

LETTER OF INTENT

November 9, 2023

City of Burlington
Attention: Miro Weinberger, Mayor
City Hall, Room 34
149 Church Street
Burlington, VT 05401

Re: Redevelopment of the Gateway Block, Burlington, Vermont

Dear Mayor Weinberger,

This Letter of Intent reflects our expression of interest in forming a Public/Private Partnership for the purpose of redeveloping the Gateway Block as the gateway to the City.

The City and the Developer agree to work diligently to execute a formal and binding Development Agreement on or before March 29, 2024 (“Development Agreement”) reflecting the expressions contained in this Letter of Intent.

Developer

A new entity (NEWCO) to be formed by Eric Farrell and Joe Larkin.

Gateway Block

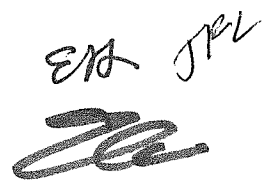
The city block bounded by Main Street, South Union Street, College Street and South Winooski Avenue.

Background

The Gateway Block contains approximately 3.81 acres of land. The City of Burlington owns approximately 2.95 acres, or 77%, of the block including the historic Central Fire Station, Fletcher Free Library, Memorial Auditorium and the Main Street Parking Lot. The Northeast corner (0.58 acres) is owned by the College Street Congregational Church. NEWCO holds site control of the remaining 0.28 acres including the properties numbered 230 Main Street, 234 Main Street and 236 Main Street located between Memorial Auditorium and the Main Street Parking Lot.

Since closing Memorial Auditorium for safety reasons in 2016, the City has sought to return this public asset to active use and to facilitate its redevelopment as part of the so-called Gateway Block as anticipated in *planBTV - Downtown and Waterfront Master Plan* adopted on June 10, 2013.

The City is moving forward the Great Streets Main Street vision from *planBTV* that will use the City’s Downtown TIF district to make major new investments in the public infrastructure of Main Street, introducing a toolkit of amenities to create a vibrant, walkable, and sustainable urban core.




This project, slated to begin construction in the next 6 months, will also relocate the ravine sewer that currently crosses the Main Street Parking Lot, which will prepare that portion of the Gateway Block for redevelopment.

Vision/Goals of Redevelopment

The redevelopment plan should reflect the following important elements and goals:

- The architectural design of the Gateway Block should be inspirational and welcoming. It should honor both the history of the City and the promise of its future.
- The architectural design of the Gateway Block should reflect its central role as an important point of entry into Downtown Burlington.
- The Gateway Block should represent a meaningful connection between adjacent neighborhoods, encouraging pedestrian movement in support of the businesses and services all along the way.
- The Gateway Block design should embrace the presence of the College Street Congregational Church and the Fletcher Free Library buildings and endeavor to create a vibrant pedestrian streetscape surrounding these important community resources.
- The Gateway Block should maintain the historic integrity of the Central Fire Station, repurposing it to serve in many capacities, such as additional public space, as a function space for an adjacent hotel, or some combination of public and private uses. The potential relocation of the Central Fire Station will be thoroughly studied to ensure the highest level of public safety and to improve the working conditions of fire department members.
- The Gateway Block should include a Central Public Assembly & Activity Space to replace Memorial Auditorium, although not of equal size nor equivalent in use, anchoring the core of the Block and serving as the heart of this new community. Alternatively, such space could be comprised of a combination of a portion of Memorial Auditorium that is retained and new Central Public Assembly & Activity Space. New public space on the Gateway Block should include space dedicated to youth. Such spaces can be either owned privately, or owned by a public/private partnership, or a combination thereof.
- If no portion of Memorial Auditorium is retained, then the Central Public Assembly & Activity Space should include a Veterans Memorial using the plaques that are currently on display in the lobby of Memorial Auditorium,
- After nearly 100 years of public ownership of most of the properties in the Gateway Block, the public should be included in the process of re-envisioning this area.
- The Gateway Block may include hotel use with a minimum of 100 rooms, serving as a vibrant anchor for the Block.

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- The Gateway Block should result in the creation of a minimum of 200 units of housing, including a mix of housing types, and both affordable and market-rate units. The affordable housing must satisfy the City's requirement for inclusionary housing units, which requirements will be more specifically articulated in the Development Agreement.
- The Gateway Block should explore secure rooftop greenspaces, where feasible, for the enjoyment of the residents, business employees, hotel guests and the general public, when appropriate (i.e., during public events). Rooftop solar should be considered wherever feasible.
- The Gateway Block should be designed to advance the City's Net Zero Energy goals.
- All parking for the Gateway Block should be located within an understory garage, not visible from the surrounding streets except for the required garage entrances. The garage should include a component of public parking. Incidental surface parking and drop-off zones should be allowed at the entrances to the hotel, residential buildings, Fletcher Free Library, and the College Street Congregational Church. Surface parking should not otherwise be allowed within the Gateway Block.
- The architectural plans for the Gateway Block should be coordinated with, be complementary to, and otherwise support the significant improvements planned for the Main Street corridor.


Items to be addressed in a Development Agreement

Roles, Responsibilities & Capacities of the Parties

- NEWCO's ability to complete the project (financial and technical capacity).
- Role of the City in the design of the redevelopment project.
- Identification and applicability of potential funding sources and financial benefits that may be available to the redevelopment through the public/private partnership; identification of any requirements associated with particular funding sources.

Property Valuation, Ownership, Redevelopment Structures

- What is the value of the property being conveyed?
- Will the property be sold or redeveloped under a long-term lease?
- What is the anticipated value of the redevelopment including access to public space, public parking, increased tax revenue, increase in Rooms & Meals taxes?
- Negotiation of Development Agreement including basis for Purchase / Lease price.
- Consideration in the Development Agreement of the potential for an in-kind contribution of new public spaces towards the Purchase / Lease price.

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Development Program Priorities & Mutual Efforts to Overcome Potential Barriers

- What is the size, nature, function, and management of the Public Space to be included in the redevelopment?
- How is space dedicated to youth incorporated into the redevelopment?
- Potential constraints of existing zoning regulations.
- Number of anticipated new housing units and application of Inclusionary Zoning requirements.
- Ability to change traffic circulation on South Union Street to support redevelopment.
- Are there any City requirements pertaining to the design of the project or its components.
- Preservation of some portion of the historic fabric of Memorial Auditorium.

Logistics & Interrelated Details

- Timing and cost of relocating the Central Fire Station.
- Project Timeline.
- Other related capital priorities.

This work is intended to result in a Development Agreement that will provide the basis for the public/private partnership required for redevelopment.

Access to the Gateway Block: During the Due Diligence Period, as defined below, the Developer shall have reasonable access to Memorial Auditorium, the Central Fire Station and to the Main Street Parking Lot for the purpose of performing due diligence as set forth below, provided that (a) Developer shall not perform any invasive environmental testing without the City's prior written consent and (b) Developer shall only be permitted to enter into Memorial Auditorium while accompanied by a representative of the City. The City shall reasonably cooperate with Developer to facilitate Developer's access to and due diligence of Memorial Auditorium. Developer acknowledges that portions of Memorial Auditorium are being occupied by, or are being used for storage by, others, and Developer agrees that its due diligence shall not disturb such use.

Preliminary Due Diligence Period: Developer shall have from the date of this Letter of Intent to the later of the date on which the parties execute the Development Agreement or March 29, 2024 (the "Preliminary Due Diligence Period") to perform a project feasibility evaluation of Memorial Auditorium, the Main Street Parking Lot, and the Central Fire Station, including an engineering and environmental review to ascertain their physical condition; legal review of the City's title to such property, including but not limited to review of title and survey to determine the existence or materiality of any encumbrances affecting its use, occupancy, or enjoyment. The City acknowledges and agrees that such preliminary study will not obviate the need for a more comprehensive investigation of the Gateway Block, which investigation will require a substantial outlay of time and expense to be borne by the Developer, which expenses cannot be reasonably incurred by the Developer until after the execution of the Development Agreement. A comprehensive Due Diligence Period will be more fully articulated in the Development Agreement. Developer agrees that in conducting any inspections or investigations, Developer and Developer's Agents shall: (a) not damage any part of the City's property; (b) promptly pay when due the costs of all tests, investigations, and examinations; and (c) not permit any liens to attach to the City's property by reason of the exercise of Developer's rights hereunder. If any damage occurs to the City's property as

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a result of Developer's due diligence or any activities upon the Gateway Block by Developer or its agents, Developer shall promptly restore the damaged property to the condition that existed prior to the commencement of the due diligence or such other activities, at Developer's sole cost and expense, and save and hold the City and its successors and assigns harmless from any claim, damage, cost or expense, including reasonable attorneys' fees, for any property damage or for any personal injuries arising in whole or in part from any inspections or investigations performed by Developer or its agents. Developer's obligations under this provision shall survive the termination of this Letter of Intent for any reason.

Limitations. Developer acknowledges and agrees that this Letter of Intent only provides Developer with a limited license for the purposes described herein and for no other purposes and for no other periods, and does not constitute, and no provision shall be construed to constitute, the grant, conveyance or assignment of any interest in real estate or a lease of any portion of the Gateway Block or any rights extending beyond the period and purposes identified above. The Developer shall at its own cost and expense comply with any and all laws, ordinances, regulations, codes and other legal requirements relating to its activities hereunder.

Insurance. Throughout the effective period of this Letter of Intent, Developer, at Developer's own cost and expense, will maintain a policy or policies of commercial general liability insurance (or its equivalent) insuring the City and Developer against all claims or demands for personal injuries to or death of any person, and damage to or destruction or loss of property, which may or may be claimed to have occurred on the Gateway Block or in the vicinity of the same arising from the acts or omissions of Developer. Such policies shall be in an amount not less than Two Million Dollars and 00/100 (\$2,000,000.00) for injury to or death of any one person or for damage to or destruction or loss of property in a single accident or occurrence. The Developer shall deliver to the City certificates evidencing such insurance coverage prior to its entry onto the Gateway Block (other than those portions which Developer already controls), which certificates shall name the City as an additional insured.

Liability; Indemnification. The City shall not be liable for any personal injury or damage to property which Developer or its employees, contractors, agents, or invitees may incur, regardless of the cause thereof, unless the cause of such injury or damage is a willful or grossly negligent act by the City, its officers, employees, and agents. Developer hereby releases the City from all such liability except as otherwise stated, it being the intent of the parties that Developer shall maintain adequate insurance to cover any such losses. Developer hereby agrees to defend, indemnify and hold harmless the City, its officers, employees and agents, from and against any and all damages to the Gateway Block, any personal injuries, claims, damages, losses, suits, judgments, costs and expenses (including without limitation reasonable attorney's fees) arising from Developer's use of and access to the Gateway Block or breach of this Letter of Intent including, but not limited to, the amounts of deductibles on Developer's insurance policies, or any costs resulting from Developer's failure to acquire insurance coverage as required hereunder, and any costs arising from subrogation under worker's compensation or liability claims. The indemnification provisions set forth above shall survive termination of this Letter of Intent.

No Assignment. The Developer may not assign this Letter of Intent under any circumstances.

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Termination: If at any time during the Preliminary Due Diligence Period set forth in this Letter of Intent, the Developer determines, in its sole discretion, that the Gateway Block is not suitable for Developer's intended use, Developer may terminate this Letter of Intent, upon written notice to the City and the Developer will have no further obligations to the City. In addition, the City may terminate this Letter of Intent in the event of breach by Developer of any of the covenants set forth herein following Developer's failure to cure such breach within ten (10) days following written notice by the City.

Confidentiality: Developer recognizes that this Letter of Intent is a public record and that communications and correspondence between the parties are subject to Vermont's public meeting laws and public records laws. The City agrees, however, that to the extent the City requires Developer to disclose to or provide the City with material nonpublic, confidential information or material in connection with the project, the City will work in good faith with Developer to maintain the confidentiality of such information or material in a manner that complies with applicable law.

Good Faith Letter of Intent: This Letter of Intent is intended to represent the good faith actions of the parties and therefore binding, subject to the full execution of a Development Agreement on or before March 29, 2024. The City agrees not to solicit any other interest, nor otherwise engage with any other party in connection with the redevelopment of the Gateway Block during the term of this Letter of Intent.

Miscellaneous: This Letter of Intent constitutes the entire understanding and agreement between the City and the Developer to date with respect to the subject matter hereof, and supersedes all prior agreements, representations, warranties, and understandings of the parties (whether oral or written). No promise, inducement, representation, or agreement, other than as expressly set forth herein, has been made to or by either the City or the Developer. This Letter of Intent may be amended only by written agreement signed by both the City and the Developer. This Letter of Intent may be executed in several counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument; all such counterparts may be evidenced by a copy sent by facsimile, .pdf or other secure electronic format and each such copy shall be deemed an original, shall be binding upon the parties for all purposes herein, and, together with any other counterparts, shall constitute one and the same instrument.

Authority: Each of the undersigned signatories represents that they have the authority to act on behalf of their respective entities. Within thirty (30) days of the execution of this Letter of Intent, the parties will provide each other with evidence of said entity's authority to execute this Letter of Intent and to negotiate the terms of the Development Agreement.

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DEVELOPER

Eric Farrell 11/9/23
Eric Farrell Date

Joe Larkin 11/9/23
Joe Larkin Date

ACCEPTED AND AGREED

City of Burlington

By: Miro Weinberger 11/9/23
Mayor Miro Weinberger Date