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Tempe Marketplace passes big hurdles en route to reality

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Most people acquainted with Tempe Mayor Hugh Hallman know they have to run to keep up with him.

They also know he talks rapid-fire, but candidly with interested listeners about the many ongoing and proposed developments around downtown Tempe.

He even jokes about his candor in talking with reporters.

"They say 'Mayor Hallman was unavoidable for comment,'" he says of himself.

But that self-deprecating hu_mor doesn't distract Hallman from his focus on Tempe Marketplace, one of the largest and most ambitious retail projects in Tempe, and he'd like the project to move at his speed.

So would David Larcher, Vestar Development's executive vice president. Larcher has been leading the charge to carve the glitzy \$250 million retail, restaurant and entertainment center out of 117 acres on a county island once considered a no-man's-land.

Over the years, parts of the property east of McClintock Drive and north of Rio Salado Parkway were used as an unofficial landfill.

And until 1999, when it was annexed by Tempe, the area was under the jurisdiction of Maricopa County. It was a source of headaches and headlines for the county Sheriff's Office, which received periodic complaints about the "massage parlors" that operated openly into the 1970s.

In the summer of 2004, stacks of tires on the site caught fire twice. One fire burned for days and blackened Valley skies. Hallman, a native of Tempe, remembers the area's checkered history, but he'd rather focus on its future.

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Challenging proposal

From the beginning of this redevelopment proposal, which dates to about the mid-1990s, this project was complicated.

The 117-acre site was a collection of mostly industrial-type properties on a county island wedged between the Salt River Pima-Maricopa Indian Community, Tempe and Mesa.

The first property purchases were made by Brad Wilde of Miravista Holdings as early as 1995. Over time, more than 50 owners of 65 properties met with Miravista, Vestar and Tempe officials.

Wilde is credited with the original concept. As he began buying the land, he started talking with Tempe about annexation.

Wilde says it was in recent years that he and Vestar forged a deal in which Vestar would design and coordinate construction of the regional shopping center.

Vestar turned to Arizona Congressman J.D. Hayworth for help in obtaining federal money to clean up what had been called one of Arizona's largest brownfield sites, referring to contaminated land.

Larcher says the \$7 million loan from the Department of Housing and Urban Development will be repaid by sales taxes generated by the future shopping center.

As the properties were acquired, workers moved in to clear the lots and perform any needed EPA cleanup work.

Ill-fated lawsuit

In March 2005, after 20 landowners declined to sell, Tempe filed condemnation lawsuits against them. City officials had argued that parts of the area wanted for redevelopment presented health risks and needed environmental remediation.

In the end, Tempe's eminent domain action to force owners to sell was overruled Sept. 12, 2005, by Maricopa County Superior Court Judge Kenneth Fields.

But now that the owners couldn't be forced to sell, they and their attorneys and Vestar began a new round of negotiations to hammer out what it would take for the property owners to sell.

Vestar owned much of the land, but the company needed all of the other properties if it was to start development. During the three months between the judge's ruling against Tempe, and the Jan. 31 groundbreaking, all parties finally came to an agreement, says Doug Zimmerman, an attorney with Jennings Strouss & Salmon.

Zimmerman represented machine shop owner Del Sturman, the last property owner to sell to Vestar.

Zimmerman, who says the amount of money paid to the property owners for their land is confidential, credited Vestar for shouldering the financial weight needed to complete the deal.

"My understanding is, Vestar brought the money to the table to make this thing work," Zimmerman says.

Larcher at Vestar says financial details of the deal are confidential.

Sturman says he received a fair price for his property and for expenses in moving to a new location in east Mesa, but he isn't pleased with the way he and his neighbors were treated by city officials during their meetings.

"They straight-out lied to people about what was going on," Sturman says.

Compounding his frustration were incomplete news accounts of the dispute.

"A lot of people do not know what was going on," Sturman says. "All they know is what they read in the newspaper, about a bunch of greedy people here trying to clean house on the city. That just wasn't it. People here just needed to be made whole."

He adds that in the 10 years he operated his business on the land wanted by Vestar, he never smelled methane, although he was aware the area was used as a landfill many years ago.

Sturman has until the end of March to vacate the property.

"It's getting close," he says. "We're going to be scrambling the last couple of weeks, but I think we're going to make it."

New construction

Also getting close is Vestar's construction schedule. The first vertical construction is expected this summer, and mid-2007 is the projected opening date of most of the project's 1.3 million square feet.

The property's legacy will fade when it is reincarnated as a regional shopping center. Several hundred guests attended the Jan. 31 groundbreaking, and no one was happier than Hallman, Wilde and Larcher.

"My back still hurts," Hallman says. "It's been a lot of heavy lifting."

Larcher pauses before he comments about the process he and Tempe went through.

"I'm not aware of any other project in Arizona where there's been an assemblage of this many properties into one project," Larcher says.

Wilde has been asked a few times if he would ever do it again.

"Maybe in another lifetime," he says.