



via email

May 8, 2017

Ms. Marilyn Berger
Expansion Project Manager
Takoma Park Silver Spring Co-op
Takoma Park, Maryland 20912

Dear Marilyn:

I learned last Thursday that TPSS has decided to withdraw from our negotiations to allow the TPSS Co-op to expand onto the Takoma Junction site. I was very saddened to hear this. NDC's staff, attorneys, architects, and other consultants have spent considerable time and effort over the last two plus years working with you and your team to make the expansion happen, and over the last year I have invested more of my personal time in the TPSS Co-op expansion project than any other project in our company's pipeline. I / we did this because we believed that you, we and the citizens of Takoma Park would all benefit from your inclusion in the project. I still believe that, but accept your decision not to move forward.

It should not have come to this. As you recall, after months of discussion with you, last November we proposed a plan whereby we would construct a brand new, contiguous, custom-built space for the Co-op on the Junction site. The space would have been bright, airy, modern, environmentally friendly, operationally efficient -- a perfect home for a 21st century Co-op. You would have been able to transition to the new space with no or very limited business interruption. We could have incorporated the Turner property into the overall redevelopment of Takoma Junction (as many in the City wanted), or you could have retained your lease on the Turner building and repurposed it as you wished. We thought this would be a win-win for all concerned, and were extremely disappointed when you rejected it out of hand.

Despite our reservations, and although we had been authorized (and indeed encouraged) under our agreement with the City to seek alternative tenants, we continued to work with you to try to make the expansion work. We agreed to your concept -- co-joining the Tuner Building to an expansion space in the new development -- and agreed to negotiate via your long-form LOI, instead of the short form commonly used in the industry, where basic terms such as rental rates could have been discussed months ago. We suggested scheduling a series of face to face meetings and, to improve transparency and improve public buy-in, suggested inviting members of the community to participate, both of which you rejected. In spite of these obstacles (and the resulting delay this would bring to the project schedule) we forged ahead with all of our abilities, determined to make the expansion work.

The co-joining plan which you insisted on would have been an extremely complex endeavor in many ways, with tremendous challenges in architecture, legal agreements, zoning/permitting, construction, engineering, integrating utility systems, financing, and more. All of this would cost more money than typical to design, build and operate. You required that the lay-by unloading area be built to accommodate 80 foot trucks, considerably larger than the 65 foot 18 wheelers you currently utilized, and that it be retained for your exclusive use. You asked for much more parking than a operation of your size would typically warrant, which would add to the size and complexity of the planned underground garage, already the most expensive single component of the development. Also, in your proposed lease terms you asked for the exclusion of a wide array of other businesses (for example no wine shops, no educational facilities, no restaurants within 50 feet of your store, etc). These exclusions would materially increase the value of your operations while lowering the value of the rest of the project. Finally, you asked for a provision to allow you to walk away from your lease if your expansion was not generating profits satisfactory (in your sole discretion) to you. We found the last provision particularly puzzling -- our assumption has always been that by more than doubling your existing selling space that your profits, already well above industry standards, would increase by an even greater factor. You wanted us to pay for building the lay-by and the build-out of your interior space, even though your financials showed you have over \$3 million in cash and you were granted \$500,000 in funding from the State of Maryland for the expansion.

Despite all of the above -- terms and conditions that almost no developer would even consider, let alone accept -- we elected to move forward and negotiate with you in good faith. We did our homework, presented you with a fair offer, and provided you the supporting evidence you requested, which was far above and beyond what a typical landlord would provide to a prospective tenant. While we expected some push back from you -- as is the norm in any negotiation -- we were quite surprised that you simply walked away without ever providing us with a response, or even the courtesy of a head's up.

Despite the many ups and downs we've been through, I've enjoyed getting to know you and the other members of the Co-op team and have learned much from the experience. Even though you will not be a part of the development we will be neighbors for many years to come. I wish you much success and look forward to working with you in the coordination of the Takoma Junction project.

Sincerely,



Adrian G. Washington
CEO & Founder
Neighborhood Development Company

Cc: Ms. Rachel Hardwick, Chair, TPSS Co-op
Council of the City of Takoma Park