

June 17, 2008

TO: Members of the Regional Office Center Working Group

FROM: Mayor James M. Cavanaugh, Goodyear, Chair

SUBJECT: MEETING NOTIFICATION AND TRANSMITTAL OF TENTATIVE AGENDA FOR  
THE REGIONAL OFFICE CENTER WORKING GROUP WITH A POSSIBLE  
EXECUTIVE SESSION

Monday, June 23, 2008 - 10:30 a.m.  
MAG Office, Suite 200, Cholla Room  
302 North 1<sup>st</sup> Avenue, Phoenix

A meeting of the Regional Office Center Working Group with a possible executive session has been scheduled for the time and place noted above. Members of the Working Group may attend the meeting either in person, by telephone conference, or by video conference.

Please park in the garage under the building. Bring your ticket to the meeting, parking will be validated. For those using transit, the Regional Public Transportation Authority will provide transit tickets for your trip. For those using bicycles, please lock your bicycle in the bike rack in the garage.

Pursuant to Title II of the Americans with Disabilities Act (ADA), MAG does not discriminate on the basis of disability in admissions to or participation in its public meetings. Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting Alana Chávez at the MAG office. Requests should be made as early as possible to allow time to arrange the accommodation.

If you have any questions regarding the Working Group agenda items, please contact Mayor James Cavanaugh at (623) 882-7782. For MAG staff, please contact Dennis Smith, MAG Executive Director, at (602) 254-6300.

c: Dave Boggs, Executive Director, RPTA  
Steve Olson, Executive Director, AMWUA  
Rick Simonetta, President/CEO, METRO  
Dennis Smith, Executive Director, MAG

**REGIONAL OFFICE CENTER WORKING GROUP  
TENTATIVE AGENDA**

COMMITTEE ACTION REQUESTED

1. Call to Order

**ITEMS PROPOSED FOR CONSENT\*  
BY THE REGIONAL OFFICE CENTER WORKING GROUP**

- |  |  |
|--|--|
| *2A. <u>Approval of the May 19, 2008, Regional Office Center Working Group Meeting Minutes</u> | 2A. Review and approve the May 19, 2008, Regional Office Center Working Group meeting minutes. |
|--|--|

**ITEMS TO BE HEARD  
BY THE REGIONAL OFFICE CENTER WORKING GROUP**

- |   |                                       |
|---|---------------------------------------|
| <p>3. <u>Building Tours and Assessments</u></p> <p>On May 19, 2008, staff was directed to evaluate the 210 E. Earll and 111 W. Monroe buildings and arrange a tour of the locations. On June 18, 2008, members of the ROC Working Group and agency staff toured the 111. W. Monroe and 210 E. Earll buildings. Since the May 19, 2008, ROC Working Group meeting, Parsons/3DI, Program Management Consultant, has prepared a facility assessment report for both locations for review and discussion. Please see enclosed material.</p>   | <p>3. Information and discussion.</p> |
| <p>4. <u>Regional Office Center Update</u></p> <p>On May 19, 2008, staff presented a projected budget for the agencies over a 15-year period, comparable commercial market opportunities for sale and/or lease, and a level of confidence provided by McCarthy Building Companies for the rescoped Regional Office Center (ROC). The ROC Working Group recommended the following: 1) Assess the 210 E. Earll and 111 W. Monroe sites and set up a tour of the locations; 2) Investigate other property tax incentives, if any, that may be viable at the 210 E. Earll location; 3) Postpone the Guaranteed Maximum Price (GMP) on the ROC until information on the two purchase properties is provided; 4) Obtain a market rate indicator for the agencies to</p> | <p>4. Information and discussion.</p> |

identify financing position, and 5) Respond to Mr. Kaye that his terms specified in the revised letter of intent for the 1<sup>st</sup> Avenue/McKinley property are not acceptable at this time. On May 19, 2008, the MAG Executive Committee supported the recommendation from the ROC Working Group. On May 28, 2008, the MAG Regional Council approved the Executive Committee's recommendation.

On June 6, 2008, McCarthy Building Companies, at their initiative, submitted a comparison estimate for a build to suit building for consideration in addition to the two purchase properties. Please see enclosed material.

5. Financial Update

On May 19, 2008, staff presented a financial comparative analysis for lease, purchase and the ROC properties. The financing cost included in the purchase and ROC options reflected a conservative market rating provided by PiperJaffray, Financial Underwriter for the project. Staff was directed to pursue a market rate indicator to more accurately identify the financing position for the agencies.

Following the meeting, PiperJaffray advised staff that prior to approaching the credit rating agencies, in order to obtain the most reflective and favorable rating indicator on the market, a specific project alternative and estimated total project cost should be included in the credit presentation. With the need to conduct and include the life cycle expenses from the property assessments and the market rate indicator not yet available, Piper Jaffray will present an updated range of financing costs, for the 111 W. Monroe, 210 E. Earl and ROC alternatives.

6. Project Alternatives

Staff will present a comparative project cost and investment analysis of the three project alternatives to co-locate MAG, the Regional

5. Information and discussion.

6. Information, discussion and possible action to recess the meeting and go into executive session for the purpose of discussion and consultation with attorneys for legal advice and to consider the agencies' position and

Public Transportation Authority (RPTA), Valley Metro Rail (METRO), and the Arizona Municipal Water Users Association (AMWUA) to the ROC Working Group.

On June 6, 2008, McCarthy Building Companies, at their initiative, submitted a comparison estimate for a build to suit building for consideration in addition to the two purchase properties. On June 18, 2008, members of the ROC Working Group and agency staff toured 111 W. Monroe and 210 E. Earll buildings. Staff is seeking direction regarding the three sites that have been identified.

The Working Group may vote to recess the meeting and go into executive session for the purpose of discussion and consultation with attorneys for legal advice and to consider the agencies' position and instruct its attorney concerning negotiations of agreements and acquisition of property to co-locate A.R.S. 38-431.03(A)(3) and (4).

The meeting may then be reconvened to take action regarding negotiations of agreements and acquisition of property. Additional material is forthcoming.

instruct its attorney concerning negotiations of agreements and acquisition of property to co-locate A.R.S. 38-431.03(A)(3) and (4). The meeting may then be reconvened to take action to recommend:

1) Alternative(s) for sale and/or build to the respective agency boards for further consideration; 2) Proceeding with an internal rescope program to obtain a GMP for a build alternative; 3) Initiating new negotiations with Mr. David Kaye on the 1<sup>st</sup> Avenue and McKinley site.

7. Adjournment