



OFFICE OF THE COUNTY EXECUTIVE  
ROCKVILLE, MARYLAND 20850

Isiah Leggett  
*County Executive*

November 16, 2007

Dear \_\_\_\_\_,

Thank you for your letter expressing interest in our new Silver Spring live music and entertainment venue.

We are very excited that Live Nation, a highly successful company that programs many local events and is a national and international leader in the provision of live concerts, music venues, and festivals, has agreed to locate a site in the County. Not only will this help bolster economic development in Silver Spring but it provides an array of synergies between the Fillmore and the nearby American Film Institute and Discovery Communications.

As you may know, this is a three-party transaction. The Lee Development Group has offered to give the land to Montgomery County for an entertainment venue to be leased to Live Nation. To that end, Montgomery County has negotiated a Letter of Intent with Live Nation and is deeply involved in final negotiations with Live Nation and the Lee Development Group for the land documents. Montgomery County has an obligation to deal fairly in negotiations and to negotiate in good faith for a final binding contract. We have done this and intend to continue to do so.

For obvious reasons, it would be inappropriate for the County to enter into an agreement with one operator only to subsequently decide to engage in simultaneous negotiations with a second proposed operator that has the benefit of seeing and undercutting the signed terms of its competitor's agreement. This would be unacceptable.

Had the County originally signed a Letter of Intent with the 9:30 Club, or any other operator, and a third party inserted itself into the negotiations at the last minute by cherry-picking an existing proposal, my attitude would be the same.

Montgomery County -- or any credible entity -- cannot do business this way. After the fact -- and after careful and serious negotiations produced a Letter of Intent, any other party could claim -- plausibly or not -- that they could offer a better deal. If this was the manner in which we operated, we would be flouting the County's established process and good government. The County's reputation as a credible negotiating partner with outside entities would be severely damaged and could cost us financially and otherwise for a considerable period of time.

The agreements with the Lee Development Group and Live Nation are land transactions and not procurements. The Lee Development Group is providing the land to the County for the express

purpose of the County entering into a lease with Live Nation for an entertainment venue. This type of a land transaction is not covered by the County's Disposition of Property Regulations. Moreover, it is and always has been a project that is a significant economic development interest.

Even if the lease to Live Nation could be considered to be a procurement, the County's procurement provisions do not apply to obtaining entertainment services. From the very beginning, even with Birchmere as the partner, the County did not issue a "Request for Proposals" for the Silver Spring project because the idea was that the County wanted to select a unique partner for a unique project in conjunction with the deal being worked out between the donor of the land and the County. We continued that approach with Live Nation.

It should be noted that the 9:30 Club expressed no interest in a Silver Spring venue during the five years the County was in talks with Birchmere – even though there was never a letter of intent as we now have with Live Nation. The 9:30 Club also did not express interest when talks with the Birchmere were suspended in July, an event well-covered in the media. It was only on September 24 – six days after a Letter of Intent was signed with Live Nation -- that the 9:30 Club contacted the County.

As a courtesy, Montgomery County Chief Administrative Officer Tim Firestine met with the 9:30 Club on October 1, heard them out, and informed them of our obligation and our commitment to the negotiations with Live Nation and the Lee Development Group.

I include our news release on the project for your information. For additional information regarding this project, please visit [www.livemusicss.com](http://www.livemusicss.com) .

I very much appreciate your feedback and want to assure you that I will never negotiate an agreement that is contrary to Montgomery County's interests.

Sincerely,

  
Isiah Leggett  
County Executive