

## **Term Sheet – Tax Increment Grant Amendment**

### **Mecklenburg County – City of Charlotte - Pappas Midtown, LLC**

Mecklenburg County, the City of Charlotte, and Pappas Midtown, LLC and affiliates (Pappas) approved the terms of a Tax Increment Grant (TIG) in November 2016, in order to facilitate the enhancement of Pearl Street Park and improvements to connectivity through the construction of new infrastructure envisioned by the Midtown-Morehead-Cherry Area Plan. The Agreement provides for the construction of new park, street and pedestrian infrastructure concurrent with the development of a new mixed-use project adjacent to Pearl Street Park. The development will be pedestrian oriented design, with street level retail, and a mix of uses that promote the walkable, urban environment described for the area by the adopted Area Plan. Phase I of the public infrastructure improvements is complete, and Phase II is under construction.

Since the approval of the TIG Reimbursement Agreement, the scope of the private development has expanded through the purchase of additional land and an increase in the private program of construction. Atrium Health has joined the project as the tenant of two Medical Office Buildings on Harding Place. The expansion of the project provides the opportunity to also expand the public infrastructure. Pappas has already committed to install a new traffic signal at the intersection of Kenilworth Avenue and Harding Place and widen Kenilworth at its expense. The parties intend to amend the initial TIG Agreement to address other infrastructure costs as follows:

1. The Tax Increment Area will be increased to include the entire site of the Atrium medical buildings, plus a minimum of eight additional lots along Harding Place and Greenwood Cliff, and up to 7 additional lots in that block if acquired by an affiliate of Pappas Midtown, LLC and incorporated into one or more redevelopment projects, as shown in Exhibit A.
2. Pappas will complete Phase III public infrastructure improvements as shown on Exhibit A:
  - a. Obtain additional street right-of-way and construct an additional traffic lane along a portion of Harding Place. Ascension Lutheran Church is providing the right-of-way and has agreed to receive payment through the TIG reimbursements in future years. The value of the new right-of-way and improvements is budgeted at \$797,300. The cross-section for this portion of Harding Place is illustrated in Exhibit B.
  - b. Obtain new right-of-way and construct Berkeley Avenue between Harding Place and Greenwood Cliff in accordance with the Midtown-Morehead-Cherry Area Plan. The value of these improvements is budgeted at \$1,150,008, including the City's share of the right-of-way. The County is not expected to include reimbursement of this right-of-way in the agreement. The cross-section of Berkeley Avenue is illustrated in Exhibit C.
  - c. Construct a new street (street name to be determined) between Pearl Park Way and Greenwood Cliff on right-of-way provided by the original 2016 TIG. The value of the

improvements is budgeted at \$442,045. The cross section of this new street is illustrated in Exhibit D.

The TIG Agreement Budget Cap will be increased as follows:

Item	Budget
2016 TIG Budget Cap	\$4,417,574
Widen Harding Place	
Right-of-way	\$508,700
Design & construction	\$288,600
Construct Berkeley Avenue	
Right-of-way (City-only)	\$591,008
Design & construction	\$559,000
“New” Street	
Design & construction	\$442,045
2016 Added Scope	<u>\$367,266</u>
Amended Total Budget Cap	\$7,174,193

3. Consistent with the original TIG terms, Pappas will finance and manage the design and construction of the Phase III Public Infrastructure Improvements, the County will enter into an interlocal cooperation agreement with the City, and the City will enter into a TIG Reimbursement Agreement with Pappas or assigns. Costs to be reimbursed for design, construction and management of infrastructure improvements are the actual costs (up to the Budget Cap), with right-of-way reimbursed based on the price paid to the sellers by Pappas.
4. In accordance with the 2016 TIG Reimbursement Agreement, Pappas may submit an Installment Commencement Notice for actual expenditures up to the original Budget Cap, one to four years after completion of the Phase I improvements and Phase II improvements have begun.
5. Pappas may submit a second Installment Commencement Notice for actual expenditures for all TIG improvements and right-of-way up to the remainder of the Amended Budget Cap one to four years after the completion of the Phase III improvements, subject to the same terms of the original Agreement, and the Phase III improvements must be complete by January 1, 2030. The two Installment Commencement Notices may be submitted concurrently, provided the Phase III improvements are complete.
6. Pappas will continue to adhere to the MWSBE Participation Plan as updated and Commercial Non-Discrimination Policy of the original TIG Agreement.

## Exhibit A – Tax Increment District

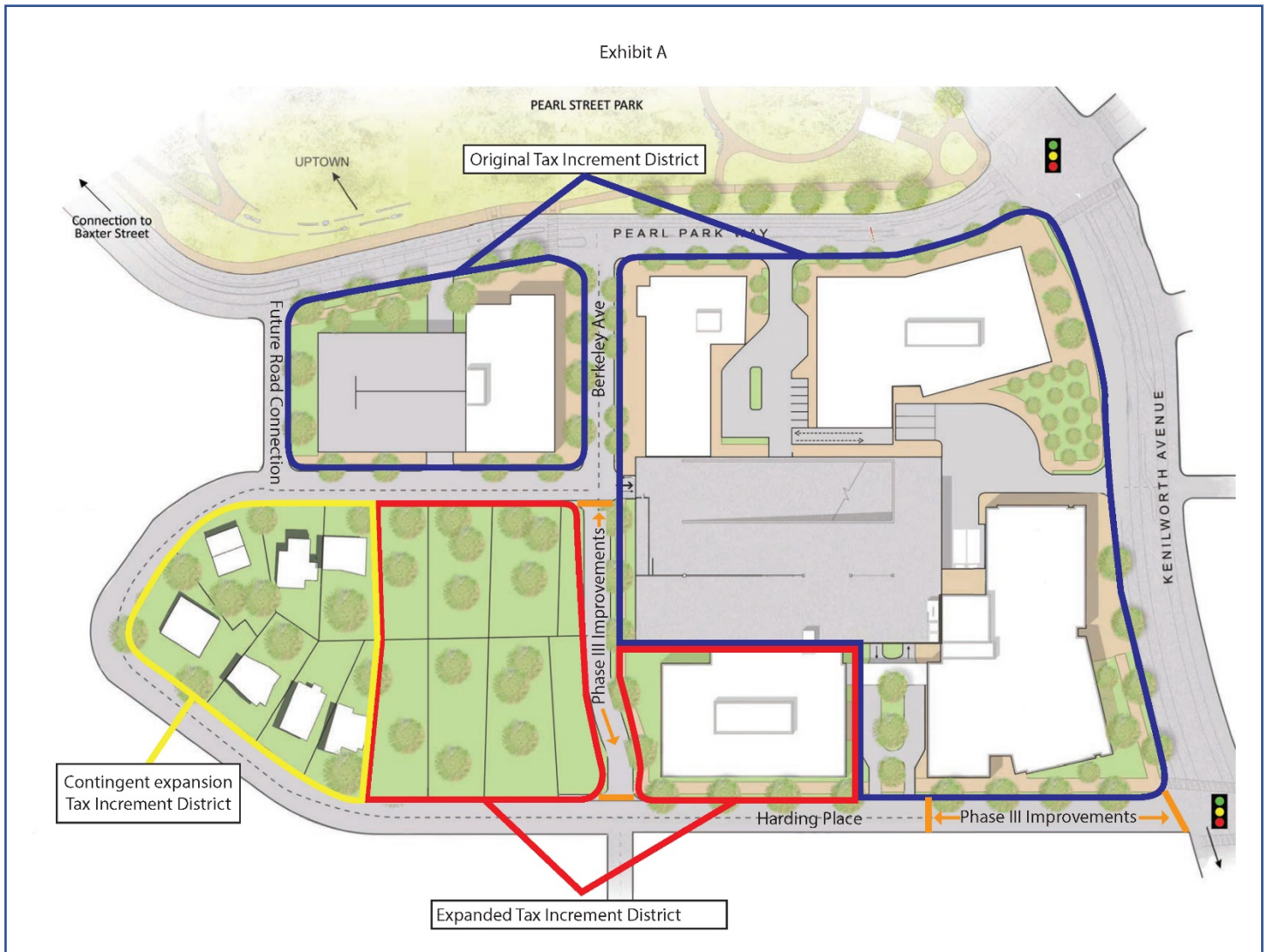


Exhibit B – Harding Place

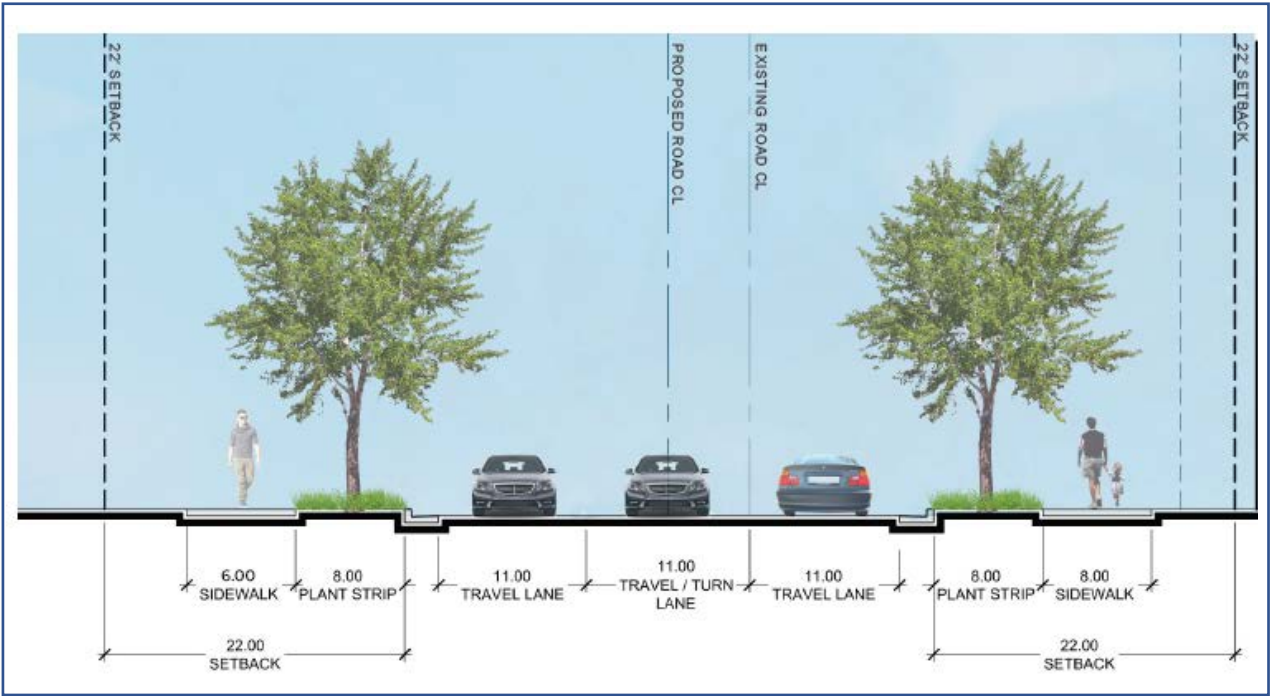


Exhibit C – Berkeley Avenue

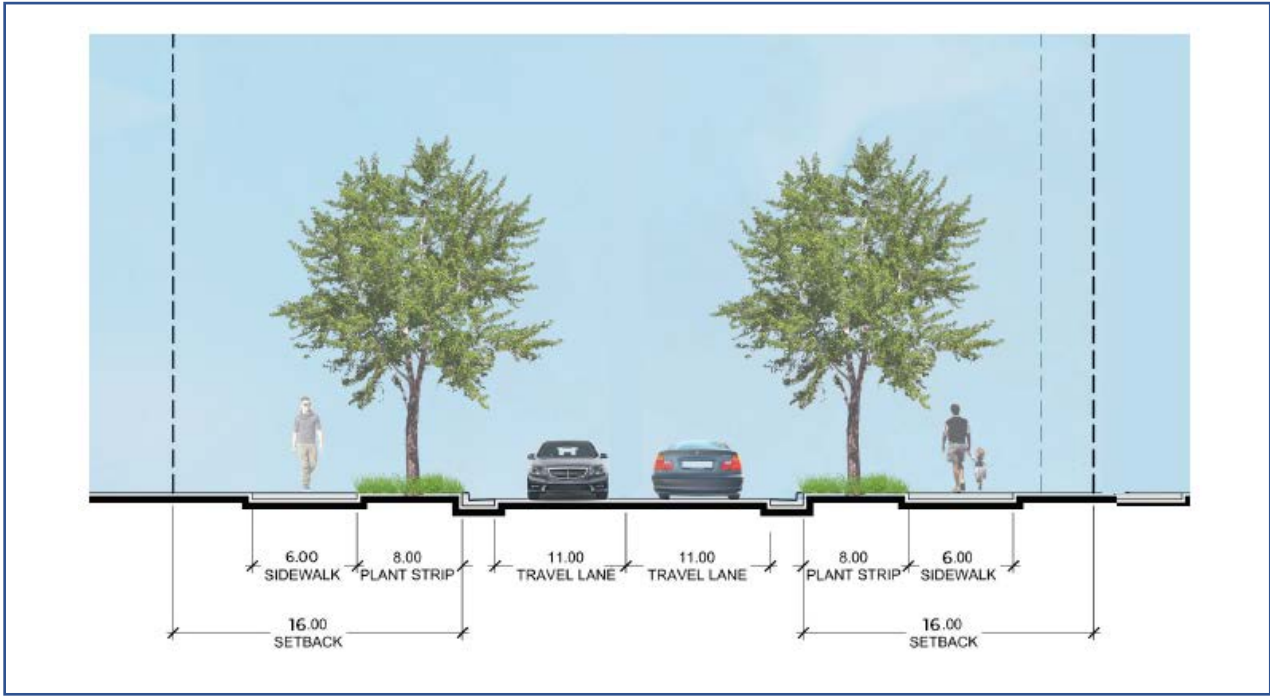


Exhibit D – New Street

