

May 7, 2020

Chapel Hill/Rosemary St. Redevelopment – Agreement Summary

| Discussion Point – <i>all points are agreed unless indicated otherwise in the Notes</i> | Notes |
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| Section 1 – Land Swap and Wallace Deck Operation | |
| Town will swap the Wallace Deck and the Corner Lot for the CVS Deck and the Fine Lot. This will occur when the Town is ready to start demolition and construction for the New Deck (as soon as late September), but must occur at least by November 1. | |
| Grubb will acquire the Fine Lot and include that in the land swap. | Grubb is in contact and negotiations with the Fines. |
| At the time of the swap, the Town will pay approximately \$500,000 to Grubb to even up the values of the exchanged property (Town will include this amount in the amount financed for the New Deck). | Parties have agreed to use the existing appraisals to calculate the difference. |

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| <p>The deed to the Wallace Deck that Grubb receives will provide that any subsequent owner of the Deck has to either be a property-tax paying entity or agree to make a payment in lieu equal to the property taxes that would otherwise be due.</p> | |
| <p>After the swap, the Town will lease the Wallace Deck back from Grubb. Town will operate and maintain the Wallace Deck, and keep all the revenues, except the Town will pay Grubb a monthly rent of \$30,000. This will continue until the New Deck is operational and Grubb is ready to demolish the Wallace Deck. (These provisions will be in the Lease) (Later provision says can't have public parking in Wallace Deck after the New Deck is open.)</p> | |
| <p>Section 2 – New Deck Entitlement and Design</p> | |
| <p>Grubb and the Town will continue to work on the entitlement of the New Deck so that's complete by June 30.</p> | <p>Town is responsible for the costs of the entitlement since the Town will be the Deck owner. Grubb is advancing some of these funds. Town can reimburse itself for these costs in the Deck financing.</p> |
| <p>Grubb and the Town will continue to work together on the New Deck design. The New Deck will encompass approximately 1100 standard-</p> | |

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| <p>sized parking spaces. The New Deck will have design features specified by Council, including Rosemary St. “activation,” and EV charging facilities. The Town is paying the total New Deck cost, so the Town will bear the cost of these features.</p> | |
| <p>Grubb and the Town will work on a construction management plan designed to minimize disruption from the planned building and renovation projects to downtown parking and traffic and downtown businesses.</p> | <p>EDA will include highlights of the plan. First working group meeting on the plan was held May 7.</p> |
| <p>Section 3 – Town will contract for and pay for the New Deck</p> | |
| <p>Samet, the general contractor, will work with Grubb and the Town to have final plans and specifications and a general construction contract ready to sign by August 5 (can be extended by Grubb to September 5). This contract will include a guaranteed maximum price for the construction of the new Deck.</p> | |
| <p>The Town will have the opportunity to get a third-party opinion on the fairness of the construction costs</p> | <p>The Town will have its 3d-party reviewer actively engaged in the design process so that disputes will not affect the timeline. The Town is</p> |

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| | in the process of completing a contract with a reviewer. |
| The Town will borrow money to pay the costs of the New Deck. The Town will pay the general contractor under the construction contract over time as construction progresses. | August 5 deadline for the construction contract allows LGC approval of Town borrowing in early September and closing on the Town's financing by end of September. |
| The Town will provide the use of the lower level of Lot 2 as a construction staging area for the duration of construction of the New Deck and the New Office Building (on until 12/31/2022, whichever comes first). When Grubb is done (or the term ends), Grubb will remove all asphalt, cut off the ramp between the two parking levels, seed the area with grass and define a path from Rosemary St. up to Franklin, and constructing any necessary retaining walls. Grubb estimates total cost of this work, with minimal additional amenities, at approximately \$200,000. | |
| Sections 4 and 5 – Grubb will apply to build the New Office Building; related provisions | |
| Grubb is required to seek entitlement to build a new office building that encompasses up to 6 floors (plus two levels at or below ground for | |

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| parking), with approximately 200,000 square feet of Class A office space including 2 floors of wet lab space Grubb will apply for this entitlement by July 2021. Parties acknowledge that Grubb may not be able to get this full building entitled. | |
| Grubb must make a concept plan presentation on the New Office Building before the Town is required to sign a construction contract for the New Deck. | |
| Parking in the New Office Building is restricted to tenants, employees and visitors to the New Office Building and Grubb's other project. No public parking in the Wallace Deck either after New Deck complete. | |
| Grubb will redevelop the Corner Lot as a community green space and dedicate that property back to the Town. | |
| Grubb will make a commitment to the "revenue equivalent" of leasing 250 spaces in the New Deck, with allowances for a ramp-up period. This obligation begins once Grubb has completed either the New Office Building or its renovation project. | Renovation project may be done first. |

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| If Grubb decides to sell any of the Wallace Deck or Corner Lot property (prior to occupancy of the New Office Building), Grubb will first offer the property to the Town at a price set by Grubb. | Time periods for this offer and sale process are still to be determined. |
| Grubb will appear before Council to update the progress and answer questions, as requested by Council, through occupancy date for the New Building. | |
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| Section 6 – Defaults and remedies | |
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| Section 7 -- Miscellaneous | |
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