ANTHONY A. WILLIAMS
MAYOR

Ms. Wendy Raines, Chair
Mr. Stephen Richard, Executive Director
Arena Stage
1101 - 6th Street, S.W.
Washington, D.C. 20024

Dear Wendy and Stephen:

I am pleased to announce my Administration's support for the funding of a $25 million grant to the Arena Stage to assist your goal of renovating, modernizing and expanding your facilities in Southwest. The potential sources for funding such a grant are described below. As you understand, I am not in a position to make such a commitment at this time, since the funding of the grant will require the ultimate approval of the Council.

We view the redevelopment of the waterfront and related areas as a great challenge and opportunity for our City, and Arena's presence, commitment and plans contribute significantly to that vision. In that respect, my Administration sees its support of the Arena Stage as part of our larger goal of redeveloping the Anacostia waterfront. We currently plan to unveil a comprehensive Anacostia Waterfront Initiative with the introduction of legislation to fund these initiatives and other economic developments throughout the District. The legislation we have prepared would authorize the creation of a Payment In Lieu of Taxes (PILOT) mechanism, Special Assessment Districts, reauthorization of our TIF law, and enact various tax incentives for qualified businesses. I will make every effort to encourage the Council to pass this legislation and would appreciate your active support in this matter. Furthermore, if these funding measures are not enacted or are not enacted in time to fund the grant by the time you commence construction in 2004, I will propose the matter at a later date to the Council, if appropriate.

Similar to other District supported development projects, the grant that we will propose will be conditioned on the receipt from Arena Stage of documentation satisfactory to the District demonstrating the economic feasibility of the project as well as evidence of the benefits to be derived by the District. The grant will also be limited to the payment of capital costs, will be conditioned on the provision of evidence of matching funds sufficient to complete the project, and will be paid in during the construction phase of the project pro rata with the balance of your funding. We will also require that Arena Stage

Case No. 16933
Exhibit No. 30
Board of Zoning Adjustment
District of Columbia
CASE NO.16933
EXHIBIT NO.30

enter into a First Source Agreement requiring that at least 51% of local new hires be residents of the District. In addition, the grant will require the execution of a Memorandum of Understanding between Arena Stage and the District that at least 35% of all procurements that are part of this project go to qualified Local, Small and Disadvantaged Business Enterprises (LSDBE) as certified with the District's Office of Local Business Development (OLBD). We expect these conditions would be formalized in a grant and escrow agreement prior to funding.

Again, I am very excited about this project and see it as an integral part of the overall development of the Anacostia waterfront. I will use my best efforts to assist in the funding of this grant, and I look forward to attending the grand opening of the new Arena.

Sincerely yours,

Anthony A. Williams

Enclosures