

## Deal Reached on Music Venue in Silver Spring

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Montgomery County government officials finalized an agreement yesterday with music producer Live Nation to open one of its Fillmore venues in Silver Spring, a project the county estimates will generate \$1.1 million in annual state and local revenue.

The \$13.5 million deal with the Los Angeles-based company seeks to address concerns from neighbors about rowdy crowds by setting a 1 a.m. curfew for shows and a midnight cut-off for alcohol sales, in addition to assuring Montgomery's taxpayers that they are getting a good return on their investment.

"With Live Nation, we are partnering with a first-class company with a successful track record for bringing the very best to music lovers," County Executive Isiah Leggett (D) said in a statement.

Live Nation's regional vice president, Ted Mankin, said the 2,000-person venue would feature a diverse lineup, from reggae to rock to jazz, giving the Washington region "more options and more opportunity."

The announcement closes a tense period for Leggett, who resurrected the live music project when earlier negotiations with the Alexandria-based Birchmere Music Hall collapsed after five years of talks by his predecessor, Douglas M. Duncan. Leggett faced criticism from some County Council members and residents who questioned his decision to work with Live Nation without first considering a competing offer from Seth Hurwitz, the owner of the District's 9:30 Club.

The presidents of a dozen Silver Spring civic associations wrote to Leggett in November to express "disappointment with the process." The group said a "more open, transparent, competitive process would likely have resulted in multiple attractive proposals."

Alan Friedman, co-founder of a Silver Spring revitalization group, said yesterday that the county and Live Nation had responded to the community's interest in a wide variety of music and the creation of a citizen advisory board.

Attention now turns to the council, the General Assembly and the Lee Development Group, a Silver Spring company willing to donate land for the project. Leggett's chief administrative officer, Timothy Firestone, and Bruce H. Lee, the company's president, have begun trying to build support on the council for a separate agreement that would provide the company with a measure of protection to develop its property surrounding the music hall.

Opening a venue at the old JC Penney site, at Colesville Road and Georgia Avenue, relies on \$8 million in taxpayer funds, with \$4 million each approved by the council and the legislature. Live Nation has agreed to contribute \$2 million to outfit the 32,000-square-foot building and cover any cost overruns.

Leggett's administration reached a tentative deal with the company in September after talks soured last summer with the Birchmere. Once a letter of intent was signed, Leggett refused to consider Hurwitz's offer, saying it would damage the county's credibility for future business deals.

Under the 20-year lease agreement, Live Nation will pay the county annual rent of \$90,000 for the first five years, a reduced rate that the Leggett administration said is appropriate because the company is investing in the venue and will be responsible for upkeep, including structural maintenance.

The county eliminated the right of Live Nation in a preliminary agreement to eventually purchase the building, giving taxpayers a long-term asset for their \$8 million investment, Firestine said. According to an economic analysis by the county, the \$1.1 million in state and local tax revenue generated by the venue would more than cover the \$355,000 in interest payments on the bonds backing the deal, resulting in a \$712,000 net annual profit.

In finalizing a deal, the county tried to ensure broad access for community events such as graduations. The agreement gives county officials free use of the venue six times a year. Thirty additional events can be booked for community groups at a discounted rate not to exceed \$3,000.

Live Nation also agreed to some neighborly gestures: an annual \$30,000 contribution to the nonprofit Celebrate Silver Spring Foundation; an annual auction of concert memorabilia to benefit community groups that Leggett identifies; and six free tickets to each event to be distributed by the county executive.

The agreement calls for opening the venue in July 2010, which will depend on funding from the state and the council. Gov. Martin O'Malley (D) included \$2 million in his fiscal 2009 spending plan, subject to legislative approval.

Hurwitz, saying he can deliver a better deal to taxpayers, is taking his case to Montgomery's legislative delegation. As one alternative, he had offered to build the venue without a taxpayer subsidy.

Leggett is just beginning to make his pitch to the council for approval of an agreement with the property owners. In exchange for donating the land, worth an estimated \$3.5 million, the Lee company wants guarantees that the music venue would not interfere with its project, Firestine said.

Council members offered mixed responses to the deal yesterday.

Marc Elrich (D-At Large) said he remains unconvinced of the economic benefit.

"I still think it was a rip-off and we could have done better," he said.

Council member Phil Andrews (D-Gaithersburg-Rockville) called it a "good deal" and praised Leggett for keeping what he called "prime property" in the county's hands. Council member Marilyn Praisner (D-Eastern County), meanwhile, questioned the wisdom of owning another arts facility, which takes it off the property tax rolls.

*Staff writer John Wagner contributed to this report.*