

A RESOLUTION AUTHORIZING THE USE OF
A PORTION OF CITY OF VIRGINIA BEACH
DEVELOPMENT AUTHORITY PROPERTY
LOCATED AT 110 S. INDEPENDENCE BLVD.
BY THE CITY OF VIRGINIA BEACH

WHEREAS, the City of Virginia Beach Development Authority (“Authority”) is the owner of property located at 110 S. Independence Blvd.(GPIN: 1477-43-7709), containing approximately 3.09 acres, which was the location of the former Circuit City Store (the “Property”);

WHEREAS, the City of Virginia Beach (“City”) is pursuing construction of Phase III of the Thalia Creek Greenway Project (the “Project”) and has requested the use of approximately 5,700 sq. ft. of the Property as a laydown area (the “Laydown Area”) for Project: and

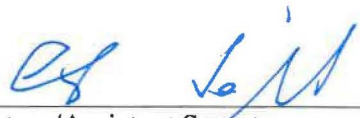
WHEREAS, the Authority has no objection to the City’s use of the Laydown Area, as shown on Exhibit A, attached hereto, so long as the use is in accordance with the Summary of Terms attached hereto as Exhibit B.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY OF VIRGINIA BEACH DEVELOPMENT AUTHORITY:

That the Chair, or Vice Chair, is hereby authorized to execute an agreement between the Authority and the City, for the use of the Laydown Area, as shown on Exhibit A, attached hereto and made a part hereof, in accordance with the terms and conditions set forth in the Summary of Terms, attached hereto as Exhibit B, and made a part hereof, and such other terms, conditions or modifications deemed necessary and sufficient by the Chair and in a form deemed satisfactory by the City Attorney

Adopted by this 9 day of July, 2024, by the City of Virginia Beach Development Authority.

CITY OF VIRGINIA BEACH
DEVELOPMENT AUTHORITY

By 
Secretary/Assistant Secretary

APPROVED AS TO CONTENT:


Economic Development

APPROVED AS TO LEGAL
SUFFICIENCY:


City Attorney

EXHIBIT A

Laydown Area



EXHIBIT B

Summary of Terms

Owner: City of Virginia Beach Development Authority (“Authority”)
User: City of Virginia Beach (“City”)
Property: 110 S. Independence Blvd. (GPIN: 1477-43-7709), known as the former Circuit City site

Laydown

Area: Approx. 5,700 Sq. Ft., as shown on Exhibit A above

Term: September 1, 2024 – June 30, 2025

Use Fee: \$0.00

Conditions:

- The Laydown Area shall be used solely for storage for material in connection with the City’s Thalia Creek Greenway Project, Phase III, and for no other purpose.
- The City shall access the Laydown Area from Garrett Drive.
- The City shall install and maintain opaque screening surrounding the Laydown Area.
- The City shall be responsible for any and all claims arising out of its use of the Laydown Area.
- Use of the Laydown Area may be terminated by either party for any reason with 30 days’ advanced written notice.

A RESOLUTION AUTHORIZING THE CITY OF VIRGINIA BEACH DEVELOPMENT AUTHORITY TO SUBLEASE APPROXIMATELY 200 SQ. FT. OF OFFICE SPACE TO NOSE CORPORATION OF AMERICA

WHEREAS, the City of Virginia Beach Development Authority (the "Authority") entered into a lease with Town Center Associates 11, LLC, for approximately 23,000 sq. ft. of office space (the "Premises") located at 4525 Main Street, Suite 700, in Virginia Beach;

WHEREAS, Nose Corporation of Virginia, a Virginia corporation ("Nose Corporation"), desires to sublease approximately 200 sq. ft. of the Premises from the Authority; and


WHEREAS, the terms and conditions of the sublease are set forth in the Summary of Terms, attached hereto as Exhibit A, and made a part hereof.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY OF VIRGINIA BEACH DEVELOPMENT AUTHORITY:

That the Chair or Vice-Chair is hereby authorized to execute a sublease between the Authority and Chorus, so long as the terms and conditions are in accordance with the Summary of Terms attached hereto as Exhibit A, and made a part hereof, and such other terms, conditions and modifications as may be acceptable to the Chair or Vice-Chair and in a form deemed satisfactory by the City Attorney.

Adopted this 9 day of July, 2024, by the City of Virginia Beach Development Authority.

CITY OF VIRGINIA BEACH
DEVELOPMENT AUTHORITY

By: 
Secretary/Assistant Secretary

APPROVED AS TO CONTENT:



Economic Development

APPROVED AS TO LEGAL
SUFFICIENCY:



City Attorney

EXHIBIT A

Summary of Terms

LANDLORD: TCA Block 11 Office, LLC, a Virginia limited liability company (c/o Divaris Property Management Corp.)

TENANT / SUBLESSOR: City of Virginia Beach Development Authority (the “Authority”)

SUBLESSEE Nose Corporation of America (“Nose Corporations”)

PREMISES: Approx. 200 sq. ft. of office space located at 4525 Main Street, Suite 700, Virginia Beach, VA 23462 (within the City of Virginia Beach’s Office of Economic Development)

TERM: Two (2) years

RENT: Months 1-6: N/A (no rent)
Months 7-12: \$7.25 / sq. ft. = \$1,450 / yr. (\$120.83 / mo.)
Months 13-18: \$14.50 /sq. ft. = \$2,900 / yr. (\$241.67 / mo.)
Months 19-24: \$20.25 / sq. ft. = \$4,050 / yr. (\$337.50 / mo.)

SECURITY DEPOSIT: \$0.00

CONDITIONS: The Sublease is subject to all the terms and conditions of the Master Lease between the Landlord and the Authority.

SPECIAL FEATURES: Sublessee shall have the right to terminate the Sublease on thirty (30) days’ written notice to the Sublessor, without penalty.

RESOLUTION 1) APPROVING A FINAL TERM SHEET RELATING TO THE REDEVELOPMENT OF PEMBROKE MALL, AND 2) AUTHORIZING THE EXECUTION OF DEFINITIVE PROJECT DOCUMENTS AND SUPPORT AGREEMENT

WHEREAS, on behalf of the City of Virginia Beach (the “City”) and the City of Virginia Beach Development Authority (the “Authority”), the City Manager and City staff have engaged in extensive negotiations with representatives of Pembroke Square Associates, LLC, a Virginia limited liability company (the “Developer”), and its affiliates, regarding the redevelopment of Pembroke Mall;

WHEREAS, the proposed project is a mixed-use, multi-level development, consisting of senior housing, retail, residential apartments, a hotel, and parking (the “Project”);

WHEREAS, on April 19, 2022, by Resolution RES-04154, City Council approved a term sheet (the “Original Term Sheet”), which outlined the comprehensive development plan for the Project, including all public participation;

WHEREAS, the Developer has continued to refine its plans for the Project, and has requested modifications to the Original Term Sheet to reflect the final plans for development of the Project;

WHEREAS, staff and the Developer have revised the Original Term Sheet to reflect the amended terms in a revised term sheet (the “Final Term Sheet”);

WHEREAS, the changes between the Original Term Sheet and the Final Term Sheet are shown in a blackline comparison attached hereto as Exhibit A, and the Final Term Sheet is attached hereto as Exhibit B;

WHEREAS, as with many other development projects in the City of Virginia Beach, the Authority would be the party in contract with the Developer and would own and operate the public parking garages being constructed as a part of the Project;

WHEREAS, the financial obligations of the Authority outlined in the Final Term Sheet would be supported by a support agreement between the City and the Authority (the “Support Agreement”);

WHEREAS, the Support Agreement obligations would be structured to be paid, subject to annual appropriation, using real estate taxes generated at the Project, with the proposed special service district funds serving as an initial backstop for any shortfalls;

WHEREAS, on July 2, 2024, the Virginia Beach City Council adopted a resolution approving the Final Term Sheet, authorizing execution of definitive project documents, and recommending that the Authority adopt a similar resolution;

WHEREAS, the Authority finds that the Project will stimulate the City's economy, increase public revenues, enhance public amenities and further the City's development objectives for the Pembroke area of the City; and

WHEREAS, as requested by City Council, the Authority desires to approve the Final Term Sheet and authorize the execution of definitive project documents in substantial conformity with the terms outlined in the Final Term Sheet, including, but not limited to a development agreement and the Support Agreement (collectively, the "Definitive Project Documents").

NOW THEREFORE, BE IT RESOLVED BY THE CITY OF VIRGINIA BEACH DEVELOPMENT AUTHORITY:

1. That Authority hereby approves the Final Term Sheet between the Authority and the Developer, a copy of which is attached hereto as Exhibit B and made a part hereof.

2. That the Authority authorizes the execution of the Definitive Project Documents so long as such documents are in substantial conformity with the terms set forth in the Final Term Sheet and such other terms, conditions or modifications as may be acceptable to the Chair or Vice-Chair and the City Manager, and in a form deemed satisfactory by the City Attorney.

Adopted by this 9 day of July, 2024, by the City of Virginia Beach Development Authority.

CITY OF VIRGINIA BEACH
DEVELOPMENT AUTHORITY

By: 
Secretary/Assistant Secretary

APPROVED AS TO CONTENT:


Economic Development

APPROVED AS TO LEGAL
SUFFICIENCY:


City Attorney

EXHIBIT A

PEMBROKE MALL REDEVELOPMENT

TERM SHEET

Staff of the City of Virginia Beach (the “City”) and the City of Virginia Beach Development Authority (the “Authority”) were approached by Pembroke Square Associates and its affiliates (the “Developer”) about public participation in the redevelopment of portions of the existing Pembroke Mall. Pembroke Square Associates owns the Pembroke Mall and intends to replace portions of the existing indoor retail and surface parking with a multi-phased project that will expand the commercial tax base in the City and provide additional amenities for the citizens of Virginia Beach.

As set forth below, the Developer proposes the development of a mixed-use development project consisting of senior housing, multifamily residential, retail, hotel, and parking uses. The Developer has requested the Authority and the City to publicly participate in the Project (further defined below) primarily in the form of the acquisition of structured parking facilities. In addition, the Developer has requested the establishment of a special service district (as further described below, the “SSD”) to offset certain costs related to the public parking facilities and to provide enhanced services within the project area. These forms of participation will allow the Developer to address public parking needs, provide public amenities and dramatically enhance the density and quality of development, consistent with the City’s goals in the Town Center area of Virginia Beach.

This Term Sheet is an outline of terms. Moreover, this Term Sheet is not, nor is it intended to be, an offer, an acceptance, or a binding agreement of any kind. To the contrary, this Term Sheet is only a summary of the basic terms of a possible transaction, which may be agreed in principle only. Although this Term Sheet identifies many of the material issues, any possible transaction is complex and issues may arise during preparation and negotiation of definitive documentation that have not been discussed in this Term Sheet. Accordingly, legal obligations among the parties will only be as specified in any definitive agreements that ultimately may be approved by City Council, the Authority’s Board of Commissioners and the Developer’s principals, and executed by all of the parties. Any and all obligations of the City and the Authority are subject to appropriation of sufficient funds to meet those obligations by the City Council of the City of Virginia Beach. Additionally, none of the parties to this Term Sheet are under any obligation or duty to attempt to negotiate a transaction or any related documentation or, if such negotiations commence, to continue such negotiations. Nonetheless, by approving this Term Sheet, each party indicates its belief that this Term Sheet can form the basis for a transaction and their respective willingness to commence negotiation and preparation of definitive documentation toward that end.

1. Project Description: The project will be constructed in three (3) phases (described below) on approximately 5.273 acres of property currently owned by Developer and operated as ~~the~~ Pembroke Mall Square (the "Property"). The Developer intends to construct a mixed-use development project containing multiple buildings and use categories generally as described below. The Project will involve demolition of portions of the existing indoor mall, some surface parking and certain existing outbuildings. The following elements will constitute the "Project", with all numbers approximated and subject to refinement:

a. **Phase I:** a 7-story, ~~approximately 158153-unit~~ senior living community to be constructed in what is now was formerly surface parking at the northeastern corner of the Pembroke Mall Square. Phase I will be supported by surface parking. The Developer's anticipated investment is ~~approximately \$50 million hard cost~~ approximately \$64,300,000.

b. **Phase II:** ~~an 12a~~ 7-story multi-use structure with approximately 35,000 square feet of ground floor retail, ~~four levels of parking consisting of approximately 582 spaces (the "Phase II Garage"),~~ and 76 levels of apartments with ~~approximately 329272~~ market rate units. There will also be a 7-story parking garage ("Phase II Garage") adjacent to the multi-use structure consisting of approximately 611 spaces. Phase II will be in the area that is ~~currently~~ formerly the central area of the Pembroke Mall. Developer's anticipated investment in Phase II is ~~approximately \$2,500,000.00 hard cost~~ for the retail and ~~approximately \$6668,600,000.00 hard cost~~ for the apartments. The anticipated public investment in the parking in Phase II is ~~approximately \$19,674,366.00~~ approximately \$18,330,000 plus a portion of the SSD monies per Section 3(b) below. Phase II will be a multi-unit condominium with each element of the Phase a separate condominium unit.

c. **Phase III:** ~~A 147-story hotel and, parking garage, and restaurant.~~ The ground floor will be a restaurant, 2 levels of parking garage will have 5 levels, and approximately 209 spaces 4 levels of hotel. The parking garage (the "Phase III Garage" and, collectively with the Phase II Garage, the "Garages"), will consist of approximately 134 spaces and the 4 levels of hotel, built on top of the garage, will be 9 stories and have consist of approximately 209156 rooms. In addition to the structured parking, there will be approximately 29 surface parking spaces around and in the immediate vicinity of the Phase III structure. Phase III will be adjacent to Virginia Beach Boulevard ~~where~~ at the SunTrust/Truist bank was ~~formerly~~ located. Developer's anticipated investment in Phase III is ~~approximately \$45.8 million hard cost~~ approximately \$31,883,000. The public investment in the parking in Phase III is anticipated to be ~~approximately \$10,890,000.00~~ approximately \$4,020,000 plus a portion of the SSD monies per Section 3(b) below. Phase III will also be a multi-unit condominium with each element of the Phase a separate condominium unit.

2. **Developer Obligations.**

a. The Developer will construct, or cause to be constructed, all elements of the Project. All components above are subject to mutual collaborative refinement.

b. Developer acknowledges that its proposed private investment, and the proposed uses in the Project are the basis for the level of financial support offered by the Authority. Material deviations in investment or form resulting in a reduction of Developer's private investment could require the public investment be likewise reduced. Alternatively, any increase in Developer's private investment could result in the public investment likewise being increased.

c. The Developer's construction of the Project shall comply with the City Council's Small Business Enhancement Program. In addition, the Developer acknowledges the City Council's ~~10~~12% minority subcontractor goal and will work with the City to identify and use minority subcontractors to the extent commercially reasonable. (Please provide a copy of the City's Small Business Enhancement Program.)

3. City / Authority Participation.

a. To satisfy the expressed need for additional public parking, the Developer shall construct and sell to the ~~City Authority~~, and the ~~City Authority~~ shall purchase each Garage from the Developer, at the completion of the applicable Phase, ~~the Garages~~. Each Garage to be purchased pursuant to a condominium parking unit purchase agreement in form and substance mutually satisfactory to the City and the Developer. ~~The City shall provide funding for~~ On completion of construction of each Garage, the design, development and construction of the Garages on a pay-as-you-go basis. The City Authority will pay ~~acquire the Garage for \$30,000.00 per space, inclusive of all hard and soft costs except as set forth in Section 3(b) below. Inclusive in~~ In addition to the City's costs shall be a development fee \$30,000 per space, the City will also pay up to \$2,750 per space for construction loan interest incurred by Developer during and attributable to the construction of the Garages. The City shall have the option of paying construction costs of the Garages equal to 2% of the total cost for same. This fee will be payable on mutually agreeable terms prior to completion to reduce interest incurred during construction, provided, any such payments shall be applicable to the purchase price of the applicable Garage upon completion. ~~The Garages shall be free and open to the public for a period of 30 years from the date each garage~~ Garage opens. The ~~City Authority~~ shall grant to the Developer a mutually agreeable parking license wherein the Developer, or its successors and assigns, shall have the exclusive right to use a designated number of parking spaces throughout the Project, with the locations and cost of such Parking License to be established in the development documents.

b. The Developer shall agree that the Project will be subject to a special assessment established pursuant to a Special Services District ("SSD"). The initial amount of the SSD is anticipated to be an additional \$0.45 to the real estate tax rate. It is anticipated that \$5,500,000.00 of the SSD monies will be used to pay for costs of the Garages in excess of

\$30,000.00 per space, including a total of \$1,500,000 in design and development fee/soft costs for the Garages currently allocated as follows: (a) \$860,000 for Phase II and (b) \$640,000 for Phase III. Included in the \$1,500,000 design/soft costs shall be a development fee for the Garages. The remainder will pay for certain enhanced services at the Project, and for maintenance and upkeep of the Garages. The SSD rate will be set by City Council after consultation with the Developer during the pre-development period described below.

c. All obligations of the City and Authority to be expressly subject to the City Council appropriating sufficient funds to the Authority to meet its obligations.

4. Guaranty of Assessed Value:

As set forth in Section 3 above, the City/Authority intends to finance the cost of the Garages with (i) real estate and hotel taxes generated at the Project and (ii) a portion of the SSD monies. It is possible that the the City/Authority will experience a loss of certain of the material benefits of its bargain under the Project (including, without limitation, a material reduction of anticipated tax revenues) if the private elements of the Project do not yield the anticipated assessed values, or if the Phases are not complete within the timeframes set forth below in Section 5. In consideration of such potential loss, Developer shall cause the entities owning the projects to pay a reimbursement amount (the "RA Amount") sufficient to restore any shortfall in actual taxes to the amounts projected (based on the existing real estate tax rate). The RA Amount will be secured on terms and in a form acceptable to the City/Authority. (Please provide a copy of the reimbursement guaranty and there should be separate guaranties for each project.)

5. Proposed Timeline:

~~a. Phase I to commence construction within 9 months of approval of Project by City Council. Completion within 24 months thereafter.~~

~~b.a. Phase II to commence construction within 16 months of approval of Project by City Council. Completion within 26 months thereafter. Phase I is in progress and anticipated to be complete by Fall 2024.~~

~~e.b. Phase II to commence construction within 16 months of approval of Project by City Council. Completion within 24 months thereafter is anticipated by the end of 2027.~~

~~c. Phase III to commence construction within 16 months of approval of Project by City Council.~~

~~d. In any event, the parties anticipate all three phases will be complete by July 1, 2028.~~

6. Next Steps

- a. Public briefing of revised Term Sheet
- b. Public Comment and City Council and Authority vote on Term Sheet and authorization to execute Definitive Documents.
- c. ~~Development of definitive, binding documents and votes on same.~~

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EXHIBIT

EXHIBIT B**PEMBROKE MALL REDEVELOPMENT****TERM SHEET**

Staff of the City of Virginia Beach (the “City”) and the City of Virginia Beach Development Authority (the “Authority”) were approached by Pembroke Square Associates and its affiliates (the “Developer”) about public participation in the redevelopment of portions of the existing Pembroke Mall. Pembroke Square Associates owns the Pembroke Mall and intends to replace portions of the existing indoor retail and surface parking with a multi-phased project that will expand the commercial tax base in the City and provide additional amenities for the citizens of Virginia Beach.

As set forth below, the Developer proposes the development of a mixed-use development project consisting of senior housing, multifamily residential, retail, hotel, and parking uses. The Developer has requested the Authority and the City to publicly participate in the Project (further defined below) primarily in the form of the acquisition of structured parking facilities. In addition, the Developer has requested the establishment of a special service district (as further described below, the “SSD”) to offset certain costs related to the public parking facilities and to provide enhanced services within the project area. These forms of participation will allow the Developer to address public parking needs, provide public amenities and dramatically enhance the density and quality of development, consistent with the City’s goals in the Town Center area of Virginia Beach.

This Term Sheet is an outline of terms. Moreover, this Term Sheet is not, nor is it intended to be, an offer, an acceptance, or a binding agreement of any kind. To the contrary, this Term Sheet is only a summary of the basic terms of a possible transaction, which may be agreed in principle only. Although this Term Sheet identifies many of the material issues, any possible transaction is complex and issues may arise during preparation and negotiation of definitive documentation that have not been discussed in this Term Sheet. Accordingly, legal obligations among the parties will only be as specified in any definitive agreements that ultimately may be approved by City Council, the Authority’s Board of Commissioners and the Developer’s principals, and executed by all of the parties. Any and all obligations of the City and the Authority are subject to appropriation of sufficient funds to meet those obligations by the City Council of the City of Virginia Beach. Additionally, none of the parties to this Term Sheet are under any obligation or duty to attempt to negotiate a transaction or any related documentation or, if such negotiations commence, to continue such negotiations. Nonetheless, by approving this Term Sheet, each party indicates its belief that this Term Sheet can form the basis for a transaction and their respective willingness to commence negotiation and preparation of definitive documentation toward that end.

Project Description: The project will be constructed in three (3) phases (described below) on approximately 5.273 acres of property currently owned by Developer and operated as Pembroke Square (the “Property”). The Developer intends to construct a mixed-use development project containing multiple buildings and use categories generally as described below. The Project will involve demolition of portions of the existing indoor mall, some surface parking and certain existing outbuildings. The following elements will constitute the “Project”, with all numbers approximated and subject to refinement:

a. **Phase I:** a 7-story, 153-unit senior living community in what was formerly surface parking at the northeastern corner of the Pembroke Square. Phase I will be supported by surface parking. The Developer’s anticipated investment is approximately \$64,300,000 .

b. **Phase II.** a 7-story multi-use structure with approximately 35,000 square feet of ground floor retail and 6 levels of apartments with 272 market rate units. There will also be a 7-story parking garage (“Phase II Garage”) adjacent to the multi-use structure consisting of approximately 611 spaces. Phase II will be in the area that is formerly the central area of the Pembroke Mall. Developer’s anticipated investment in Phase II is approximately \$2,500,000 for the retail and approximately \$68,600,000 for the apartments. The anticipated public investment in the parking in Phase II is approximately \$18,330,000 plus a portion of the SSD monies per Section 3(b) below. Phase II will be a multi-unit condominium with each element of the Phase a separate condominium unit.

c. **Phase III.** A 7-story hotel, parking garage, and restaurant. The ground floor will be a restaurant, 2 levels of parking garage, and 4 levels of hotel. The parking garage (the “Phase III Garage”) and collectively with the Phase II Garage, the “Garages”) will consist of approximately 134 spaces and the 4 levels of hotel will consist of approximately 156 rooms. In addition to the structured parking, there will be approximately 29 surface parking spaces around and in the immediate vicinity of the Phase III structure. Phase III will be adjacent to Virginia Beach Boulevard where the SunTrust/Truist bank was formerly located. Developer’s anticipated investment in Phase III is approximately \$31,883,000. The public investment in the parking in Phase III is anticipated to be approximately \$4,020,000 plus a portion of the SSD monies per Section 3(b) below. Phase III will also be a multi-unit condominium with each element of the Phase a separate condominium unit.

2. Developer Obligations.

a. The Developer will construct, or cause to be constructed, all elements of the Project. All components above are subject to mutual collaborative refinement.

b. Developer acknowledges that its proposed private investment, and the proposed uses in the Project are the basis for the level of financial support offered by the Authority. Material deviations in investment or form resulting in a reduction of Developer’s private investment could require the public investment be likewise reduced. Alternatively, any

increase in Developer's private investment could result in the public investment likewise being increased.

c. The Developer's construction of the Project shall comply with the City Council's Small Business Enhancement Program. In addition, the Developer acknowledges the City Council's 12% minority subcontractor goal and will work with the City to identify and use minority subcontractors to the extent commercially reasonable. (Please provide a copy of the City's Small Business Enhancement Program.)

3. City / Authority Participation.

a. To satisfy the expressed need for additional public parking, the Developer shall construct and sell to the Authority, and the Authority shall purchase each Garage from the Developer at the completion of the applicable Phase. Each Garage to be purchased pursuant to a condominium parking unit purchase agreement in form and substance mutually satisfactory to the City and the Developer. On completion of construction of each Garage, the Authority will acquire the Garage for \$30,000 per space, inclusive of all hard and soft costs except as set forth in Section 3(b) below. In addition to the \$30,000 per space, the City will also pay up to \$2,750 per space for construction loan interest incurred by Developer during and attributable to the construction of the Garages. The City shall have the option of paying construction costs of the Garages prior to completion to reduce interest incurred during construction, provided, any such payments shall be applicable to the purchase price of the applicable Garage upon completion. The Garages shall be free and open to the public for a period of 30 years from the date each Garage opens. The Authority shall grant to the Developer a mutually agreeable parking license wherein the Developer, or its successors and assigns, shall have the exclusive right to use a designated number of parking spaces throughout the Project, with the locations and cost of such Parking License to be established in the development documents.

b. The Developer shall agree that the Project will be subject to a special assessment established pursuant to a Special Services District ("SSD"). The initial amount of the SSD is anticipated to be an additional \$0.45 to the real estate tax rate. It is anticipated that \$5,500,000 of the SSD monies will be used to pay for costs of the Garages in excess of \$30,000 per space, including a total of \$1,500,000 in design/soft costs for the Garages currently allocated as follows: (a) \$860,000 for Phase II and (b) \$640,000 for Phase III. Included in the \$1,500,000 design/soft costs shall be a development fee for the Garages. The remainder will pay for certain enhanced services at the Project, and for maintenance and upkeep of the Garages. The SSD rate will be set by City Council after consultation with the Developer during the pre-development period described below.

- c. All obligations of the City and Authority to be expressly subject to the City Council appropriating sufficient funds to the Authority to meet its obligations.

4. Guaranty of Assessed Value:

As set forth in Section 3 above, the City/Authority intends to finance the cost of the Garages with (i) real estate and hotel taxes generated at the Project and (ii) a portion of the SSD monies. It is possible that the City/Authority will experience a loss of certain of the material benefits of its bargain under the Project (including, without limitation, a material reduction of anticipated tax revenues) if the private elements of the Project do not yield the anticipated assessed values, or if the Phases are not complete within the timeframes set forth below in Section 5. In consideration of such potential loss, Developer shall cause the entities owning the projects to pay a reimbursement amount (the "RA Amount") sufficient to restore any shortfall in actual taxes to the amounts projected (based on the existing real estate tax rate). The RA Amount will be secured on terms and in a form acceptable to the City/Authority. (Please provide a copy of the reimbursement guaranty and there should be separate guaranties for each project.)

5. Proposed Timeline:

- a. Phase I is in progress and anticipated to be complete by Fall 2024.
- b. Phase II to commence construction within 16 months of approval of Project by City Council. Completion is anticipated by the end of 2027.
- c. Phase III to commence construction within 16 months of approval of Project by City Council.
- d. In any event, the parties anticipate all three phases will be complete by July 1, 2028.

6. Next Steps

- a. Public briefing of revised Term Sheet
- b. Public Comment and City Council and Authority vote on Term Sheet and authorization to execute Definitive Documents.