existing Coliseum	Lighthouse Redeveloped Coliseum and Ancillary Developments	CRC Redeveloped Coliseum and Ancillary Developments
16-Year Net Present Value (2009 - 2025):			
Direct Spending	\$329,823	\$2,620,108	\$2,246,922
Total Output	\$564,813	\$4,356,857	\$3,713,369
Jobs	n/a	n/a	n/a
Earnings	\$273,994	\$1,946,879	\$1,623,300
Tax Revenues	\$19,020	\$157,686	\$152,013

As previously discussed, the new estimates assume the Islanders do not extend their lease in the CRC proposal. Although speculative, if CRC were able to obtain a lease extension through 2025, the tax revenue impact would increase by \$12 million. In addition, if CRC were able to relocated the ballpark and develop the site with residential and office, the impact would further increase by \$11 million.

The following represents the updated summary table with all of the proposals.

	Lighthouse	CRC
<i>Fiscal Impacts of Various Developments</i>		
NPV of Net New Taxes thru 2025 ¹	\$157,686	\$152,013
<i>Key Proposal Components</i>		
Coliseum Renovation & Parking ²	\$320,000	\$400,000
Rent Paid to County ³	\$47,000	\$18,216
Other Revenue for the County ⁴	\$60,000	\$26,000
Total County Revenue	\$585,000	\$596,000
<i>Other Key Proposal Components</i>		
Sports	Guarantees 10-year extension of the Islanders lease thru 2025. Proposes the development of an Atlantic League Stadium at MAC Park.	Would attempt negotiation of Islanders lease extension and provide the facility to Islanders on fair and reasonable terms. CRC will secure minor league baseball team to play in proposed new baseball park.
Next Generation Housing	20% next generation housing	20% next generation housing
Transportation	Lighthouse proposes to contribute \$55 million for transportation improvements, plus a bus-trolley.	CRC proposes \$25 million over 5 years investment in transit and up to \$1 million toward on-site station.

¹ Net Present Value over 16 years (2009-2025) @ 6%

² It has been assumed that a new arena would be built but that the Islanders would leave in 2016.

³ NPV over 99 years @ 6%

⁴ CRC value from transit contribution; Lighthouse value from the transportation contribution and other Hub investment.

As shown, the Lighthouse proposal has increased from \$521 million direct benefit to the County in the previous analysis to \$585 million. The CRC proposal has also increased from \$528 to \$596 million.