

First Ward Redevelopment Agreement Amendment
June 23, 2014 Dinner Briefing Q&A

1. Will the public have to pay for parking? Is it possible to have structured parking without a fee? If not, who is responsible for the parking deck?

The public parking supported by the Tax Increment Grant is not free. In this development, it is not feasible to have structured parking without a fee. The developer is responsible for operating the parking deck. Revenues collected from this parking will be used to support debt service, operational expenses such as staffing, and maintenance expenses.

The spaces are available to the general public:

- At commercially reasonable hourly rates, or
- Subject to monthly parking contracts for workday and school day use (including without limitation parking contracts for residential tenants or owners), provided
 - that no more than 75% of the Public Parking Spaces, which are not UNCC Parking Spaces, may be subject to such monthly parking contracts,
 - Public Parking Spaces subject to such monthly parking contracts shall be reserved under such monthly parking contracts only between the hours of 5:00 a.m. to 6:00 p.m., Monday through Friday, and
 - No block of Public Parking Spaces in excess of 50 Public Parking Spaces may be leased to a specific Person (other than the UNCC Parking Spaces).

2. When is the park itself to be considered?

First Ward Park has been fully designed and approved, and infrastructure work is being completed by the developer. Therefore, City Council will not be required to consider any additional actions related to First Ward Park.

3. Who is financing the decks? How do we make sure the second deck is done? Will there be some kind of penalty?

The decks are being financed by the developer. The developer will not receive any Tax Increment Grant payments associated with the 400 public parking spaces near the Park until those spaces are provided in a parking deck. The 400 public parking spaces will constitute a portion of a larger deck facility required to support a mixed-use development. Leaving surface parking in place hinders the developer's ability to create the increased tax base which provides the funding source for the Tax Increment Grant.

To further demonstrate intent to provide the 400 public parking spaces in a structured parking deck adjacent to the Park, the developer has proposed that during such time the 400 spaces remain in surface lots, the Tax Increment Grant allocated to the 400 public parking spaces near the Park will be reduced in an amount up to \$2,600,000.

4. If we tied two things together in the first place, why did we invoke the requirement at all and are dropping it now? Would we have agreed with doing this if we knew about the 400 surface parking spaces?

Due to market conditions and a requirement from the developer's bank, the request to treat the two decks as separate projects is reasonable and does not increase the financial risk or

exposure to the City or County. The surface parking solution is intended to be temporary and the commitment remains to provide the 400 spaces in a parking deck.

5. The four-year lag on the financing, how does that impact the timing and allocation of the reimbursement within the 10-year period?

The time period between the completion of the first deck and the start of the reimbursement period allows the developer to maximize development in the 8-block Tax Increment Grant geography and subsequently receive the maximum grant benefit.

6. Are we comfortable with 400 spaces in our downtown?

While surface parking as a principle use is not allowed under the Uptown Mixed Use District (UMUD) zoning, these existing surface lots are grandfathered and no additional surface parking spaces may be created.

7. Where is the tie into the deck vs. the surface parking to get to the 1,300 parking spaces?

The 10th Street parking deck, as part of the first phase of the project, is projected to be completed by July 1, 2016. This deck will include all 1,335 required public parking spaces, inclusive of the 305 spaces allocated to UNCC. When the 400 public parking spaces required to be near the Park are provided, as either permanent deck spaces or temporary surface spaces, the commensurate amount of 400 spaces in the 10th Street deck will be returned to full control of the developer.

8. What is on the property now?

The block across Brevard Street from the Park, which has been identified by the developer as the location for the 400 public parking deck spaces, is currently a mix of vacant undeveloped land and surface parking.

9. How many times has this issue come up in the past?

On July 28, 2008, City Council approved the First Ward Park Conceptual Framework.

On July 27, 2009, City Council approved the Economic Development Agreement with Levine Properties and Mecklenburg County for the construction of above and below ground parking decks totaling 1,335 public parking spaces for a maximum City/County grant in the amount of \$29.75 million.

On August 27, 2012, City Council approved an amendment to the Economic Development Grant and Reimbursement Agreement between the City, County and Levine Properties, Inc. for the First Ward Redevelopment project allowing for a new location for one of the two parking decks and a reduction of the maximum deck grant amount from \$29.75 million to \$23.7 million.

On September 23, 2013, City Council approved an amendment to the Economic Development Grant and Reimbursement Agreement between the City, County and Levine Properties, Inc. for the First Ward Redevelopment project allowing for the reallocation of public parking spaces to a revised parking deck construction plan, and updated timeframes for commencement and completion of construction.

10. What is our Tax Increment Grant capacity?

The current annual Tax Increment Grant capacity is \$3.7 million, representing approximately 29% of the total capacity.

11. What are the consequences of default? The entire \$16 million?

The primary obligation of the developer is to provide public infrastructure and the developer is therefore responsible for activity including:

- Honoring the infrastructure reimbursement obligations
- Providing 1,335 public parking spaces by July 1, 2016
- Delivering the required number of affordable housing units
- Fulfilling the First Ward Park development obligation
- Completing the required land transactions with the City and County
- Maintaining and operating the public parking spaces for a 30-year term

Non-performance of the above items would result in default of the agreement terms by the developer. In response to a default, the City and County could terminate the agreement.

Regarding incremental development, failure by the developer to complete the amount of development anticipated in the 8-block Tax Increment Grant geography is not considered a default. While all Tax Increment Grant payments are predicated on the completion of the two parking decks (10th Street and Park), the amount of the grant payments is determined by the value of the completed ancillary development and the associated property tax increment paid on that development. The consequences of this inability to increase the tax base through completed projects would mean the developer would not be eligible to receive the maximum benefit of the grant.

12. If the developer leaves the \$7 million on the project, is there a possibility that we may be left with 400 surface lot spaces as opposed to a parking deck?

Yes, the possibility exists that the requirement to provide 400 public parking spaces near the Park in a deck structure will not be met.

13. Have we had other projects like this with many amendments?

No. This project is extremely complex and involves multiple partners including the City, Mecklenburg County, and the University of North Carolina-Charlotte, resulting in unforeseen project scope and detail modifications.

14. What does “Reasonable Good Faith Efforts” mean?

Reasonable Good Faith efforts will include written summaries of meetings and other supporting information regarding developers, tenants, hotel operators, and other similar real estate/construction/financial professionals regarding development opportunities that would include the provision of the 400 spaces as structured parking in one or more parking decks adjacent to the park.