



via email

December 02, 2016

SUZANNE R. LUDLOW
CITY MANAGER
CITY OF TAKOMA PARK, MARYLAND
7500 MAPLE AVENUE
TAKOMA PARK, MD 20910
(301) 891-7230
SUZANNEL@TAKOMAPARKMD.GOV

RE: WEEKLY UPDATE ON LETTER OF INTENT NEGOTIATIONS BETWEEN NDC AND THE TPSS CO-OP

DEAR MS. LUDLOW,

By this letter, Neighborhood Development Company (NDC) is providing an update on negotiations of a Letter of Intent (LOI) between NDC and the Takoma Park Silver Spring Co-op (TPSS) for the expansion of their existing operations.

We have provided TPSS with the attached letter, exhibits, and LOI. We feel this letter serves as a good update on the current status of negotiations.

Please feel free to follow up with any questions you may have.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Adrian Washington', is written over a light blue circular background.

ADRIAN WASHINGTON
CEO & FOUNDER
NEIGHBORHOOD DEVELOPMENT COMPANY



December 1, 2016

Takoma Park – Silver Spring Co-op
201 Ethan Allen Avenue
Takoma Park, Maryland 20912
Attn: Marilyn Berger

Re: Lease of a Portion of Takoma Junction Project

Dear Ms. Berger:

This non-binding Letter of Intent is intended to express the intention of The Neighborhood Development Company, L.L.C. or its assign (“NDC”) and the Takoma Park - Silver Spring Co-op (“TPSS”) to enter into a mutually satisfactory written Lease whereby NDC will lease to TPSS (the “Transaction”) a portion of the project identified below upon the terms outlined in this Letter of Intent.

The terms and conditions upon which the parties desire to conclude the Transaction are as follows:

1. **Real Property.**

The real property contains approximately 1.42 acres located at the intersection of Carroll Avenue and Route 410 in Takoma Park, Maryland, as more as more particularly described on Exhibit A attached hereto (“Property”).

NDC Takoma Junction LLC and the City of Takoma Park, Maryland (the “City”) have entered into that certain Ground Lease dated June 30, 2016 (the “Lease”) and NDC and the City have entered into that certain Takoma Junction Development Agreement dated June 30, 2016 (the “Development Agreement”) by which NDC Takoma Junction LLC will acquire a 99-year leasehold interest in the Property and NDC will develop the Project described in Paragraph 2 below. NDC expects to close on construction financing (“Construction Finance Closing”) in 2018 and expects that the Project will be Substantially Complete, as defined in the Development Agreement, in the last quarter of 2019 or first half of 2020.

2. **The Project.**

The commercial building containing approximately 32,000 square feet above ground and below ground parking, to be designed and constructed on the Property as mutually agreed to by NDC and the City in the Development Agreement.

3. Landlord.

NDC or its assign (the “Landlord”).

4. Tenant.

TPSS (the "Tenant").

5. Lease.

NDC and TPSS will enter into a lease (“Lease”) for at least 10,000 contiguous square feet in the Project (the “TPSS Premises”), which will be subject to the terms of the Development Agreement and Ground Lease. The TPSS Premises will be located primarily on the first floor of the Project, with office space located on the second floor. Underground and ground level parking will be available to Tenant’s customers. The parties will determine whether the TPSS Premises will be delivered as a cold-dark-shell or turn-key with user improvements.

6. Rent.

Tenant shall pay a monthly Base Rent at the prevailing market rent, as agreed to by the parties, and such additional rent typically included in commercial leases in the State of Maryland. The initial term of the Lease shall be twenty (20) years, with two (2) additional terms of five (5) years each, subject to certain renewal conditions.

7. Use of TPSS Premises.

The TPSS Premises will be used only as a co-op grocery store. There will be no residential accommodations within the TPSS Premises.

8. Lease Commencement.

Lease commencement shall occur upon the Substantial Completion of the Project, as defined in the Development Agreement.

9. Costs

Each party shall bear its own respective expenses, including costs of legal counsel and brokerage fees.

10. Agent

NDC and TPSS acknowledge that no brokers or other intermediaries are or have been involved in this transaction.

11. Confidentiality

The parties agree that the terms of this letter of intent are confidential and will not be disclosed to third parties (other than their respective board of directors, employees, attorneys, advisors, consultants, lender and the City) without the express approval of NDC.

12. Effect of this Letter of Intent

NDC and TPSS agree that this Letter of Intent is intended merely as an outline of the major business terms of a possible Transaction. It is further understood that no binding agreement, rights or obligations shall arise as the result of executing this non-binding Letter of Intent or with respect to the possible Transaction, unless and until the parties execute a mutually agreed upon Lease that incorporates the provisions of this Letter of Intent and other appropriate terms.

13. Ratification Period

This offer is contingent upon the ratification of a binding, mutually agreed upon Lease within sixty (60) business days following the ratification of this Letter of Intent, unless extended by the express consent of both parties.

14. Expiration of Proposal

This Letter of Intent will automatically expire on December 9, 2016 at 5:00PM, unless extended by the express consent of NDC.

Please execute a copy of this Letter of Intent, where indicated, to signify your acceptance of the terms set forth herein and return to the undersigned by email.

We look forward to working together.

Sincerely,

The Neighborhood Development Company, L.L.C.



By: _____
Adrian Washington, Manager
awashington@neighborhooddevelopment.com

Date: December 1, 2016

Takoma Park – Silver Spring Co-op

By: _____
Marilyn Berger
mberger@tpss.coop

Date: _____

EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

EXHIBIT "A"
LEGAL DESCRIPTION

Metes and Bounds Description:

Lot 39 & P/O Lots 32-37, Block
19 B.F. Gilberts Addition to
Takoma Park, Wheaton (13th)
Election District, Montgomery
County, Maryland

Beginning for the subject property at an iron rod set at the southerly corner of Lot 39 in Block 19 of B.F. Gilberts Addition to Takoma Park Subdivision which is as recorded in Plat Book "A" at Folio 2 among the Land Records of Montgomery County, Maryland and thence with the division line between Lots 14 and 39 North 54° 18' 07" West, 182.67 feet to an iron rod set at the common corner of Lots 39, 14, 30, 31 & 32 and thence with part of the division line between Lots 31 and 32 North 00° 53' 09" West, 79.08 feet to an iron rod set and thence crossing Lot 32 with the following two courses and distances (1) North 85° 59' 18" East, 33.77 feet to a nail set and thence (2) North 04° 00' 42" West, 137.05 feet to an iron pipe found and thence with the southerly right of way line of Carroll Avenue (50' R/W) Maryland State Route #195 and Route 410 along the arc of a curve deflecting to the right and having a radius of 316.76 feet and a long chord bearing and distance of North 78° 20' 19" East, 16.14 feet and an arc distance of 16.15 feet to a P.K. nail set and thence recrossing Lot 32 South 04° 00' 42" East, 139.20 feet to an iron rod set and thence crossing Lots 32 and 33 North 85° 59' 18" East, 38.95 feet to a P.K. nail set and thence crossing Lot 33 North 04° 00' 43" West, 141.41 feet to a P.K. nail set and thence continuing with the aforesaid southerly right of way line of Carroll Avenue North 83° 58' 14" East, 187.75 feet to an iron set and thence crossing Lot 37 South 04° 00' 42" East, 182.56 feet to an iron rod set and thence with the northerly right of way line of Columbia Avenue (40' R/W) the following three courses and distances (1) South 60° 05' 47" West, 2.89 feet to an iron rod set and thence (2) along the arc of a curve deflecting to the left and having a radius of 240.00 feet and a long chord bearing and distance of South 42° 10' 10" West, 147.75 feet and an arc of 150.18 feet to an iron rod set and thence (3) South 24° 14' 33" West, 65.36 feet to the point of beginning and containing 61,862 square feet or 1.4202 acres of land more or less.



via email

December 1, 2016

MS. Marilyn Berger
Expansion Project Manager
Takoma Park Silver Spring Co-op

Dear Marilyn:

I hope you had an enjoyable Thanksgiving holiday. After synthesizing the ideas we've exchanged over the many months of meetings held between our organizations and our consultants, as well as my one-on-one talks with you, I believe we have crafted a way forward which -- while not meeting all of your stated desires -- would allow for TPSS's expansion in a way that will provide substantial, long term benefits to you and give the citizens of Takoma Park the vibrant central gathering space envisioned for the Junction. Although we have previously discussed the concepts outlined below, I thought it would be helpful to provide them in greater detail to you, the Council and the public in advance of the key City Council meeting next week.

As we discussed in our November 18th update letter to the City, our preferred plan would be to fully combine, through a two phase development, the Takoma Junction and Turner sites. In phase one, **a brand new, contiguous, custom-built space would be erected for the Co-op on the City's site.** Once the Co-op transitions into its new space the existing Turner building would be demolished and new retail space constructed on the site, providing a total of approximately 20,000 GSF of ground floor retail on the combined site. A subgrade garage, with between 100 - 120 spaces, would allow direct access to the new Co-op and the other tenants of the project. **A major benefit of this concept is that the Co-op would be able to transition to the new space with no or very limited business interruption.**

Unloading for the Co-op's large "18 wheeler" trucks would be made via a 'lay by' lane on Carroll Avenue. We have met with the Maryland State Highway Authority and they conceptually support this plan. The distance from the proposed unloading point to the loading door of the new Co-op space would be approximately 85 feet, as opposed to the approximately 55 feet the current unloading process requires now. We recognize that this increase in distance might somewhat increase your operational costs. However, we feel that the operational benefits of a new turnkey space (layout efficiency, energy savings, improved "daylighting", the option for rooftop farming, etc.) and the revenue enhancement from new customers attracted to the new development would far outweigh this disadvantage. Current members would benefit from secure parking protected from the elements. Site/floor plans and a rendering of the proposed development are attached as Exhibit A to this letter.

In order to develop the entire site in this fashion we will need the cooperation of the owners of the Turner site -- they will need to either sell the site or execute a long term ground lease. If you are interested in pursuing this approach we are prepared to immediately meet -- in conjunction with you and the City -- to make a formal offer to the Mathews family.

If we are not able to secure a sale or ground lease from the Mathews family, we are prepared to move forward with an alternative concept that would provide most of the benefits of our preferred concept. Again, through a two phase development process, **a brand new, contiguous, custom-built space would be erected for the Co-op on the City's site.** Once you transition into your new space the existing Turner building would be repurposed to support a new retail tenant. A subgrade garage, with between 56 and 76 spaces, would allow direct access to the new Co-op and the other tenants of the project. As before, a major benefit of this concept is that the Co-op would be able to transition to the new space with no or very limited business interruption. Since this option would not substantially alter the Turner building (and would in fact substantially enhance its long term viability and value) we are confident that this plan is fully permissible under your existing 20 year lease. **In other words, this concept is fully within TPSS's power to accept.**

Site/floor plans for this alternative concept are attached as Exhibit B to this letter. Although this concept would provide for substantially less parking (56 vs. 100+ spaces) and ground floor retail (16,000 square feet vs. 20,000) we believe that it would provide the City with the majority of the benefits it is seeking in the development of Takoma Junction and would be well worth pursuing.

In our November 18th update we discussed our strong reservations with your proposed site plan that would allow the unloading of your large "18 wheeler" trucks on-site directly to a covered loading dock-- **a feature which the current Co-op does not have.** We have examined this site plan and find it to be technically feasible (although we have not vetted whether it would be financially feasible). However, providing this feature would eliminate approximately 4,500 square feet of valuable (both in terms of economics and urban placemaking) ground level, street facing commercial space. Additionally, supporting such heavy trucks over a large portion of the garage would significantly increase the cost of construction. It would also have two serious drawbacks for TPSS -- it would require a lengthy shutdown of your business to "knit" together the two spaces (structurally, mechanically, and operationally), and it would not provide for the operational and marketing efficiency that a new turnkey space would provide. We do not feel this plan to be in the best interest of you or the City and we cannot support it.

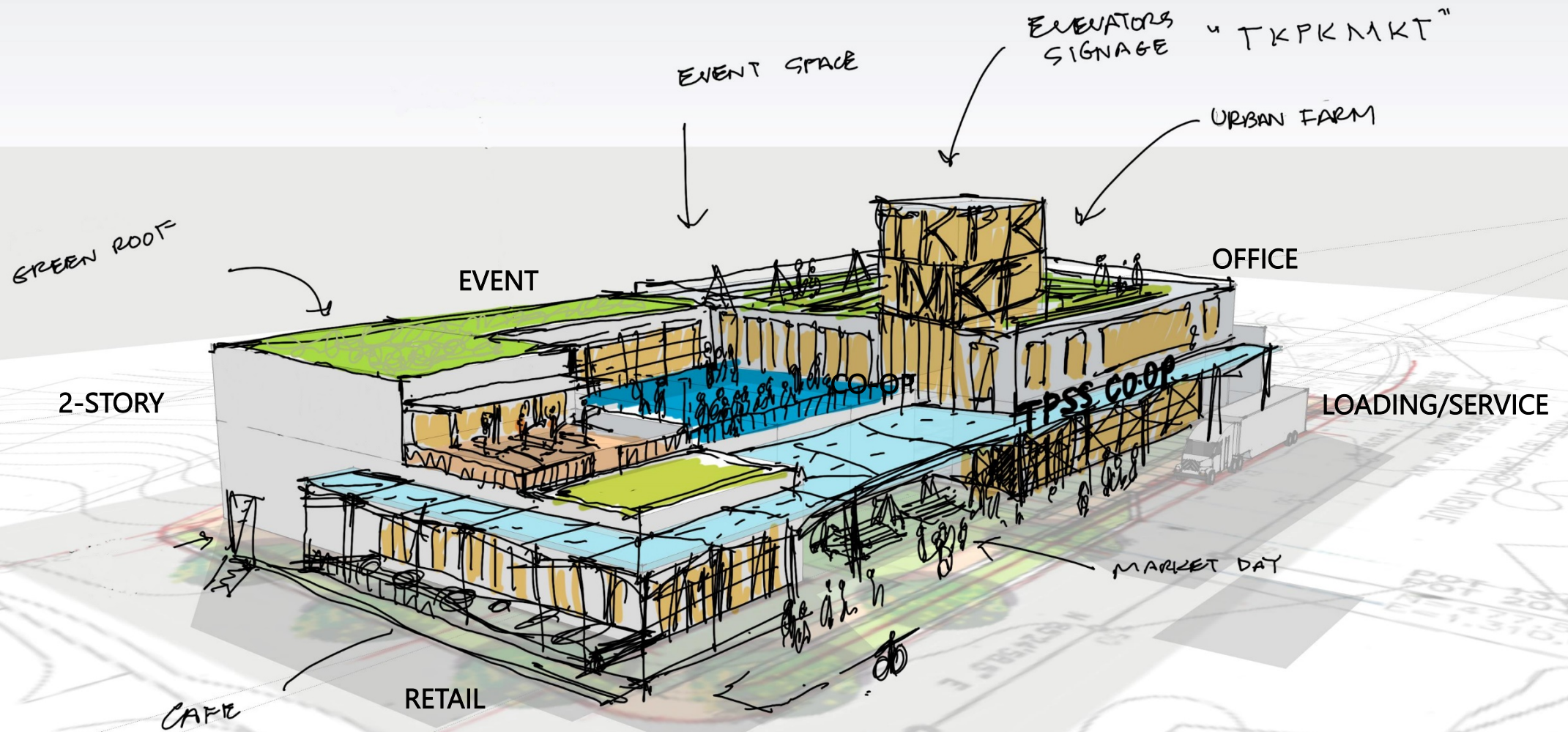
Should TPSS elect not to move forward with either of our two concepts, and the City direct us to proceed without the involvement of the Co-op, we are prepared to quickly develop and present to the City a **revised concept which would accommodate space for a new anchor tenant on the Junction site as well as smaller retail bays.** Unloading would be via a "lay by" as in the other two concepts. A small service corridor would be erected adjacent to the Turner building to provide access to the existing TPSS loading area - in essence, you would have the same unloading operation you have now. Site/floor plans for this alternative concept are attached as Exhibit C to this letter.

We appreciate the substantial time and investment you have made in the expansion process, and how important this decision is to you. We too have worked long and hard, and we believe we have created a plan that balances our needs with those of yours and the City. We look forward to hearing how you would like to proceed.

Sincerely,



ADRIAN WASHINGTON
CEO & FOUNDER
NEIGHBORHOOD DEVELOPMENT COMPANY



Market Canopy

Exhibit A



Office (co-op and other)
7,700 GSF

Event Space
6,000 GSF - with pavilion

Terrace Space
3,750 GSF

Upper Story Retail
3,600 GSF
Outdoor space at corner

UPPER LEVEL
RETAIL

TERRACE

OFFICE 1

OFFICE 2

EVENT

2.2K

5.5K

3.7K

3.6K

6K

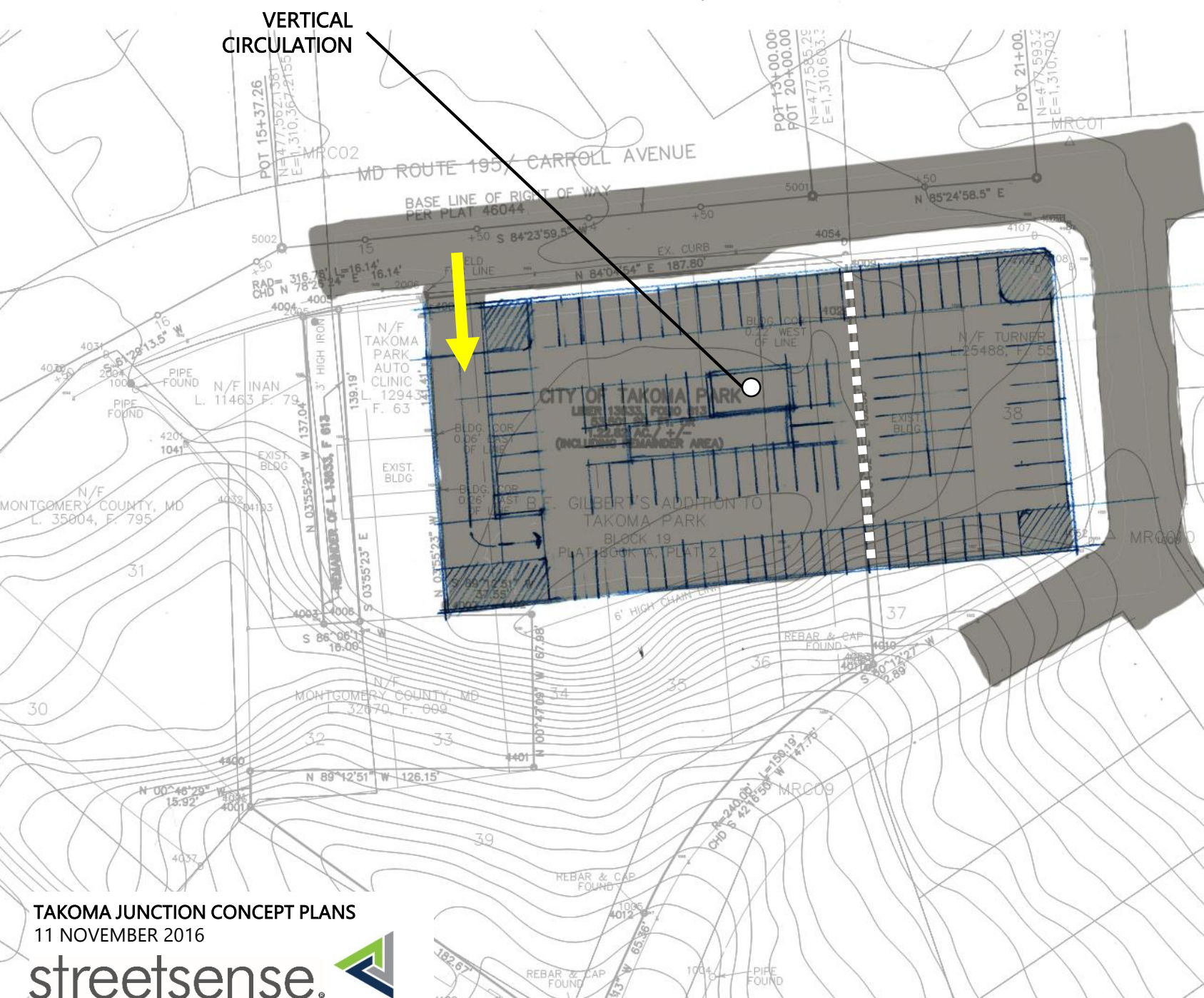
22 NOVEMBER 2016

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Exhibit A

VERTICAL CIRCULATION

Phase 2 – demolish co-op, extend structure to Sycamore Avenue



TAKOMA JUNCTION CONCEPT PLANS
11 NOVEMBER 2016

streetsense.®



Exhibit A

TRUCK LAY-BY

LOADING/DELIVERY/TRASH

RAMP TO PARKING

SERVICE CORRIDOR

MD ROUTE 195/ CARROLL AVENUE

CITY OF TAKOMA PARK

LIBER 13633, FOLIO 613
53,501 SQ. FT. OR
1.2282 AC. +/-
(INCLUDING REMAINDER AREA)

8K 2K 2K 4K

GILBERT'S ADDITION TO
TAKOMA PARK
BLOCK 19
PLAT BOOK A, PLAT 2

TAKOMA JUNCTION CONCEPT PLANS
22 NOVEMBER 2016

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Market Canopy

UPPER LEVEL COMBINED SITES

Office (co-op and other)
7,700 GSF

Event Space
- with pavilion

Terrace Space



TAKOMA JUNCTION CONCEPT PLANS
22 NOVEMBER 2016



PARKING STRUCTURE COMBINED SITES

1 level underground

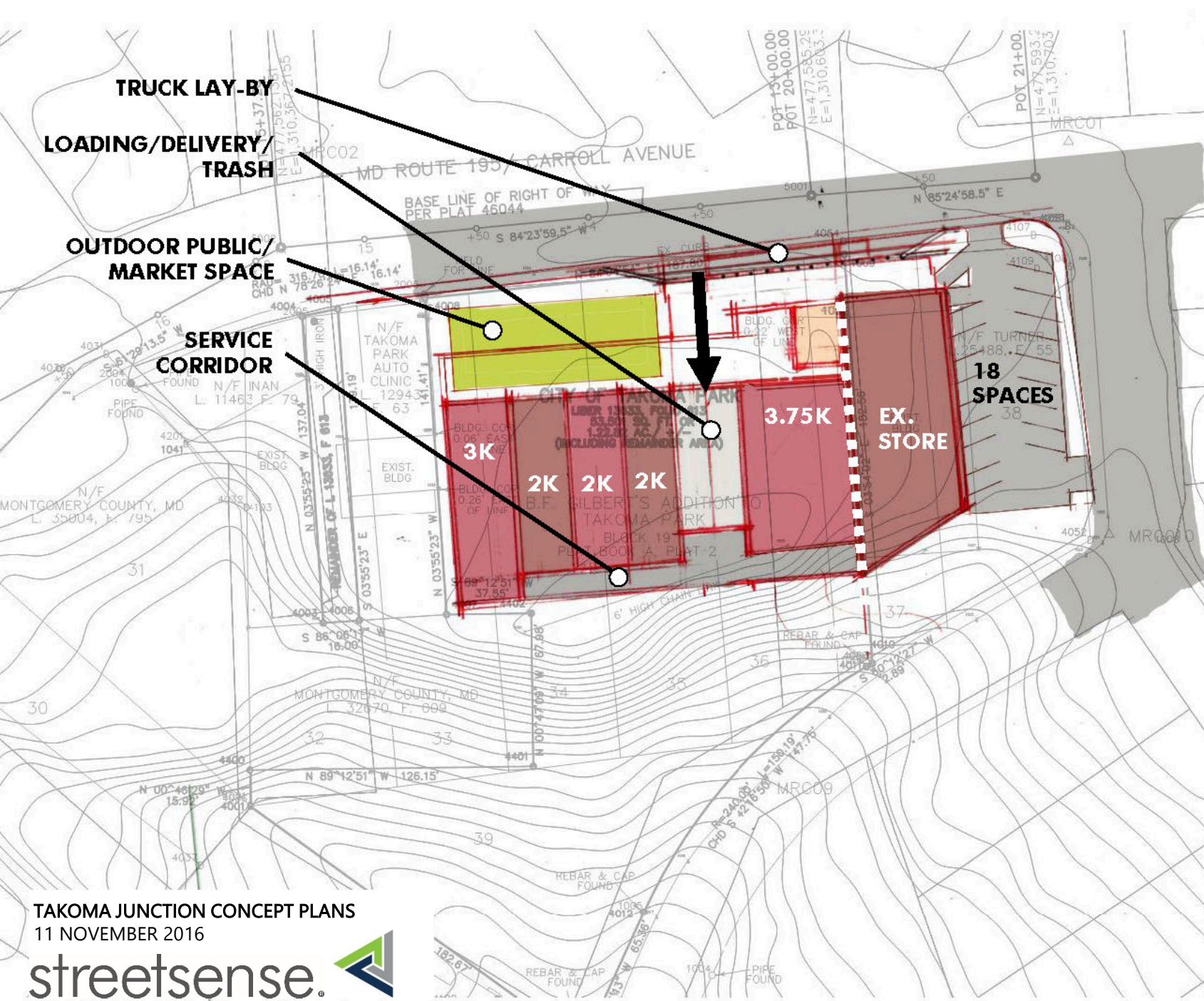
Yields +/- 56 stalls

Built to City property edge/ co-op wall

TAKOMA JUNCTION CONCEPT PLANS
11 NOVEMBER 2016

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Exhibit B



NEW ANCHOR TENANT(S)

No Co-op Expansion

Tenant Space (excluding co-op expansion)
12,750 GSF at first floor

2nd Floor Space
14,000 GSF
Office
Event Space
Retail (limited)

Outdoor/Public Space
5,000 GSF

Deliveries from 8-10' wide curbside lay-by
Service corridor along back

Existing parking lot on Sycamore remains
(18 stalls)

TAKOMA JUNCTION CONCEPT PLANS
11 NOVEMBER 2016

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Exhibit C