



via email

January 6, 2017

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

Dear Marilyn:

Thank you for your letter and draft Letter of Intent (LOI) of December 29th, and for taking the time to meet with us on January 3rd. Through much hard work, understanding and compromise we have come a long way in the last few months, and I believe we now have the basis for an agreement that balances the needs of all parties. This letter provides a broad overview of what we have discussed and how I think we can move forward.

As we have detailed previously (both in our communication with you and in our presentation to the City Council on December 7th) we believe that our Preferred Concept -- acquiring and demolishing the Turner Property to build a consolidated development that would feature a brand new, contiguous, custom-built space for the Co-op -- would provide the best balance of benefits to you, the City, and NDC. If this is not possible (presumably due to the objections of the Mathews family), we believe that our Alternative Preferred Concept -- where the Turner Building would stay in place -- would be the next best thing. We continue to believe that this is possible, either under the terms of your existing lease or minor alterations that would be readily acceptable by the Matthews family. However, you have made it clear that you believe neither of these concepts is feasible or appealing to the Co-op, so we will no longer pursue them.

We have also detailed our strong reservations with your proposed site plan -- initially introduced by you on September 30, 2016 and again offered in your LOI on December 29th -- that would allow the unloading of your large "18 wheeler" trucks on-site directly to a covered loading area. For several reasons, including the severe loss of ground floor retail space, the disruption of the pedestrian streetscape experience, the requirement for trucks to cross multiple lanes of traffic with left turns, and the significant increase of construction costs to bear the weight of the trucks, we do not feel this plan to be in the best interest of the City or NDC and we cannot support this plan.

This leaves us with one potential concept that could work: you would remain in the Turner Building, we would build a new expansion space to the west, and the two buildings would be conjoined (the "Co-op Expands West" concept). As we discussed during the December 7th City Council meeting, this plan presents a host of technical, construction, and legal challenges, and would present a huge obstacle to your stated objective to maintain business continuity throughout the expansion. However, in the spirit of compromise we are willing to move forward with this concept under the following conditions:

- We will build the "shell" of your expansion space, to your specifications, with floor and ceiling levels to match your existing location. After completion, the shell would be turned over to you. You would be responsible for the planning, execution, and cost of integrating the two structures. This is very

similar to the proposal you offered in your LOI, except that the responsibility of executing the conjoining of the properties would be yours, not ours.

- Unloading would be via a “lay-by” on Carroll Avenue to a front location in your new space. The distance from the back of the truck to the loading entrance of your space would be a maximum of 60 feet, roughly comparable to your current unloading operation.
- We will provide you with up to 30 dedicated parking spaces in the underground garage. The spaces will be leased to you at cost plus a reasonable profit.

These terms, as well as other particulars of our proposal and the draft site plan, are detailed in our attached Letter of Intent. We believe that this proposal, while not giving any party everything that they want, represents a win-win-win for you, NDC, and the citizens of Takoma Park. We hope you will accept.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Adrian G. Washington', with a stylized, cursive script.

Adrian G. Washington
CEO & Founder
Neighborhood Development Company



January 6, 2017

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”) and commence construction 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 in addition to 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.

Within 60 days of the ratification of this Letter of Intent, NDC and TPSS will enter into a lease (“Lease”) for at least 6,000 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 on the first floor of the Project. Underground and ground level parking will be available to Tenant’s customers.

6. Build-Out of TPSS Premises

NDC will be responsible for the construction of the exterior shell of the TPSS Premises. TPSS will determine whether the TPSS Premises will be delivered as a cold-dark-shell or turn-key with user improvements. TPSS will select the architect and general contractor for the interior build-out of the TPSS Premises. NDC shall receive a construction management fee of 5% of construction costs payable to NDC Builders LLC, which will act as the construction manager for the Project.

7. Coordination with TPSS Space in Turner Building

Tenant will be responsible for planning, effecting, and the cost of connecting the TPSS Premises and TPSS’s current space in the building adjoining the Project (the “Turner Premises”).

8. Tenant Receiving Area

The Building will be constructed so as to provide Tenant with a layby on Carroll Avenue, sufficient to accommodate a 65-foot delivery truck. NDC will construct an interior receiving area as part of the TPSS Premises. The distance from the back of TPSS’s trucks will be a maximum distance of 65 feet from the entrance to the TPSS Premises.

9. Lease Term

The term shall commence upon Substantial Completion of the Project and continue for twenty-five (25) years, and would allow for a five (5) year extension.



10. Rent

Tenant shall pay a monthly Base Rent at the prevailing market rent, as agreed to by the parties, rent for use of the receiving area, and such additional rent typically included in commercial leases in the State of Maryland. Rent payment shall commence upon the Substantial Completion of the Project.

11. Utilities, Operating Expenses and Real Estate Taxes.

Landlord shall deliver and maintain all utility services to the TPSS Premises adequate for Tenant's needs with sub-meters for such utility services, including but not limited to, those for water, sewage, electricity, and gas. Tenant shall timely pay for any utility connection charges at the TPSS Premises, security deposits required by such utility companies and monthly charges for Tenant's use of the utility services. As additional rent, Tenant shall pay its rata share of Landlord's real estate taxes, insurance, and CAM charges for the Project in equal monthly installments upon the first day of each month, which charges shall be trued-up each year.

12. Common Area Maintenance Expenses

Common area maintenance expenses shall include only those expenses incurred by Landlord during the Term for maintaining, repairing and insuring the common areas (such expenses being referred to herein collectively, "CAM"). Excluded from CAM shall be (i) management or administrative fees, except for an annual management fee equal to five percent (5%) of the actual amount of expenses incurred by Landlord during the relevant calendar year for maintaining, repairing and insuring the common areas; (ii) the cost of any capitalizable improvements; (iii) services provided to any particular tenant or group of tenants, not including the removal of trash; (iv) the cost of repairs due to the negligence of Landlord, its agents or contractors; (v) reserves for future expenditures; (viii) interest and/or penalties resulting from Landlord's failure to timely pay bills; (ix) amounts actually reimbursed by any other tenant or third party (or their respective insurance carriers); however, Landlord agrees to use reasonable efforts to obtain reimbursement from such sources; (x) costs associated with (or reasonably allocable to) other tenants' spaces; and (xi) casualty insurance on the Project or Common Areas. Landlord shall maintain the Common Area on a non-profit basis.

13. **Tenant's Share of Common Area Costs, Insurance, and Real Estate Taxes.** Tenant agrees to pay Landlord for Tenant's Share of the actual CAM incurred by Landlord, insurance costs, and real estate taxes. "Tenant's Share" shall be a fraction, the numerator of which fraction shall be the ground floor building area of the TPSS Premises, and the denominator of which fraction shall be the gross buildable area in the Project (including the TPSS Premises). For purposes of calculating Tenant's Share, the "gross buildable area in the Project" shall be determined in the same manner as the square footage of the TPSS Premises is determined above.



14. Use of TPSS Premises.

Unless prevented from so doing by events of force majeure, for the first three (3) years of the Term (the "Operating Covenant Period"), Tenant shall operate (or cause to be operated) in the TPSS Premises and in the Turner Premises a full-service grocery supermarket of at least 10,000 rentable square feet that is similar to its existing operations in its Turner Premises (but such operations may include other new or different goods and services that are not currently being provided in its Turner Premises) during its normal and customary business hours, subject to temporary closures for (i) repair of casualty damage; (ii) repairs, improvements and/or alterations; or (iii) inventory taking.

15. Restricted Uses; Competitive Businesses. Landlord shall covenant and agree that the following uses (collectively, "Restricted Uses") shall not be permitted by Landlord or any affiliate of Landlord within the Project directly or indirectly: (i) mortuaries or funeral parlors; (ii) the repairing or sale of any motor vehicle, boat or trailer; (iii) adult bookstore, adult video store or adult entertainment facility; (iv) any industrial use including, but not limited to, manufacturing, smelting, rendering, brewing, chemical manufacturing or processing, or other manufacturing uses; and (v) any use which creates a nuisance, or endangers the health and safety of persons at the Project. Furthermore, no other full-service grocery store shall be permitted to operate in the Project so long as Tenant continues its operations within the TPSS Premises.

16. Separation of Uses. Landlord covenants and agrees that it shall not permit child care facilities within 50 feet of any wall or ceiling defining the TPSS Premises.

17. Lease Commencement.

Lease commencement shall occur upon the Substantial Completion of the Project, as defined in the Development Agreement. TPSS must open to the public within ninety (90) days after Lease Commencement.

18. Costs

Each party shall bear its own respective expenses, including costs of legal counsel and brokerage fees, related to the negotiation of this Letter of Intent and the lease.

19. Agent

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

20. 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.

21. 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.

22. 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.

23. Expiration of Proposal

This Letter of Intent will automatically expire on January 13, 2017 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: 1/6/2017

Takoma Park – Silver Spring Co-op

By: _____

Marilyn Berger
mberger@tpss.coop

Date: _____



Neighborhood Development Company
3232 Georgia Ave | Suite 100
Washington, DC 20010
neighborhooddevelopment.com

EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

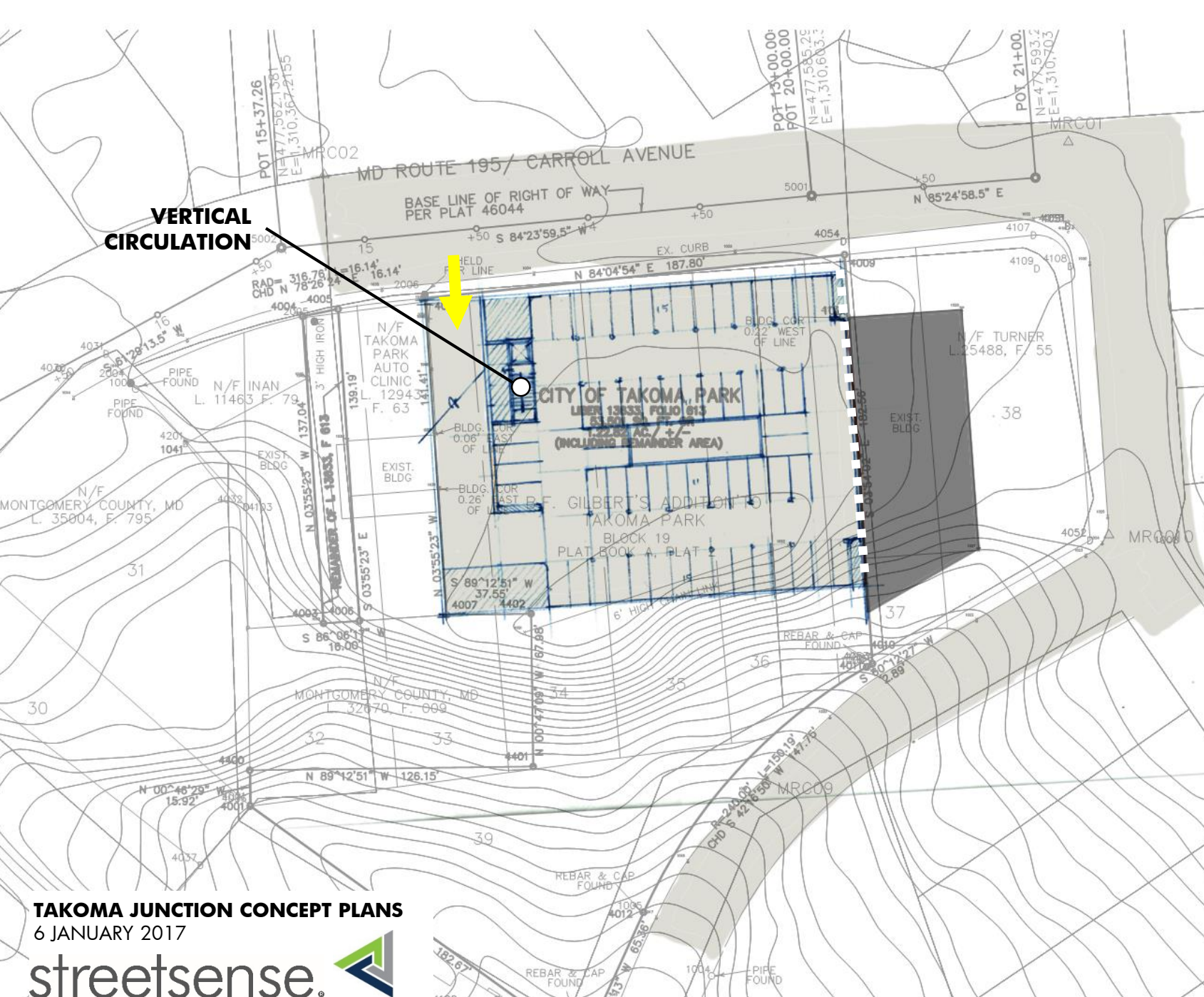
EXHIBIT "A"
LEGAL DESCRIPTION

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 (60' 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.





PARKING STRUCTURE

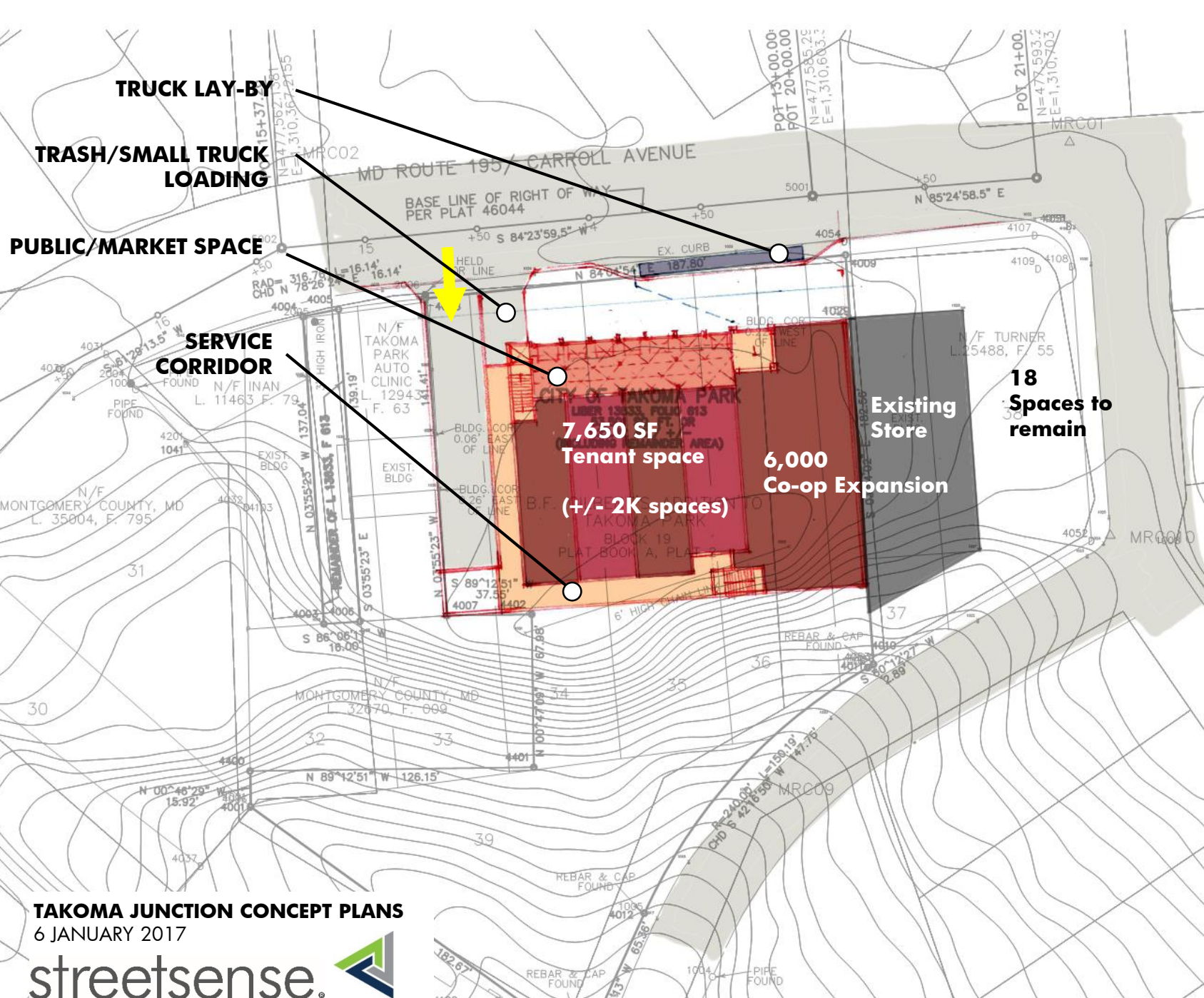
1 level underground
Access from Carroll Avenue ramp for
passenger vehicles only

Yields +/- 60 stalls
(Additional 18 surface spaces to remain at Co-
op lot)

Built to all property edges

Existing Co-op building and parking to remain

SCHEME 5



GROUND FLOOR

New Lease Space 13,650 GSF

Co-op Expansion of 6,000 GSF
Additional Tenant Space 7,650 GSF

Public Market Space 2,100 GSF

Overhead doors allow expansion to sidewalk

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

Back of truck 45-50' from co-op loading area

Existing parking lot on Sycamore remains
(18 stalls)

SCHEME 5

Additional Terrace Space
2,000 SF shown

