

SUPREME COURT OF VIRGINIA
MAY 29 2001
RICHMOND, VIRGINIA

IN THE
Supreme Court of Virginia
AT RICHMOND

Record No. 010456

SHORT PUMP TOWN CENTER COMMUNITY
DEVELOPMENT AUTHORITY, et al.,

Appellants,

— v. —

ARLIE A. HAHN, JR., et al.,

Appellees.

JOINT APPENDIX-VOLUME THREE

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Shirley H.
1/31/01

**WAIVER WITH RESPECT TO CREATION OF
SHORT PUMP TOWN CENTER COMMUNITY DEVELOPMENT AUTHORITY**

The undersigned certify that they are the petitioning landowners in the Short Pump Town Center Community Development Authority (the "CDA"). The undersigned hereby waive, pursuant to Virginia Code Section 15.2-5156(B), mailing of the proposed Resolution to be considered by the Board of Supervisors on September 26, 2000 entitled "RESOLUTION - CREATING THE SHORT PUMP TOWN CENTER COMMUNITY DEVELOPMENT AUTHORITY," notice of the adoption of such Resolution and the 30 day period referred to in Section 15.2-5156(B).

Dated: September 26, 2000

FOREST CITY ENTERPRISES, INC.

By: _____

Its: _____

MJGT ASSOCIATES, LLC

By: *Thomas E. Pruitt*

Its: *Manager*

\\RJCT\BONDS\ShortPump\Waiver 2.doc

J00069

**WAIVER WITH RESPECT TO CREATION OF
SHORT PUMP TOWN CENTER COMMUNITY DEVELOPMENT AUTHORITY**

The undersigned certify that they are the petitioning landowners in the Short Pump Town Center Community Development Authority (the "CDA"). The undersigned hereby waive, pursuant to Virginia Code Section 15.2-5156(B), mailing of the proposed Resolution to be considered by the Board of Supervisors on September 26, 2000 entitled "RESOLUTION - CREATING THE SHORT PUMP TOWN CENTER COMMUNITY DEVELOPMENT AUTHORITY," notice of the adoption of such Resolution and the 30 day period referred to in Section 15.2-5156(B).

Dated: September 26, 2000

FOREST CITY ENTERPRISES, INC.

By: _____

Its: Executive Vice President

MJGT ASSOCIATES, LLC

By: _____

Its: _____

\\RIC7\BONDS\ShortPump\Waiver 2.doc

John T. [Signature]
1/31/2001

At a regular meeting of the Board of Supervisors of Henrico County, Virginia, held on the 26th day of September, 2000, the following Board of Supervisors members were recorded as present:

PRESENT: Donati, J.
Glover, R.
Kaechele, D.
O'Bannon, P.
Thornton, F.

On motion by Kaechele, D., seconded by Glover, R., the attached Resolution was adopted by the Board of Supervisors by a voice vote, the votes being recorded as follows:

<u>MEMBER</u>	<u>VOTE</u>
Donati, J.	Yes
Glover, R.	Yes
Kaechele, D.	Yes
O'Bannon, P.	Yes
Thornton, F.	Yes



COUNTY OF HENRICO, VIRGINIA
BOARD OF SUPERVISORS
MINUTE

Agenda Item No. 358-00
Page No. 1 of 1

Agenda Title **RESOLUTION - Creating the Short Pump Town Center Community Development**
Authority

For Clerk's Use Only:

SEP 26 2000

Date

☒ Approved

☐ Denied

☐ Amended

☐ Deferred to

BOARD OF SUPERVISORS ACTION

Moved by (1) Kaechele Seconded by (1) Glover
(2) _____ (2) _____

REMARKS:

APPROVED

YES NO OTHER

Donati, J. ☒ ☐ ☐

Glover, R. ☒ ☐ ☐

Kaechele, D. ☒ ☐ ☐

O'Bannon, P. ☒ ☐ ☐

Thornton, F. ☒ ☐ ☐

After a duly advertised public hearing, the Board of Supervisors of Henrico County, Virginia adopted the attached resolution.

J00072

By Agency Head

W. Scott McMillan
Joseph P. Raymond Jr.

By County Manager

Steph L. Hyslop

Routing:

Yellow to:

Finance

Copy to:

County Attorney

Certified:

A Copy To:

Benny R. Lawrence

Clerk, Board of Supervisors

808

Date:

9/27/00

**RESOLUTION - CREATING THE SHORT PUMP TOWN CENTER
COMMUNITY DEVELOPMENT AUTHORITY**

WHEREAS, the Board of Supervisors of Henrico County, Virginia (the "Board") has received a petition (the "Petition") from Forest City Enterprises, Inc. and MJGT Associates, LLC, (the "Landowners") for the creation of the Short Pump Town Center Community Development Authority (the "CDA"), and the Landowners have represented that they own at least 51% of the land within the proposed CDA district; and

WHEREAS, a public hearing has been held on September 26, 2000 by the Board on the adoption of this Resolution and notice has been duly provided as set forth in §§15.2-5104 and 15.2-5156 of the Virginia Water and Waste Authorities Act, Chapter 51, Title 15.2, Code of Virginia of 1950, as amended (the "Act"); and

WHEREAS, the Board proposes to create the CDA in order to provide the public improvements described in the Petition;

WHEREAS, the creation of the CDA to assist in financing certain improvements in connection with the Short Pump Town Center will benefit the citizens of the County by promoting increased employment opportunities, a strengthened economic base and increased tax revenues and additional retail opportunities not currently available in the local area;

WHEREAS, the proposed financing of such improvements through the CDA is expected to meet or exceed each of the County's criteria for economic development incentives as follows: (i) any incentives will be funded solely by revenues generated by the Short Pump Town Center, (ii) the Short Pump Town Center is expected to have a minimum value of at least one percent of the County's tax base, (iii) the anticipated revenues to be derived by the County exceed the incentives, (iv) the incentives will not exceed the amount of revenues generated by the Short Pump Town Center within a five year period, (v) the costs funded from incentives do not exceed 10% of the value of the Short Pump Town Center, (vi) the proposed financing will have no impact on the County's credit rating and (vii) the proposed development will have limited requirements for County services; and

WHEREAS, each petitioning Landowner has waived in writing the right to withdraw its signature from the Petition in accordance with §15.2-5156 of the Act.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF
SUPERVISORS OF HENRICO COUNTY, VIRGINIA:**

1. Creation of Authority. The Short Pump Town Center Community Development Authority is hereby created as a body corporate and politic in accordance with the applicable provisions of the Act. The CDA shall have the powers set forth in the Act.

2. Boundaries of CDA. The CDA boundaries shall initially include the property identified in the attached Exhibit A (the "Initial CDA District"). In accordance with §15.2-5157 of the Act, a copy of this resolution shall be recorded in the land records of the Circuit Court of Henrico County for each tax map parcel in the CDA district as such CDA district exists at the time of issuance of the CDA's bonds (the "Bonds") and the CDA district shall be noted on the land records of the County. The CDA may release or exclude from the CDA district (i) either before or after the issuance of the Bonds certain portions of land consisting of land to be conveyed to the four anchor department stores with an approximate acreage of 15 acres and certain other portions of land consisting of land outside the ring road to be constructed around the shopping center (but not consisting of the outparcels fronting on Broad Street and lying between the two front entrance roads) totalling approximately 47 acres all as described in the Petition to be conveyed to other businesses and (ii) after the issuance of the Bonds certain other portions of land upon payment or prepayment of special assessments applicable to any such portions of land to be released.

3. Facilities and Services. The CDA is created for the purpose of exercising the powers set forth in the Act, including financing, constructing and developing, and owning and maintaining if necessary, certain improvements in connection with the development of a shopping center as described in the Petition and the Articles of Incorporation. The CDA shall have all the powers provided by the Act. The CDA shall not provide services which are provided by, or obligated to be provided by, any authority already in existence pursuant to the Act unless such authority provides the certification required by §15.2-5155 of the Act.

4. Articles of Incorporation. Attached as Exhibit B are the proposed Articles of Incorporation of the CDA. The County Manager is authorized and directed to execute and file such Articles of Incorporation on behalf of the Board with the State Corporation Commission in substantially the form attached as Exhibit B with such changes, including changes to the boundary description of the CDA district described therein, as the County Manager may approve. The County Manager is authorized to approve such changes or corrections to the Articles of Incorporation prior to filing with the State Corporation Commission as do not change the purpose or function of the CDA as set forth in this Resolution and in the Petition.

5. Capital Cost Estimates. The Board hereby finds, in accordance with §15.2-5103(B) of the Act, that it is impracticable to include capital cost estimates, project proposals and project service rates, except as summarized in the Petition.

6. Membership of the Authority.

(a) The powers of the CDA shall be exercised by an authority board consisting of five members.

(b) All members of the CDA board shall be appointed by the Board in accordance with the provisions of §15.2-5113.

(c) The initial members of the CDA board shall be as set forth in the Articles of Incorporation for the terms set forth therein.

(d) Each CDA board member shall receive such compensation for his or her services as a CDA board member as may be authorized from time to time by resolution of the CDA board, provided that no member shall receive compensation in excess of \$300 per meeting attended unless authorized by resolution of the Board.

7. Issuance of Bonds.

Any bonds issued by the CDA or any other financing arrangements entered into by the CDA will be debt of the CDA and will not be a debt of the County, will not constitute a pledge of the faith and credit of the County and will not be paid from County funds other than moneys derived pursuant to Virginia Code Section 15.2-5158 and any incremental tax revenues generated within the Initial CDA District that may be paid by the County to the Economic Development Authority of Henrico County, Virginia and subsequently transferred to the CDA pursuant to an agreement with the CDA.

8. Effective Date. This Resolution shall take effect immediately.

The undersigned Clerk of the Board of Supervisors of Henrico County, Virginia, certifies that the foregoing constitutes a true, complete and correct copy of a Resolution adopted at a regular meeting of the Board of Supervisors of the County of Henrico, Virginia, held on September 26, 2000.



Clerk, Board of Supervisors, Henrico
County, Virginia

Exhibits:

- A - Initial CDA District Boundaries
- B - Proposed Articles of Incorporation

Exhibit A

Initial CDA District Boundaries

All those certain pieces and parcels of land containing in the aggregate 147.186 acres, more or less, as described on that certain plat dated December 19, 1997, revised September 3, 1998, prepared by Timmons and entitled "Plat Showing 147.186 Acres of Land Lying on the North Line of U.S. Route 250 – West Broad Street" and being comprised of the following tax parcels: 36-A-13 (in part), 36-A-26, 36-A-27, 36-A-28, 36-A-29, 36-A-30, 36-A-31, 36-A-32, 36-A-34A, 36-A-35A, 36-A-36A, 36-A-37 and 36-A-38.

**Articles of Incorporation
of
Short Pump Town Center Community Development Authority**

The undersigned, pursuant to Chapter 51, Title 15.2 of the Code of Virginia, adopts the following Articles of Incorporation for such authority and states as follows:

Article I

Name

The name of this Authority is SHORT PUMP TOWN CENTER COMMUNITY DEVELOPMENT AUTHORITY (the "Authority").

Article II

Organization

Pursuant to resolution adopted by the Board of Supervisors of Henrico County, Virginia ("Board of Supervisors"), the Authority shall be organized by the County of Henrico, Virginia under the Virginia Water and Waste Authorities Act (Chapter 51, Title 15.2 of the Code of Virginia of 1950, as amended) (the "Act"), as a public body politic and corporate governed by the laws of the Commonwealth of Virginia.

Article III

Members

The affairs of the Authority shall be conducted by an authority board of five members ("Board"). The initial Board members are as set forth in Exhibit A attached hereto and incorporated by reference. All members shall be appointed by the Board of Supervisors. Each member shall serve a four year term, except the initial members who shall serve the terms of office set forth in Exhibit A hereto. The election of officers of the Authority shall be as set forth in the By-Laws of the Authority. Qualifications and appointment of members of the Board shall be consistent with the requirements of the Act.

The Board shall have the powers and duties set forth in the Act and in these Articles of Incorporation and the By-Laws, to the extent that such powers and duties are not inconsistent with the Act.

Article IV

Principal Place of Business

The Authority's principal place of business shall be c/o Williams Mullen Clark & Dobbins, Two James Center, 1021 East Cary Street, Richmond, Virginia 23219. The Authority may conduct its business and maintain offices for such purposes at such other places within or without Henrico County, Virginia as may from time to time be deemed advisable by the Board, and not in conflict with the requirements of the Act.

Article V

Authority District

The land initially encompassed within the Authority is set forth in Exhibit B attached hereto (the "Initial Authority District") provided that the Authority may release and exclude from the Authority District (i) either before or after the Authority's bonds are issued certain portions of land consisting of real estate to be conveyed to the four anchor department stores with an approximate total acreage of 15 acres and certain other real estate consisting of land outside the ring road surrounding the shopping center (but not consisting of the outparcels fronting on Broad Street and lying between the two front entrance roads) totalling approximately 47 acres to be conveyed to other businesses all as described in the petition to create the Authority filed with the Board of Supervisors and (ii) after the Authority's bonds are issued certain other portions of land upon prepayment of all special assessments applicable to any such land to be released.

Article VI

Purposes and Powers

The Authority is organized for the purpose of exercising all powers granted by the Act, including financing, funding, planning, establishing, acquiring, constructing or reconstructing, enlarging, extending, equipping, operating and maintaining improvements serving or associated with the development of a shopping center and related improvements known as Short Pump Town Center. The Authority shall have all powers granted to a "community development authority" under the Act.

Article VII

Not-for-Profit

The Authority shall not be organized or operated for pecuniary gain or profit. No part of the net earnings of the Authority shall inure to the benefit of, or be distributable to

any member, director, officer, or any other private person, except that the Authority shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments in furtherance of the purposes set forth in Article VI.

Article VIII

Amendment of Articles

These Articles of Incorporation may be amended at any time and from time to time by the Board as now or hereafter prescribed by the Act.

Article IX

Registered Office and Registered Agent

The address of the initial registered office of the Authority is c/o Ralph L. "Bill" Axselle, Jr., Williams Mullen Clark & Dobbins, Two James Center, 1021 East Cary Street, Richmond, Virginia 23219.. The initial Registered Agent of the Authority is Ralph L. "Bill" Axselle, Jr., whose business address is identical to that of the initial registered office and who is a resident of Virginia and a member of the Virginia State Bar.

Article X

Initial Members

The names and addresses of the initial members of the Board of the Authority are as set forth on the attached and incorporated Exhibit A.

Article XI

Indemnification

(a) For purposes of this Article XI the following definitions shall apply:

(i) "expenses" include counsel fees, expert witness fees, and costs of investigation, litigation and appeal, as well as any amounts expended in asserting a claim for indemnification;

(ii) "liability" means the obligation to pay a judgment, settlement, penalty, fine, or other such obligation;

(iii) "legal entity" means a corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise; and

(iv) "proceeding" means any threatened, pending, or completed action, suit, proceeding or appeal whether civil, criminal, administrative or investigative and whether formal or informal.

(b) In every instance in which the Virginia Nonstock Corporation Act, as it exists on the date hereof or may hereafter be amended, permits the limitation or elimination of liability of directors or officers of a corporation to the corporation, the members, directors and officers of the Authority shall not be liable to the Authority.

(c) The Authority shall indemnify any individual who is, was or is threatened to be made a party to a proceeding (including a proceeding by or in the right of the Authority) because such individual is or was a member, director or officer of the Authority or because such individual is or was serving the Authority or any other legal entity in any capacity at the request of the Authority while a member, director or officer of the Authority, against all liabilities and reasonable expenses incurred in the proceeding except such liabilities and expenses as are incurred because of such individual's willful misconduct or knowing violation of the criminal law. Service as a member, director or officer of a legal entity controlled by the Authority shall be deemed service at the request of the Authority. The determination that indemnification under this paragraph (c) is permissible and the evaluation as to the reasonableness of expenses in a specific case shall be made, in the case of a member or director, as provided by law, and in the case of an officer, as provided in Section (d) of this Article; provided, however, that if a majority of the members of the Authority has changed after the date of the alleged conduct giving rise to a claim for indemnification, such determination and evaluation shall, at the option of the person claiming indemnification, be made by special legal counsel agreed upon by the Board and such person. Unless a determination has been made that indemnification is not permissible, the Authority shall make advances and reimbursements for expenses incurred by a member, director or officer in a proceeding upon receipt of an undertaking from such member, director or officer to repay the same if it is ultimately determined that such member, director or officer is not entitled to indemnification. Such undertaking shall be an unlimited, unsecured general obligation of the member, director or officer and shall be accepted without reference to such member's, director's or officer's ability to make repayment. The termination of a proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent shall not of itself create a presumption that a member, director or officer acted in such a manner as to make such member, director or officer ineligible for indemnification. The Authority is authorized to contract in advance to indemnify and make advances and reimbursements for expenses to any of its members, directors or officers to the same extent provided in this paragraph (c).

(d) The Authority may, to a lesser extent or to the same extent that it is required to provide indemnification and make advances and reimbursements for expenses to its members, directors and officers pursuant to paragraph (c) of this Article, provide indemnification and make advances and reimbursements for expenses to its employees and agents, the members, directors, officers, employees and agents of its subsidiaries and predecessor entities, and any person serving any other legal entity in any capacity at the request of the Authority, and may contract in advance to do so. The determination that indemnification under this paragraph (d) is permissible, the authorization of such indemnification and the evaluation as to the reasonableness of expenses in a specific case shall be made as authorized from time to time by general or specific action of the Board, which action may be taken before or after a claim for indemnification is made, or as otherwise provided by law. No person's rights under paragraph (c) of this Article shall be limited by the provisions of this paragraph (d).

(e) The rights of each person entitled to indemnification under this Article shall inure to the benefit of such person's heirs, executors and administrators. Special legal counsel selected to make determinations under this Article may be counsel for the Authority. Indemnification pursuant to this Article shall not be exclusive of any other right of indemnification to which any person may be entitled, including indemnification pursuant to a valid contract, indemnification by legal entities other than the Authority and indemnification under policies of insurance purchased and maintained by the Authority or others. However, no person shall be entitled to indemnification by the Authority to the extent such person is indemnified by another, including an insurer. The Authority is authorized to purchase and maintain insurance against any liability it may have under this Article or to protect any of the persons named above against any liability arising from their service to the Authority or any other legal entity at the request of the Authority regardless of the Authority's power to indemnify against such liability. The provisions of this Article shall not be deemed to preclude the Authority from entering into contracts otherwise permitted by law with any individuals or legal entities, including those named above. If any provision of this Article or its application to any person or circumstance is held invalid by a court of competent jurisdiction, the invalidity shall not affect other provisions or applications of this Article, and to this end the provisions of this Article are severable.

(f) No amendment, modification or repeal of this Article shall diminish the rights provided hereunder to any person arising from conduct or events occurring before the adoption of such amendment, modification or repeal.

IN WITNESS WHEREOF, the undersigned incorporator has executed these Articles of Incorporation as of the ____ day of September, 2000, as duly authorized by the Board of Supervisors of Henrico County, Virginia by Resolution adopted September 26, 2000.

By: _____
Virgil R. Hazelett, County Manager,
County of Henrico, Virginia

Exhibit A

Names and Addresses of Initial Members

	Term of Office	
	<u>Commences</u>	<u>Expires</u>
Mr. Ronald H. Bargatze 31 East Randolph Square Circle Richmond, VA 23229	09/01/2000	08/31/2004
Mr. Wilson H. Flohr, Jr. 213 Brookschase Lane Richmond, VA 23229	09/01/2000	08/31/2004
Mr. Bruce Kay 12916 Fox Meadow Drive Richmond, VA 23233	09/01/2000	08/31/2003
Mr. J. Stephen Lindsey 10813 N. Bank Road Richmond, VA 23233	09/01/2000	08/31/2003
Mr. Samuel H. Turner 206 Colony Lake Drive Richmond, VA 23233	09/01/2000	08/31/2002

Exhibit B

Description of Initial Authority District

All those certain pieces and parcels of land containing in the aggregate 147.186 acres, more or less, as described on that certain plat dated December 19, 1997, revised September 3, 1998, prepared by Timmons and entitled "Plat Showing 147.186 Acres of Land Lying on the North Line of U.S. Route 250 – West Broad Street" and being comprised of the following tax parcels: 36-A-13 (in part), 36-A-15(in part), 36-A-26, 36-A-27, 36-A-28, 36-A-29, 36-A-30, 36-A-31, 36-A-32, 36-A-34A, 36-A-35A, 36-A-36, 36-A-37 and 36-A-38.

\\RIC7\BONDS\ShortPump\Articles of Incorporation 11.doc

**RESOLUTION OF THE SHORT PUMP TOWN CENTER
COMMUNITY DEVELOPMENT AUTHORITY
AUTHORIZING THE ISSUANCE OF SPECIAL ASSESSMENT BONDS
AND APPROVING CERTAIN AGREEMENTS**

The Short Pump Town Center Community Development Authority ("Authority") proposes to issue special assessment bonds ("Bonds") to finance certain infrastructure improvements benefitting property within the Authority District, including certain roads and road improvements, parking, public plazas and walkways, water and sewer improvements, drainage and storm water management improvements, and other improvements in connection with a retail center known as Short Pump Town Center (collectively, the "Project"). In connection with the issuance of the Bonds and the financing of the Project, the Authority proposes to enter into a Memorandum of Understanding (the "Memorandum of Understanding") among the Authority, the Board of Supervisors of Henrico County, Virginia (the "Board"), MJGT Associates, LLC, Forest City Enterprises, Inc., and F.C. Short Pump Land Investment, Inc., their respective successors and assigns (the "Landowner") and Short Pump Town Center LLC, its successors and assigns (the "Developer") and an Economic Development Agreement (the "Economic Development Agreement") among the Authority, the Board, the Developer and the Economic Development Authority of Henrico County, Virginia.

NOW, THEREFORE, BE IT RESOLVED BY THE SHORT PUMP TOWN CENTER COMMUNITY DEVELOPMENT AUTHORITY:

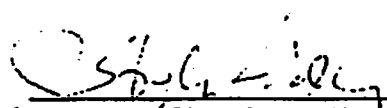
1. The Authority adopts this declaration of official intent under Treasury Regulations Section 1.150-2. The Authority reasonably expects to reimburse advances made or to be made by or on behalf of the Authority to pay the costs of acquiring, constructing, equipping and developing the Project from the proceeds of its debt or other financings. The maximum amount of debt or other financing expected to be issued for the Project is \$25,000,000.
2. The Memorandum of Understanding and the Economic Development Agreement are approved in substantially the forms on file with the Chairman of the Authority, with such changes, insertions or omissions (including, without limitation, changes of the dates thereof) as may be approved by the Chairman or the Vice Chairman of the Authority whose approval shall be evidenced conclusively by the execution and delivery of such documents.
3. The execution and delivery of and performance by the Authority under the Memorandum of Understanding and the Economic Development Agreement are authorized.
4. The issuance of the Bonds to finance the Project in accordance with the Memorandum of Understanding and the Economic Development Agreement is authorized. The Bonds shall be issued in an amount and shall be subject to such other details as may be determined by subsequent resolution of the Authority.
5. The Chairman and the Vice Chairman of the Authority are each authorized to execute on behalf of the Authority the Memorandum of Understanding and the Economic Development Agreement, and, if required, the Secretary or Assistant Secretary of the Authority

is authorized and directed to affix or to cause to be affixed the seal of the Authority to such documents and to attest such seal. Such officers or their designees are authorized to execute and deliver on behalf of the Authority such instruments, documents or certificates, and to do and perform such things and acts, as they shall deem necessary or appropriate to carry out the transactions authorized by this Resolution; and all of the foregoing, previously done or performed by such officers or agents of the Authority, are in all respects approved, ratified and confirmed.

6. Bond Counsel and Counsel to the Authority are authorized to file this resolution with the Circuit Court of Henrico County, Virginia pursuant to Section 15.2-5126 of the Code of Virginia of 1950, as amended and, if deemed advisable by Bond Counsel and Counsel to the Authority, to institute judicial validation proceedings pursuant to Article 6, Chapter 26 of Title 15.2, Code of Virginia of 1950, as amended, with respect to the issuance of the bonds and all other agreements and proceedings in connection therewith.

7. This Resolution shall be effective upon its adoption.

Adopted at a duly called and held meeting of the Short Pump Town Center Community Development Authority on October 20, 2000.


_____
Secretary, Short Pump Town Center
Community Development Authority

\\RIC7BONDS\ShortPump\Resolution Authorizing Issuance 3.doc

MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING made this ____ day of _____, 2000, by and among the BOARD OF SUPERVISORS OF HENRICO COUNTY, VIRGINIA (the "Board"); MJGT ASSOCIATES, LLC, FOREST CITY ENTERPRISES, INC. and F.C. SHORT PUMP LAND INVESTMENT, INC., their respective successors and assigns (collectively, the "Landowner"); SHORT PUMP TOWN CENTER LLC, its successors and assigns (the "Developer") and the SHORT PUMP TOWN CENTER COMMUNITY DEVELOPMENT AUTHORITY (the "CDA").

WITNESSETH

WHEREAS, certain landowners constituting the owners of at least a majority of the real estate within the CDA, by petition (the "Petition") filed pursuant to Sections 15.2-5152 *et seq.* of the Code of Virginia of 1950, as amended (the "Virginia Code") with the Board petitioned the Board to create a community development authority to assist in the development of certain improvements in conjunction with a project known as Short Pump Town Center, a first-class retail center to be located north of West Broad Street (U.S. Route 250) near its intersection with Lauderdale Drive in Henrico County, Virginia, and

WHEREAS, by Resolution adopted September 26, 2000 (the "Resolution"), the Board voted to create the CDA;

WHEREAS, the transactions contemplated by this Memorandum will benefit the citizens of the County by promoting increased employment opportunities, a strengthened economic base and increased tax revenues and additional retail opportunities not currently available in the local area;

WHEREAS, the Board has determined that the incentives provided by this Memorandum are expected to meet or exceed each of the County's criteria for economic development incentives as follows: (i) any incentives will be funded solely by revenues generated by the Short Pump Town Center, (ii) the Short Pump Town Center is expected to have a minimum value of at least one percent of the County's tax base, (iii) the anticipated revenues to be derived by the County exceed the incentives, (iv) the incentives will not exceed the amount of revenues generated by the Short Pump Town Center within a five year period, (v) the costs funded from incentives do not exceed 10% of the value of the Short Pump Town Center, (vi) the proposed financing will have no impact on the County's credit rating and (vii) the proposed development will have limited requirements for County services; and

WHEREAS, the parties wish to set forth several understandings with respect to the CDA in this Memorandum:

NOW, THEREFORE, in consideration of the foregoing, the parties set forth the following understandings.

1. **Definitions.** The terms set forth below will have the following meanings in this Memorandum unless the context clearly requires otherwise.

"Annual Installment" means the annual amount of payments allocated to each parcel within the CDA subject to the Assessment Lien, as determined in accordance with the RMA.

"Assessment Lien" means the special assessment on each taxable parcel within the CDA District as determined in accordance with the RMA.

"Board" means the Board of Supervisors of Henrico County, Virginia.

"Bonds" means the bonds to be issued by the CDA pursuant to Virginia Code Sections 15.2-5158(A)(2) and 15.2-5125 as described in paragraph 2 of this Memorandum.

"CDA" means the Short Pump Town Center Community Development Authority and its successors and assigns.

"CDA District" means the CDA boundaries as such boundaries may be adjusted by the CDA in accordance with the provisions of the Resolution and the CDA's Articles of Incorporation.

"CDA Improvements" means certain infrastructure and other improvements in connection with the Short Pump Town Center to be financed by the CDA as described in paragraph 3 of this Memorandum.

"County" means Henrico County, Virginia.

"Developer" means Short Pump Town Center LLC, its successors and assigns.

"Economic Development Agreement" means the Economic Development Agreement among the Board, the Developer, the CDA and the EDA as described in paragraph 9 of this Memorandum.

"EDA" means the Economic Development Authority of Henrico County, Virginia, and its successors and assigns.

"EDA Payments" means semi-annual payments from the County to the EDA to be paid on or before each [May 15] and [November 15] pursuant to the Economic Development Agreement in amounts determined as set forth in paragraph 9 of this Memorandum and subject to the limitations set forth in such paragraph 9 and in the Economic Development Agreement.

"Initial Authority District" means the real estate described in Exhibit A to this Memorandum.

"Landowner" means, collectively, MJGT Associates, Inc., Forest City Enterprises, Inc. and F.C. Short Pump Land Investment, Inc., and their respective successors and assigns.

"Memorandum" means this Memorandum of Understanding among the Board, the Landowner, the CDA and the Developer.

"Non-Anchor Portion" means approximately 346,000 square feet of retail space to be constructed at Short Pump Town Center in addition to the four anchor department stores.

"Petition" means the Petition filed with the Board to create the CDA.

"Resolution" means the Resolution adopted by the Board on September 26, 2000 creating the CDA.

"RMA" means the Rate and Method of Apportionment of Special Assessments for the CDA attached hereto as Exhibit B.

"Short Pump Town Center" means a first class retail center to be located north of West Broad Street (U.S. Route 250) near its intersection with Lauderdale Drive in the County, including four department stores consisting of Dillard's, Hecht's, Nordstrom and Lord & Taylor.

"Tax Increment" has the meaning set forth in paragraph 9(f) of this Memorandum.

"Tax Increment Amounts" means the tax revenues collected by the County attributable to the Tax Increment.

"Trustee" means the bank or trust company serving as trustee for the Bonds.

"Virginia Code" means the Code of Virginia of 1950, as amended.

2. **Issuance of Bonds.** The CDA agrees to issue the Bonds pursuant to Virginia Code Sections 15.2-5158(A)(2) and 15.2-5125 to be used to finance the land acquisition, design, infrastructure construction and development by or on behalf of the CDA of certain improvements in connection with the Short Pump Town Center. The CDA will request the Board to establish a special assessment on real estate within the CDA District, as such special assessment may be reduced in accordance with the RMA to secure payment of the Bonds. The special assessments will be calculated to correspond to the benefit each parcel receives from the improvements for which Bonds are issued. The CDA expects to finance the CDA Improvements with one or more series of Bonds. The Bonds shall be issued in an amount sufficient to pay a portion of the costs of the CDA Improvements, which amount will not exceed \$22,000,000, plus an amount sufficient to pay a portion of the costs of issuing the Bonds in the amount of 2% of the aggregate principal amount of the Bonds, the costs of establishing any reserve fund required in connection with the issuance of the Bonds and capitalized interest on the Bonds for a period not to exceed 12 months. The CDA agrees that the maturity of the Bonds shall not exceed approximately five years after the year in which the anticipated completion date of the Short Pump Town Center occurs.

3. **Development of CDA Improvements.** The Short Pump Town Center will be a first-class retail center located within the Initial Authority District. The CDA Improvements consist of various infrastructure improvements, including traffic signalization and road improvements, entrance roads, sanitary sewer line improvements and extensions, stormwater

management improvements, water system extensions and improvements, lighting, landscaping, parking and public areas all as described in the Petition. The CDA, or the Developer on behalf of the CDA, will enter into contracts for the construction, development and equipping of such improvements.

4. **Submission of Information.** Before the issuance of the Bonds, the Landowner, the Developer or the CDA, as appropriate, will submit such information with respect to the CDA's finances and the issuance of the Bonds as the County's Director of Finance or County Attorney may reasonably request, including the Limited Offering Memorandum or other disclosure document to be used in connection with the sale of the Bonds.

5. **Special Assessment.**

(a) Request for Special Assessment -- Not later than January 15 of each year, the CDA will request the County to levy and collect the Annual Installment pursuant to Virginia Code Section 15.2-5158(A)(5) in accordance with the RMA. The CDA agrees that, so long as the Bonds remain outstanding, each year it will request semi-annual payments of the Annual Installment to be collected by the County in that year for the Assessment Lien in accordance with the RMA. Contemporaneously with the above request to levy and collect the Annual Installment, the CDA shall deliver to the County's Director of Finance a schedule showing the applicable portion of the Annual Installment for each parcel in the CDA District as it existed as of January 1 of that year. In making the above request, the CDA will provide the following information for each parcel within the CDA District that is subject to the Assessment Lien: (1) the parcel GPIN; (2) parcel acreage; (3) parcel address; (4) the parcel owner as of January 1, including a contact person should the parcel owner be owned by more than one person or by a corporate entity or partnership; (5) mailing address of the owner or contact person set forth in item 4 and (6) the proposed amount of Annual Installment divided equally into first and second half of the year;

(b) Agreement with respect to Assessment -- In accordance with Virginia Code Sections 15.2-5158(A)(5) and 15.2-2405 the parties hereto agree to the Assessment Lien and the Annual Installment to be levied and apportioned in accordance with this Memorandum and the RMA attached hereto as Exhibit B and incorporated herein.

(c) Billing and Collection of Annual Installments -- The County shall impose the Annual Installment in accordance with law no later than April 30 of each year. The amount of the Annual Installment for each parcel will be recorded on the County tax rolls in the same manner as any other supplemental tax bill such that the public will have access to its existence and payment status on a parcel-by-parcel basis. Penalties and interest on delinquent payments of the Annual Installment shall be charged as provided by law. The Annual Installment, to be collected in accordance with the RMA, shall be billed in halves, each half being due on June 5 and December 5 of each year unless these dates fall on a date when County offices are closed, in which case the Annual Installment shall be due on the next day that County offices are open. A supplemental bill in a separate envelope, with instructions requiring payment to be returned to the Director of Finance, shall be sent for each payment of Annual Installment for each due date.

(d) **Assignment** -- The County pledges and assigns all of its right, title and interest in the Annual Installments to the CDA, subject to annual appropriation by the Board. The County Manager or other officer responsible for preparing the County's budget shall include in the County's budget for each fiscal year an amount equal to the Annual Installment, if any, to be collected for such fiscal year. Although it is the County's intention to pay to the CDA the Annual Installment collected in each fiscal year, the County's obligations hereunder are subject to appropriation each year by the Board and do not constitute a general obligation of the County or a pledge of its full faith and credit. The CDA, in turn, will pledge and assign all of its right, title and interest in the Annual Installments to the Trustee for the Bonds who will use the moneys received to make debt service payments on the Bonds before returning any remainder to the CDA. The Annual Installments assigned by the County include any payments from foreclosures, less costs of collection. The County will pay such Annual Installment amounts collected to the CDA or the Trustee as assignee of the CDA within 20 days after receipt of any such amounts.

(e) **Collection of Delinquent Annual Installment Payments** -- The County's customary tax payment enforcement proceedings will apply to the collection of any delinquent payment of the Annual Installment. The County shall pursue the collection of such delinquent payments with the same diligence it employs in the collection of the County's general *ad valorem* real estate taxes, including the commencement of tax foreclosure proceedings to the extent provided by the then-current statutes of the Commonwealth of Virginia. The County agrees that it will provide notice to the CDA of any legal proceedings to be instituted for the collection of delinquent payments of the Annual Installment. The parties understand and agree that the County's ordinary discretion in this regard allows it to decide not to expend resources to collect *de minimis* outstanding amounts; provided that the County will obtain the CDA's consent with respect to any such amounts in excess of \$200. The CDA agrees to cooperate with the County in any such enforcement action.

6. **CDA Board Members.** In accordance with the Resolution, the initial members of the board of the CDA are as set forth in the CDA's Articles of Incorporation. The successor of each member shall be appointed by the Board for a term of four years and until his or her successor shall be duly appointed and qualify, except that any person appointed to fill a vacancy shall serve only for the unexpired term. Any member shall be eligible for reappointment.

7. **Prerequisites to Issuance of Bonds.** The CDA agrees that it will not issue Bonds until the Developer has met the prerequisites set forth in this paragraph. The Developer agrees that it will provide the following to the County before the issuance of Bonds by the CDA:

- (i) a copy of a Reciprocal Easement Agreement executed by the four anchor department stores (Nordstrom, Hecht's, Lord & Taylor and Dillard's) providing that such department stores will build and operate department stores containing a total of approximately 654,000 square feet to be operated under the foregoing names at Short Pump Town Center for a period of 15 years;
- (ii) evidence satisfactory to the County that the Hecht's and Dillard's department stores will be operated as flagship department stores and that

the Nordstrom and Lord & Taylor department stores will be operated as first class department stores;

- (iii) a guaranty by Forest City Enterprises, Inc. in form and substance satisfactory to the County that construction of the Non-Anchor Portion of Short Pump Town Center will be completed;
- (iv) evidence satisfactory to the County that the Developer has obtained commitments for financing in amounts sufficient to complete construction of the Non-Anchor Portion of Short Pump Town Center; and
- (v) evidence that the Developer has spent at least \$10,000,000 in equity funds that have been applied to payment of costs of developing Short Pump Town Center.

8. **Bond Reserve Fund Payments.** The CDA and the County agree that the following amounts will be used by the Trustee to pay costs that qualify for Bond financing or to reimburse the Developer for such costs if permitted under the Internal Revenue Code and applicable regulations or to pay debt service on the Bonds in accordance with the Indenture, provided that amounts derived pursuant to (iii) below will be paid to the Developer: (i) any amounts in the Bond debt service reserve fund held by the Trustee in excess of the amount required to be on deposit in such fund resulting from investment earnings on such fund; (ii) any amounts in excess of the amounts required to be held in such fund as a result of prepayment of any of the Bonds; (iii) any balance remaining in such fund upon payment in full of the Bonds; and (iv) any amounts in such fund for which a surety bond consistent with the requirements of the Indenture pursuant to which the Bonds are issued has been provided.

9. **Economic Development Agreement.** (a) The County agrees that in consideration of the public improvements to be provided by the Developer and the benefits accruing to the County from the development of Short Pump Town Center it will enter into the Economic Development Agreement to provide for payment of certain incentives to the CDA or the Developer upon the terms described in this paragraph and the Economic Development Agreement.

(b) Each EDA Payment shall be in an amount equal to (i) the amount of all Annual Installments, or portions thereof paid by the Developer with respect to which no prior EDA Payment has been made plus (ii) the amount of any Assessment Lien prepaid by the Developer and not previously reimbursed plus (iii) the amount of all Annual Installments, or portions thereof, applicable to the Developer's property and for the payment of which funds have been made available to the CDA and with respect to which no prior EDA Payment has been made, plus (iv) an amount equal to the portion of any prior EDA Payment that was not paid because Tax Increment Amounts collected by the County were insufficient to make such payment.

(c) Notwithstanding anything to the contrary contained in this Memorandum, the County shall pay each EDA Payment only to the extent it has collected Tax Increment Amounts that have not previously been applied to make EDA Payments.

(d) Notwithstanding anything to the contrary contained in this Memorandum, all EDA Payments to be paid by the County to the EDA shall be subject to annual appropriation by the Board.

(e) EDA Payments shall be used by the EDA to make payments as set forth in the Economic Development Agreement.

(f) "Tax Increment" means for each six-month period preceding the date of calculation the difference between the Base Tax Revenues and the Current Tax Revenues. The Base Tax Revenues shall be the amount of taxes received by the County from all property within the Initial Authority District, as described in Exhibit B to this Memorandum in the six-month period ending December 31, 1999, from all tax revenues, including real estate taxes, personal property taxes, BPOL taxes and the local portion of sales taxes. Current Tax Revenues shall be the amount of taxes received by the County from all property within the Initial Authority District in the six-month period preceding the date of calculation from all such taxes. The Tax Increment shall be calculated semi-annually as of each [May 1] and [November 1] by the County's Director of Finance.

(g) EDA Payments shall not be pledged to payment of the Bonds.

10. Counterparts. This Memorandum may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which together shall constitute but one and the same instrument.

11. Non-Recourse to Forest City Enterprises, Inc. Upon completion of construction of the Non-Anchor Portion, the obligations of Forest City Enterprises, Inc. under this Memorandum shall be nonrecourse to the members of Forest City Enterprises, Inc., and their respective members, shareholders, partners, officers and directors, as the case may be.

12. Governing Law. This Memorandum shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia without regard to its conflict of law rules.

13. Consent to Jurisdiction and Venue. The parties hereto (a) agree that any suit, action or other legal proceeding, as between the parties hereto, arising out of or relating to this Memorandum shall be brought and tried only in the Circuit Court of Henrico County, Virginia, (b) consent to the jurisdiction of such court in any such suit, action or proceeding and (c) waive any objection which any of them may have to the laying of venue of any such suit, action or proceeding in such court and any claim that any such suit, action or proceeding has been brought in an inconvenient forum. The parties hereto agree that a final judgment in any such suit, action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

14. Severability. If any clause, provision or section of this Memorandum is held to be illegal or invalid by any court, the invalidity of the clause, provision or section will not affect any of the remaining clauses, provisions or sections, and this Memorandum will be construed and enforced as if the illegal or invalid clause, provision or section has not been contained in it.

15. Successors and Assigns. This Memorandum will be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and assigns.

16. Survival. The Memorandum shall survive payment in full of the Bonds and shall remain in full force and effect until all EDA Payments have been made.

WITNESS the following signatures.

SHORT PUMP TOWN CENTER LLC

By: _____

Title: _____

SHORT PUMP TOWN CENTER COMMUNITY
DEVELOPMENT AUTHORITY

By: _____

Title: Chairman

BOARD OF SUPERVISORS OF HENRICO
COUNTY, VIRGINIA

By: _____

Title: County Manager

MJGT ASSOCIATES, LLC

By: _____

Its: _____

FOREST CITY ENTERPRISES, INC.

By: _____

Its: _____

F.C. SHORT PUMP LAND INVESTMENTS, INC.

By: _____
Its: _____

Attachments:

Exhibit A – Description of Initial Authority District

Exhibit B – Rate and Method of Apportionment of Special Assessments

Exhibit A**Description of Initial Authority District**

All those certain pieces and parcels of land containing in the aggregate 147.186 acres, more or less, as described on that certain plat dated December 19, 1997, revised September 3, 1998, prepared by Timmons and entitled "Plat Showing 147.186 Acres of Land Lying on the North Line of U.S. Route 250 – West Broad Street" and being comprised of the following tax parcels: 36-A-13 (in part), 36-A-26, 36-A-27, 36-A-28, 36-A-29, 36-A-30, 36-A-31, 36-A-32, 36-A-34A, 36-A-35A, 36-A-36A, 36-A-37 and 36-A-38.

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Exhibit A – Rate and Method of Apportionment of Special Assessments

\\RJC7\BONDS\SHORTPUMP\res approving special assessments.doc

ECONOMIC DEVELOPMENT AGREEMENT

THIS ECONOMIC DEVELOPMENT AGREEMENT (this "Agreement") is entered into as of _____ 1, 2000 by and among the BOARD OF SUPERVISORS OF HENRICO COUNTY, VIRGINIA (the "Board") the SHORT PUMP TOWN CENTER COMMUNITY DEVELOPMENT AUTHORITY (the "CDA"), SHORT PUMP TOWN CENTER LLC, its successors and assigns (the "Developer") and the ECONOMIC DEVELOPMENT AUTHORITY OF HENRICO COUNTY, VIRGINIA (the "Authority").

RECITALS:

The County proposes to enter into this Agreement with the Authority, the CDA and the Developer in order to provide certain moneys to the Authority to be used to promote economic development objectives as described herein. The County, the CDA and the Authority propose to facilitate the acquisition of land, construction and development of certain infrastructure and public improvements in connection with a retail center to be located in the County known as Short Pump Town Center.

The Authority, the CDA and the County expect that the development of Short Pump Town Center will provide necessary or desirable infrastructure and public improvements and result in increased employment opportunities for the residents of the County, increased tax revenues for the County, a strengthened economic base and other economic benefits to the County which will further the well-being of the County and its residents. The County is authorized pursuant to Section 15.2-953 of the Code of Virginia of 1950, as amended, to make donations and appropriations of money to the Authority for the purposes of promoting economic development.

The Board has determined that the incentives provided by this Agreement are expected to meet or exceed each of the County's criteria for economic development incentives as follows: (i) any incentives will be funded solely by revenues generated by the Short Pump Town Center, (ii) the Short Pump Town Center is expected to have a minimum value of at least one percent of the County's tax base, (iii) the anticipated revenues to be derived by the County exceed the incentives, (iv) the incentives will not exceed the amount of revenues generated by the Short Pump Town Center within a five year period, (v) the costs funded from incentives do not exceed 10% of the value of the Short Pump Town Center, (vi) the proposed financing will have no impact on the County's credit rating and (vii) the proposed development will have limited requirements for County services.

The County intends to make economic development incentive payments to the Authority to facilitate the development of Short Pump Town Center, but only from certain tax revenues generated by Short Pump Town Center and only to the extent provided in paragraph 9 of the Memorandum (as defined below).

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements herein contained, and other good and valuable consideration, the receipt and

sufficiency of which are hereby acknowledged, the County, the CDA, the Developer and the Authority hereby agree as follows:

1. Recitals. The foregoing recitals are incorporated into and made a part of this Agreement as though they were fully set forth in this Section 1 and constitute the representations, findings and understandings of the Board, the CDA, the Developer and the Authority.

2. Definitions. The terms set forth below will have the following meanings in this Agreement unless the context clearly requires otherwise.

"Agreement" means this Economic Development Agreement among the Board, the CDA, the Developer and the Authority.

"Annual Installment" means the annual amount of payments allocated to each parcel within the CDA subject to the Assessment Lien, as determined in accordance with the RMA.

"Assessment Lien" means the special assessment on each taxable parcel within the CDA District as determined in accordance with the RMA.

"Authority" means the Economic Development Authority of Henrico County, Virginia, and its successors and assigns.

"Board" means the Board of Supervisors of Henrico County, Virginia.

"CDA" means the Short Pump Town Center Community Development Authority and its successors and assigns.

"CDA District" means the CDA boundaries as such boundaries may be adjusted by the CDA in accordance with the provisions of the Resolution and the CDA's Articles of Incorporation.

"County" means Henrico County, Virginia.

"Developer" means Short Pump Town Center LLC and its successors and assigns.

"EDA Payments" means semi-annual payments from the County to the Authority to be paid on or before each May 15 and November 15 as such payments are determined pursuant to paragraph 9 of the Memorandum and subject to the limitations set forth in paragraph 9 of the Memorandum.

"Force Majeure" means acts of God, strikes, lockouts or other industrial disturbances; acts of public enemies; orders or restraints of any kind of the governments of the United States or of the Commonwealth of Virginia or any of their departments, agencies or officials, or any civil or military authority; insurrections; riots; landslides; lightning; earthquakes; fires; tornadoes; volcanoes; storms; droughts; floods; explosions, breakage, or malfunction or accident to

machinery, transmission lines, pipes or canals, even if resulting from negligence; civil disturbances; or any other cause not reasonably within the control of the Developer.

"Initial Authority District" means the real estate described in Exhibit A to this Agreement.

"Landowner" means, collectively, MJGT Associates, Inc., Forest City Enterprises, Inc. and F.C. Short Pump Land Investment, Inc., and their respective successors and assigns.

"Memorandum of Understanding" means the Memorandum of Understanding, dated _____ among the Board, the CDA, the Landowner and the Developer.

"Non-Anchor Portion" means approximately 346,000 square feet of retail space to be constructed at Short Pump Town Center in addition to the four anchor department stores.

"Noncompliance" means failure of the Developer to perform any of the covenants contained in paragraph 6 of this Agreement; provided that if by reason of Force Majeure the Developer is unable in whole or in part to perform such covenants, a Noncompliance shall not be deemed to have occurred during the continuance of such inability. The Developer agrees, however, to remedy with all reasonable dispatch the cause or causes preventing the Developer from carrying out its covenants and provided further that Noncompliance shall not be deemed to have occurred if the Developer provides evidence satisfactory to the County that it is undertaking corrective action and diligently pursuing corrective action.

"Petition" means the Petition filed with the Board to create the CDA.

"Resolution" means the Resolution adopted by the Board on September 26, 2000 creating the CDA.

"RMA" means the Rate and Method of Apportionment of Special Assessments for the CDA.

"Short Pump Town Center" means a first class retail center to be located north of West Broad Street (U.S. Route 250) near its intersection with Lauderdale Drive in the County, including four department stores consisting of Dillard's, Hecht's, Nordstrom and Lord & Taylor.

"Tax Increment" means for each six-month period preceding May 1 and November 1 the difference between the Base Tax Revenues and the Current Tax Revenues. The Base Tax Revenues shall be the amount of taxes received by the County from all property within the Initial Authority District in the six-month period ending December 31, 1999, from all tax revenues, including real estate taxes, personal property taxes, BPOL taxes and the local portion of sales taxes. Current Tax Revenues shall be the amount of taxes received by the County from all property within the Initial Authority District in the six month period preceding the applicable May 1 or November 1 from all such taxes.

"Tax Increment Amounts" means the tax revenues collected by the County attributable to the Tax Increment.

"Trustee" means the bank or trust company serving as trustee for the CDA's bonds.

"Virginia Code" means the Code of Virginia of 1950, as amended.

3. County Undertakings. Subject to the restrictions in paragraph 9 of the Memorandum, including but not limited to annual appropriation by the Board, the County agrees to pay EDA Payments, in amounts calculated as set forth in paragraph 9 of the Memorandum, subject to annual appropriation, to the Authority semi-annually on or before each May 15 and November 15, beginning with the May 15 or November 15 following the first semi-annual payment of the Annual Installment made by the Developer.

4. Authority Undertakings. (a) The Authority agrees to cooperate with the County to provide certain economic development incentives to facilitate the development and construction of Short Pump Town Center on the terms set forth herein.

(b) Subject to paragraphs 4(c) and (d) below, the Authority agrees to use EDA Payments to make semi-annual payments as follows:

(1) First, to the extent there is a semi-annual installment of the Annual Installment on the Developer's property assessed but unpaid, the EDA will make a payment to the CDA on or before each June 1 and December 1, beginning _____, in the amount of such semi-annual installment, but only to the extent it has received sufficient EDA Payments from the County for such purpose; and

(2) Second, any amounts remaining after making the payment described in paragraph 4(b)(1) above shall be paid to the Developer, but only to the extent the Authority has received EDA Payments from the County for such purpose.

(c) The Authority shall make the payments described in paragraph 4(b) above solely from EDA Payments received from the County. The Authority's obligation to make such payments shall be contingent on sufficient funding from the County in the form of EDA Payments. Any payments to be made by the Authority in accordance with this Agreement shall not constitute general obligations of the Authority and are not payable from other moneys of the Authority.

(d) Upon the occurrence and continuation of any Noncompliance the Authority shall return to the County any EDA Payments not used to make the payments described in paragraph 4(b) above. If the Noncompliance is cured to the satisfaction of the County, the Authority shall resume application of EDA Payments as set forth in paragraph 4(b) above.

5. CDA Undertakings. The CDA agrees to pay all moneys received from the Authority to the Trustee within two (2) business days after receipt of such moneys.

6. Developer Undertakings. (a) The Developer agrees to develop and construct the Non-Anchor Portion of Short Pump Town Center as a first-class retail center consisting of approximately 1,000,000 square feet of retail space, and to cause the construction of four department stores totaling approximately 654,000 square feet to be operated as Nordstrom, Lord & Taylor, Dillard's and Hecht's.

(b) The Developer agrees to use its best efforts to cause the Hecht's and Dillard's department stores to be operated as flagship department stores and to cause the Nordstrom and Lord & Taylor department stores to be operated as first class department stores all for a period of at least 15 years.

7. Notices. Any notice, request, demand, instruction or other document required or permitted by the provisions of this Agreement to be given or served hereunder or under any document or instrument executed pursuant hereto shall be in writing and (i) sent by first class mail; (ii) personally delivered, (iii) telecopied or (iv) sent by a recognized overnight courier service to the County, the CDA, the Developer and/or the Authority:

If to the Authority:

Economic Development Authority of Henrico
County, Virginia
8011 Villa Park Drive
Suite 160-B
Richmond, Virginia 23228
Attn: Chairman
Telecopy: (804) 264-3600

with a copy to:

Office of the County Attorney
for the County of Henrico, Virginia
4301 East Parham Road
P. O. Box 27032 (23273-7032)
Richmond, Virginia 23228
Attn: County Attorney
Telecopy: (804) 501-4140

If to the County:

Board of Supervisors of Henrico County, Virginia
4301 East Parham Road
P. O. Box 27032 (23273-7032)
Richmond, Virginia 23228
Attn: County Manager
Telecopy: (804) 501-4162

If to the CDA:

Short Pump Town Center Community
Development Authority
c/o Williams Mullen Clark & Dobbins
Two James Center
1021 East Cary Street
Richmond, Virginia 232219
Attn: _____
Telecopy: _____

If to the Developer:

_____
_____
_____
_____
Attn: _____
Telecopy: _____

8. Severability. If any clause, provision or section of this Agreement is held to be illegal or invalid by any court, the invalidity of the clause, provision or section will not affect any of the remaining clauses, provisions or sections, and this Agreement will be construed and enforced as if the illegal or invalid clause, provision or section has not been contained in it.

9. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which together shall constitute but one and the same instrument.

10. Consent to Jurisdiction and Venue. The parties hereto (a) agree that any suit, action or other legal proceeding, as between the parties hereto, arising out of or relating to this Agreement shall be brought and tried only in the Circuit Court of Henrico County, Virginia, (b) consent to the jurisdiction of such court in any such suit, action or proceeding and (c) waive any objection which any of them may have to the laying of venue of any such suit, action or proceeding in such court and any claim that any such suit, action or proceeding has been brought in an inconvenient forum. The parties hereto agree that a final judgment in any such suit, action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

11. Successors and Assigns. This Agreement will be binding upon, insure to the benefit of and be enforceable by the parties and their respective successors and assigns.

12. Survival. This Agreement shall survive payment in full of the Bonds and shall remain in full force and effect until all payments under subparagraph 5(a)(2) and 5(a)(3) of this Agreement have been made.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

BOARD OF SUPERVISORS OF HENRICO
COUNTY, VIRGINIA

By: _____

Title: County Manager

ECONOMIC DEVELOPMENT AUTHORITY OF
HENRICO COUNTY, VIRGINIA

By: _____

Its: Chairman

SHORT PUMP TOWN CENTER COMMUNITY
DEVELOPMENT AUTHORITY

By: _____

Its: Chairman

SHORT PUMP TOWN CENTER LLC

By: _____

Its: _____

Exhibit A: Description of Initial Authority District

Exhibit A
Description of Initial Authority District

All those certain pieces and parcels of land containing in the aggregate 147.186 acres, more or less, as described on that certain plat dated December 19, 1997, revised September 3, 1998, prepared by Timmons and entitled "Plat Showing 147.186 Acres of Land Lying on the North Line of U.S. Route 250 – West Broad Street" and being comprised of the following tax parcels: 36-A-13 (in part), 36-A-26, 36-A-27, 36-A-28, 36-A-29, 36-A-30, 36-A-31, 36-A-32, 36-A-34A, 36-A-35A, 36-A-36A, 36-A-37 and 36-A-38.

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**ECONOMIC DEVELOPMENT AUTHORITY
HENRICO COUNTY, VIRGINIA**

John M. Steele
11/16/00

To wit:

A regular meeting of the Board of Directors of the Economic Development Authority of Henrico County, Virginia was held on Thursday, November 16, 2000 in the conference room of its offices located at Villa Park, 8011 Villa Park Drive, Suite 160-B, Richmond (Henrico County), Virginia 23228.

DIRECTORS PRESENT:

John M. Steele, Chairman
John F. Hastings, Vice Chairman
Raymond M. Garrett, Treasurer
Julian N. Holland, Jr.
Sam Kornblau
Matthew J. Robinson, Jr.

DIRECTORS ABSENT:

S. Floyd Mays, Jr., Secretary
J. Frank Alspaugh

OTHERS PRESENT:

Virgil R. Hazelett, P. E., County Manager
John L. Knight, Esquire, Counsel to EDA
Frederick T. Agostino, Executive Director
Leonard C. Cake, Jr., CED, Administrative Director
B. Anthony Hall, Director of Marketing
Ralph L. ("Bill") Axselle, Esquire, Williams, Mullen, Clark & Dobbins
Lynn Leland Coe, Esquire, Jones, Day, Reavis & Pogue
Sean Ekiert, Davenport & Company
Bonnie M. France, Esquire, McGuireWoods LLP
Robert F. Moorman, Reed Smith Hazel & Thomas, LLP
Warren Redfern, Davenport & Company
John N. Simpson, Bon Secours Richmond Health System, Inc.

*****

The meeting was called to order by the Chairman.

*****

APPROVAL OF MINUTES

Mr. Kornblau moved that the minutes of the October 19, 2000 regular meeting be approved as submitted. The motion was seconded by Mr. Holland and unanimously approved.

*****

The Chairman welcomed Mr. Matthew J. Robinson, Jr. as a new appointee to the Authority and congratulated Mr. Holland on being reappointed for his sixth term on the Authority.

The Chairman also welcomed Mr. Virgil R. Hazelett, P. E., County Manager, to the meeting.

*****

**PUBLIC HEARING – RESOLUTION OF THE ECONOMIC DEVELOPMENT
AUTHORITY OF HENRICO COUNTY, VIRGINIA WITH RESPECT TO BON
SECOURS HEALTH SYSTEM, INC.**

The Chairman welcomed Mr. Lynn Leland Coe, an attorney with Jones, Day, Reavis & Pogue, Chicago, Illinois, bond counsel, who appeared before the Authority to present a final resolution in connection with the proposed issuance of bonds for the benefit of Bon Secours Health System, Inc. ("BSHSI"), a Maryland not-for-profit corporation, and two related entities, Bon Secours-St. Mary's Hospital of Richmond, Inc., in Henrico County, and Maryview Hospital, in Portsmouth (the "Hospitals"). Among other things, the resolution: (1) authorized the issuance by the Authority of up to \$60,000,000 in aggregate principal amount of its Revenue Bonds, Series 2000 (Bon Secours Health System, Inc.) for the benefit of BSHSI and the Hospitals, subject to the approval of the Board of Supervisors of Henrico County, Virginia and the City Council of the City of Portsmouth, Virginia; (2) approved the sale of the bonds to Merrill Lynch,

Pierce, Fenner & Smith, Incorporated; (3) approved certain financing documents; and (4) recommended that the Board of Supervisors of Henrico County approve the issuance of the bonds subject to the concurrence of and approval by the Portsmouth City Council. Mr. Coe noted that the amount of the bonds had been reduced from the original \$125,000,000 to \$60,000,000 due to the fact that the Industrial Development Authority of Chesterfield County, rather than the Henrico Authority, will be issuing bonds for the benefit of Bon Secours-St. Francis Medical Center, Inc., which is located in Chesterfield County. Mr. Coe recalled that the inducement resolution which the Henrico Authority adopted in October contemplated that the Authority would issue the bonds for St. Francis.

Mr. Coe introduced Mr. John N. Simpson of Bon Secours Richmond Health System, Inc. to address questions from the directors.

This being a public hearing, the Chairman asked if there was anyone who wished to speak concerning this agenda item. No one spoke.

Mr. Knight, counsel to the Authority, noted that he found the resolution to be in order.

On motion of Mr. Kornblau, seconded by Mr. Hastings, the resolution was unanimously approved with Messrs. Garrett, Hastings, Holland, Kornblau, Robinson, and Steele all voting "aye."

A copy of the resolution is attached to and made a part of these minutes.

*****

RESOLUTION OF THE ECONOMIC DEVELOPMENT AUTHORITY OF HENRICO COUNTY, VIRGINIA AUTHORIZING AN ECONOMIC DEVELOPMENT AGREEMENT IN CONNECTION WITH THE DEVELOPMENT OF THE SHORT PUMP TOWN CENTER

The Chairman asked Mr. Knight to present a resolution which would authorize an Economic Development Agreement in connection with the development of the Short Pump Town Center. Mr. Knight, in turn, introduced Ms. Bonnie M. France, an attorney with McGuireWoods, LLP, bond counsel to the Short Pump Town Center Community Development Authority (the "CDA"), and requested Ms. France to explain the agreement. Under the agreement, Ms. France explained, the County will provide to the Authority certain payments to be used as economic development incentives. The Authority, in turn, will make semi-annual payments to the CDA.

Ms. France introduced Mr. Ralph L. ("Bill") Axselle of Williams, Mullen, Clark & Dobbins and Messrs. Sean Ekiert and Warren Redfern of Davenport & Company, and offered to answer any questions of the Authority.

The Chairman asked if anyone wished to speak concerning this agenda item. No one spoke.

On motion of Mr. Holland, seconded by Mr. Kornblau, the resolution was unanimously approved with Messrs. Garrett, Hastings, Holland, Kornblau, Robinson, and Steele all voting "aye."

A copy of the resolution is attached to and made a part of these minutes.

*****

REPORT OF RELOCATION COMMITTEE

Mr. Holland, Chairman of the Relocation Committee, reported that the committee had met twice since the last Authority meeting. The most recent committee meeting was a pre-proposal meeting to discuss the Request for Proposal (RFP) which was advertised in the *Richmond Times-Dispatch* and sent to companies on the County's mailing list on November 5,

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2000. Nine potential offerors were represented at the meeting. Mr. Holland noted that the deadline for submission of RFPs to the County is November 30, 2000. He explained that the timeline on the RFP calls for the Authority to be in its new offices by May 2002. Several important committee meetings will be held between now and the first of the year. The committee will provide more information in the near future.

*****

REPORT OF FINANCE COMMITTEE

Mr. Garrett, Chairman of the Finance Committee, reported that the Authority directors had received the financial statements prepared by Mitchell, Wiggins & Company, LLP. There were no questions by the directors. Mr. Garrett recommended that the Authority accept the report.

On motion of Mr. Garrett, seconded by Mr. Hastings, the financial statements were accepted as presented.

*****

STAFF SUMMARY REPORT

The attached "Staff Written Summary Report" was submitted to the directors for their review and consideration prior to the meeting.

The staff answered several questions concerning the report.

*****

The Executive Director provided information on the following:

- The staff has been having difficulty lining up entertainment for the Authority's annual business appreciation event. It was suggested that the staff pursue the Capitol Steps for an event that would be held in the spring

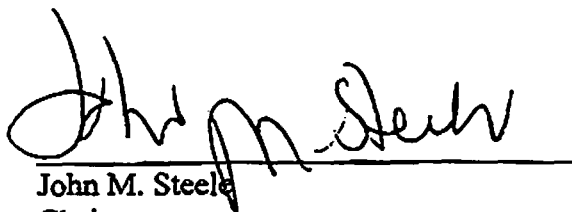
of 2001.

- Due to the fact that the Authority will have three new, additional directors, it was suggested that a joint meeting between the Authority and Board of Supervisors be held to review the Authority's program. It was the consensus of the directors that the Authority should strive for such a meeting sometime in March or April 2001.
- Based on an agreement with the airport and all of the regional economic development offices, the airport displays by each group will be eliminated.
- It was suggested that a Sister City visit to Saarland by County representatives be planned for 2001. It was the consensus of the directors that the trip be planned for May or June 2001.

*****

There being no further business, the meeting was adjourned at 7:17 p.m.

S. Floyd Mays, Jr.
Secretary



John M. Steele
Chairman

12/21/00
Date

**RESOLUTION OF THE ECONOMIC DEVELOPMENT AUTHORITY
OF HENRICO COUNTY, VIRGINIA AUTHORIZING AN
ECONOMIC DEVELOPMENT AGREEMENT IN CONNECTION
WITH THE DEVELOPMENT OF THE SHORT PUMP TOWN CENTER**

WHEREAS, the Board of Supervisors of Henrico County, Virginia (the "Board") authorized the creation of the Short Pump Town Center Community Development Authority (the "CDA") by resolution adopted September 26, 2000; and,

WHEREAS, the Board and the CDA have approved certain agreements with Short Pump Town Center LLC, its successors and assigns (the "Developer") and the Economic Development Authority of Henrico County, Virginia (the "EDA") pursuant to an Economic Development Agreement (the "Economic Development Agreement"); and

WHEREAS, the Board proposes to provide certain incentives to the Developer to make possible and promote the development of Short Pump Town Center as a first-class retail center in accordance with the Economic Development Agreement; and

WHEREAS, assisting in the development of the Short Pump Town Center will promote economic development in Henrico County, Virginia (the "County") and will benefit the citizens of the County by providing increased employment opportunities, a strengthened economic base and increased tax revenues and additional retail opportunities not currently available in the local area; and

WHEREAS, the Board has determined that the financial incentives provided pursuant to the Economic Development Agreement are expected to meet or exceed each of the County's criteria for economic development incentives as follows: (i) any incentives will be funded solely by revenues generated by the Short Pump Town Center, (ii) the Short Pump Town Center is expected to have a minimum value of at least one percent of the County's tax base, (iii) the anticipated revenues to be derived by the County exceed the incentives, (iv) the incentives will not exceed the amount of revenues generated by the Short Pump Town Center within a five year period, (v) the costs funded from incentives do not exceed 10% of the value of the Short Pump Town Center, (vi) the proposed financing will have no impact on the County's credit rating and (vii) the proposed development will have limited requirements for County services.

**NOW, THEREFORE, BE IT RESOLVED BY THE ECONOMIC
DEVELOPMENT AUTHORITY OF HENRICO COUNTY, VIRGINIA:.**

1. Approval of Economic Development Agreement. The Economic Development Agreement is approved in substantially the form presented to the EDA at this meeting, with such minor changes and corrections (including, without limitation, changes in the date thereof) as may be approved by the Chairman or Vice Chairman of the EDA, whose approval shall be evidenced conclusively by the execution and delivery of the Economic Development Agreement. The execution, delivery and performance of the Economic Development Agreement by the EDA is

EDA00101

authorized. The Chairman or Vice Chairman of the EDA, or either of them, is authorized and directed to execute and deliver the Economic Development Agreement.

2. Effective Date. This Resolution shall be effective immediately.

Adopted at a duly called and held meeting of the Economic Development Authority of Henrico County, Virginia on November 16, 2000.

Secretary, Economic Development Authority of
Henrico County, Virginia

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EDA00102

ECONOMIC DEVELOPMENT AGREEMENT

THIS ECONOMIC DEVELOPMENT AGREEMENT (this "Agreement") is entered into as of _____ 1, 2000 by and among the BOARD OF SUPERVISORS OF HENRICO COUNTY, VIRGINIA (the "Board") the SHORT PUMP TOWN CENTER COMMUNITY DEVELOPMENT AUTHORITY (the "CDA"), SHORT PUMP TOWN CENTER LLC, its successors and assigns (the "Developer") and the ECONOMIC DEVELOPMENT AUTHORITY OF HENRICO COUNTY, VIRGINIA (the "Authority").

RECITALS:

The County proposes to enter into this Agreement with the Authority, the CDA and the Developer in order to provide certain moneys to the Authority to be used to promote economic development objectives as described herein. The County, the CDA and the Authority propose to facilitate the acquisition of land, construction and development of certain infrastructure and public improvements in connection with a retail center to be located in the County known as Short Pump Town Center.

The Authority, the CDA and the County expect that the development of Short Pump Town Center will provide necessary or desirable infrastructure and public improvements and result in increased employment opportunities for the residents of the County, increased tax revenues for the County, a strengthened economic base and other economic benefits to the County which will further the well-being of the County and its residents. The County is authorized pursuant to Section 15.2-953 of the Code of Virginia of 1950, as amended, to make donations and appropriations of money to the Authority for the purposes of promoting economic development.

The Board has determined that the incentives provided by this Agreement are expected to meet or exceed each of the County's criteria for economic development incentives as follows: (i) any incentives will be funded solely by revenues generated by the Short Pump Town Center, (ii) the Short Pump Town Center is expected to have a minimum value of at least one percent of the County's tax base, (iii) the anticipated revenues to be derived by the County exceed the incentives, (iv) the incentives will not exceed the amount of revenues generated by the Short Pump Town Center within a five year period, (v) the costs funded from incentives do not exceed 10% of the value of the Short Pump Town Center, (vi) the proposed financing will have no impact on the County's credit rating and (vii) the proposed development will have limited requirements for County services.

The County intends to make economic development incentive payments to the Authority to facilitate the development of Short Pump Town Center, but only from certain tax revenues generated by Short Pump Town Center and only to the extent provided in paragraph 9 of the Memorandum of Understanding (as defined below).

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements herein contained, and other good and valuable consideration, the receipt and

EDA00103

sufficiency of which are hereby acknowledged, the County, the CDA, the Developer and the Authority hereby agree as follows:

1. **Recitals.** The foregoing recitals are incorporated into and made a part of this Agreement as though they were fully set forth in this Section 1 and constitute the representations, findings and understandings of the Board, the CDA, the Developer and the Authority.

2. **Definitions.** The terms set forth below will have the following meanings in this Agreement unless the context clearly requires otherwise.

"Agreement" means this Economic Development Agreement among the Board, the CDA, the Developer and the Authority.

"Annual Installment" means the annual amount of payments allocated to each parcel within the CDA subject to the Assessment Lien, as determined in accordance with the RMA.

"Assessment Lien" means the special assessment on each taxable parcel within the CDA District as determined in accordance with the RMA.

"Authority" means the Economic Development Authority of Henrico County, Virginia, and its successors and assigns.

"Board" means the Board of Supervisors of Henrico County, Virginia.

"CDA" means the Short Pump Town Center Community Development Authority and its successors and assigns.

"CDA District" means the CDA boundaries as such boundaries may be adjusted by the CDA in accordance with the provisions of the Resolution and the CDA's Articles of Incorporation.

"County" means Henrico County, Virginia.

"Developer" means Short Pump Town Center LLC and its successors and assigns.

"EDA Payments" means semi-annual payments from the County to the Authority to be paid on or before each May 15 and November 15 as such payments are determined pursuant to paragraph 9 of the Memorandum of Understanding and subject to the limitations set forth in paragraph 9 of the Memorandum of Understanding.

"Force Majeure" means acts of God, strikes, lockouts or other industrial disturbances; acts of public enemies; orders or restraints of any kind of the governments of the United States or of the Commonwealth of Virginia or any of their departments, agencies or officials, or any civil or military authority; insurrections; riots; landslides; lightning; earthquakes; fires; tornadoes; volcanoes; storms; droughts; floods; explosions, breakage, or malfunction or accident to

machinery, transmission lines, pipes or canals, even if resulting from negligence; civil disturbances; or any other cause not reasonably within the control of the Developer.

"Initial Authority District" means the real estate described in Exhibit A to this Agreement.

"Landowner" means, collectively, MJGT Associates, Inc., Forest City Enterprises, Inc. and F.C. Short Pump Land Investment, Inc., and their respective successors and assigns.

"Memorandum of Understanding" means the Memorandum of Understanding, dated _____ among the Board, the CDA, the Landowner and the Developer.

"Non-Anchor Portion" means approximately 370,000 square feet of retail space to be constructed at Short Pump Town Center in addition to the four anchor department stores.

"Noncompliance" means failure of the Developer to perform any of the covenants contained in paragraph 6 of this Agreement; provided that if by reason of Force Majeure the Developer is unable in whole or in part to perform such covenants, a Noncompliance shall not be deemed to have occurred during the continuance of such inability. The Developer agrees, however, to remedy with all reasonable dispatch the cause or causes preventing the Developer from carrying out its covenants and provided further that Noncompliance shall not be deemed to have occurred if the Developer provides evidence satisfactory to the County that it is undertaking corrective action and diligently pursuing corrective action.

"Petition" means the Petition filed with the Board to create the CDA.

"Resolution" means the Resolution adopted by the Board on September 26, 2000 creating the CDA.

"RMA" means the Rate and Method of Apportionment of Special Assessments for the CDA.

"Short Pump Town Center" means a first class retail center to be located north of West Broad Street (U.S. Route 250) near its intersection with Lauderdale Drive in the County, including four department stores consisting of Dillard's, Hecht's, Nordstrom and Lord & Taylor.

"Tax Increment" means for each six-month period preceding May 1 and November 1 the difference between the Base Tax Revenues and the Current Tax Revenues. The Base Tax Revenues shall be the amount of taxes received by the County from all property within the Initial Authority District in the six-month period ending December 31, 1999, from all tax revenues, including real estate taxes, personal property taxes, BPOL taxes and the local portion of sales taxes. Current Tax Revenues shall be the amount of taxes received by the County from all property within the Initial Authority District in the six month period preceding the applicable May 1 or November 1 from all such taxes.

"Tax Increment Amounts" means the tax revenues collected by the County attributable to the Tax Increment.

"Trustee" means the bank or trust company serving as trustee for the CDA's bonds.

"Virginia Code" means the Code of Virginia of 1950, as amended.

3. County Undertakings. Subject to the restrictions in paragraph 9 of the Memorandum of Understanding, including but not limited to annual appropriation by the Board, the County agrees to pay EDA Payments, in amounts calculated as set forth in paragraph 9 of the Memorandum of Understanding, subject to annual appropriation, to the Authority semi-annually on or before each May 15 and November 15, beginning with the May 15 or November 15 following the first semi-annual payment of the Annual Installment made by the Developer.

4. Authority Undertakings. (a) The Authority agrees to cooperate with the County to provide certain economic development incentives to facilitate the development and construction of Short Pump Town Center on the terms set forth herein.

(b) Subject to paragraphs 4(c) and (d) below, the Authority agrees to use EDA Payments to make semi-annual payments as follows:

(1) First, to the extent there is a semi-annual installment of the Annual Installment assessed but unpaid, the EDA will make a payment to the CDA on or before each June 1 and December 1, beginning _____, in the amount of such semi-annual installment, but only to the extent it has received sufficient EDA Payments from the County for such purpose; and

(2) Second, any amounts remaining after making the payment described in paragraph 4(b)(1) above shall be paid to the Developer to refund previous payments advanced to the CDA made by the Developer, but only to the extent the Authority has received EDA Payments from the County for such purpose.

(c) The Authority shall make the payments described in paragraph 4(b) above solely from EDA Payments received from the County. The Authority's obligation to make such payments shall be contingent on sufficient funding from the County in the form of EDA Payments. Any payments to be made by the Authority in accordance with this Agreement shall not constitute general obligations of the Authority and are not payable from other moneys of the Authority.

(d) Upon the occurrence and continuation of any Noncompliance the Authority shall return to the County any EDA Payments not used to make the payments described in paragraph 4(b) above. If the Noncompliance is cured to the satisfaction of the County, the Authority shall resume application of EDA Payments as set forth in paragraph 4(b) above.

5. CDA Undertakings. The CDA agrees to pay all moneys received from the Authority to the Trustee within two (2) business days after receipt of such moneys.

6. Developer Undertakings. (a) The Developer agrees to develop and construct the Non-Anchor Portion of Short Pump Town Center as a first-class retail center consisting of approximately 370,000 square feet of retail space, and to cause the construction of four department stores totaling approximately 654,000 square feet to be operated as Nordstrom, Lord & Taylor, Dillard's and Hecht's.

(b) The Developer agrees to use its best efforts to cause the Hecht's and Dillard's department stores to be operated as flagship department stores and to cause the Nordstrom and Lord & Taylor department stores to be operated as first class department stores all for a period of at least 15 years.

7. Notices. Any notice, request, demand, instruction or other document required or permitted by the provisions of this Agreement to be given or served hereunder or under any document or instrument executed pursuant hereto shall be in writing and (i) sent by first class mail, (ii) personally delivered, (iii) telecopied or (iv) sent by a recognized overnight courier service to the County, the CDA, the Developer and/or the Authority:

If to the Authority:

Economic Development Authority of Henrico
County, Virginia
8011 Villa Park Drive
Suite 160-B
Richmond, Virginia 23228
Attn: Chairman
Telecopy: (804) 264-3600

with a copy to:

Office of the County Attorney
for the County of Henrico, Virginia
4301 East Parham Road
P. O. Box 27032 (23273-7032)
Richmond, Virginia 23228
Attn: County Attorney
Telecopy: (804) 501-4140

If to the County:

Board of Supervisors of Henrico County, Virginia
4301 East Parham Road
P. O. Box 27032 (23273-7032)
Richmond, Virginia 23228
Attn: County Manager
Telecopy: (804) 501-4162

If to the CDA:

Short Pump Town Center Community
Development Authority
c/o Williams Mullen Clark & Dobbins
Two James Center
1021 East Cary Street
Richmond, Virginia 232219
Attn: _____
Telecopy: _____

If to the Developer:

_____
_____
_____
_____
Attn: _____
Telecopy: _____

8. Severability. If any clause, provision or section of this Agreement is held to be illegal or invalid by any court, the invalidity of the clause, provision or section will not affect any of the remaining clauses, provisions or sections, and this Agreement will be construed and enforced as if the illegal or invalid clause, provision or section has not been contained in it.

9. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which together shall constitute but one and the same instrument.

10. Consent to Jurisdiction and Venue. The parties hereto (a) agree that any suit, action or other legal proceeding, as between the parties hereto, arising out of or relating to this Agreement shall be brought and tried only in the Circuit Court of Henrico County, Virginia, (b) consent to the jurisdiction of such court in any such suit, action or proceeding and (c) waive any objection which any of them may have to the laying of venue of any such suit, action or proceeding in such court and any claim that any such suit, action or proceeding has been brought in an inconvenient forum. The parties hereto agree that a final judgment in any such suit, action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

11. Successors and Assigns. This Agreement will be binding upon, insure to the benefit of and be enforceable by the parties and their respective successors and assigns.

12. Survival. This Agreement shall survive payment in full of the Bonds and shall remain in full force and effect until all payments under subparagraph 5(a)(2) and 5(a)(3) of this Agreement have been made.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

BOARD OF SUPERVISORS OF HENRICO
COUNTY, VIRGINIA

By: _____

Title: County Manager

ECONOMIC DEVELOPMENT AUTHORITY OF
HENRICO COUNTY, VIRGINIA

By: _____

Its: Chairman

SHORT PUMP TOWN CENTER COMMUNITY
DEVELOPMENT AUTHORITY

By: _____

Its: Chairman

SHORT PUMP TOWN CENTER LLC

By: _____

Its: _____

Exhibit A: Description of Initial Authority District

Exhibit A
Description of Initial Authority District

All those certain pieces and parcels of land containing in the aggregate 147.186 acres, more or less, as described on that certain plat dated December 19, 1997, revised September 3, 1998, prepared by Timmons and entitled "Plat Showing 147.186 Acres of Land Lying on the North Line of U.S. Route 250 – West Broad Street" and being comprised of the following tax parcels: 36-A-13 (in part), 36-A-26, 36-A-27, 36-A-28, 36-A-29, 36-A-30, 36-A-31, 36-A-32, 36-A-34A, 36-A-35A, 36-A-36A, 36-A-37 and 36-A-38.

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EDA00110

MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING made this ____ day of _____, 2000, by and among the BOARD OF SUPERVISORS OF HENRICO COUNTY, VIRGINIA (the "Board"); MJGT ASSOCIATES, LLC, FOREST CITY ENTERPRISES, INC. and F.C. SHORT PUMP LAND INVESTMENT, INC., their respective successors and assigns (collectively, the "Landowner"); SHORT PUMP TOWN CENTER LLC, its successors and assigns (the "Developer") and the SHORT PUMP TOWN CENTER COMMUNITY DEVELOPMENT AUTHORITY (the "CDA").

W I T N E S S E T H

WHEREAS, certain landowners constituting the owners of at least a majority of the real estate within the CDA, by petition (the "Petition") filed pursuant to Sections 15.2-5152 *et seq.* of the Code of Virginia of 1950, as amended (the "Virginia Code") with the Board petitioned the Board to create a community development authority to assist in the development of certain improvements in conjunction with a project known as Short Pump Town Center, a first-class retail center to be located north of West Broad Street (U.S. Route 250) near its intersection with Lauderdale Drive in Henrico County, Virginia, and

WHEREAS, by Resolution adopted September 26, 2000 (the "Resolution"), the Board voted to create the CDA;

WHEREAS, the transactions contemplated by this Memorandum will benefit the citizens of the County by promoting increased employment opportunities, a strengthened economic base and increased tax revenues and additional retail opportunities not currently available in the local area;

WHEREAS, the Board has determined that the incentives provided by this Memorandum are expected to meet or exceed each of the County's criteria for economic development incentives as follows: (i) any incentives will be funded solely by revenues generated by the Short Pump Town Center, (ii) the Short Pump Town Center is expected to have a minimum value of at least one percent of the County's tax base, (iii) the anticipated revenues to be derived by the County exceed the incentives, (iv) the incentives will not exceed the amount of revenues generated by the Short Pump Town Center within a five year period, (v) the costs funded from incentives do not exceed 10% of the value of the Short Pump Town Center, (vi) the proposed financing will have no impact on the County's credit rating and (vii) the proposed development will have limited requirements for County services; and

WHEREAS, the parties wish to set forth several understandings with respect to the CDA in this Memorandum:

NOW, THEREFORE, in consideration of the foregoing, the parties set forth the following understandings.

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1. **Definitions.** The terms set forth below will have the following meanings in this Memorandum unless the context clearly requires otherwise.

"Annual Installment" means the annual amount of payments allocated to each parcel within the CDA subject to the Assessment Lien, as determined in accordance with the RMA.

"Assessment Lien" means the special assessment on each taxable parcel within the CDA District as determined in accordance with the RMA.

"Board" means the Board of Supervisors of Henrico County, Virginia.

"Bonds" means the bonds to be issued by the CDA pursuant to Virginia Code Sections 15.2-5158(A)(2) and 15.2-5125 as described in paragraph 2 of this Memorandum.

"CDA" means the Short Pump Town Center Community Development Authority and its successors and assigns.

"CDA District" means the CDA boundaries as such boundaries may be adjusted by the CDA in accordance with the provisions of the Resolution and the CDA's Articles of Incorporation.

"CDA Improvements" means certain infrastructure and other improvements in connection with the Short Pump Town Center to be financed by the CDA as described in paragraph 3 of this Memorandum.

"County" means Henrico County, Virginia.

"Developer" means Short Pump Town Center LLC, its successors and assigns.

"Economic Development Agreement" means the Economic Development Agreement among the Board, the Developer, the CDA and the EDA as described in paragraph 9 of this Memorandum.

"EDA" means the Economic Development Authority of Henrico County, Virginia, and its successors and assigns.

"EDA Payments" means semi-annual payments from the County to the EDA to be paid on or before each [May 15] and [November 15] pursuant to the Economic Development Agreement in amounts determined as set forth in paragraph 9 of this Memorandum and subject to the limitations set forth in such paragraph 9 and in the Economic Development Agreement.

"Initial Authority District" means the real estate described in Exhibit A to this Memorandum.

"Landowner" means, collectively, MJGT Associates, Inc., Forest City Enterprises, Inc. and F.C. Short Pump Land Investment, Inc., and their respective successors and assigns.

"Memorandum" means this Memorandum of Understanding among the Board, the Landowner, the CDA and the Developer.

"Non-Anchor Portion" means approximately 370,000 square feet of retail space to be constructed at Short Pump Town Center in addition to the four anchor department stores.

"Petition" means the Petition filed with the Board to create the CDA.

"Resolution" means the Resolution adopted by the Board on September 26, 2000 creating the CDA.

"RMA" means the Rate and Method of Apportionment of Special Assessments for the CDA attached hereto as Exhibit B.

"Short Pump Town Center" means a first class retail center to be located north of West Broad Street (U.S. Route 250) near its intersection with Lauderdale Drive in the County, including four department stores consisting of Dillard's, Hecht's, Nordstrom and Lord & Taylor.

"Tax Increment" has the meaning set forth in paragraph 9(f) of this Memorandum.

"Tax Increment Amounts" means the tax revenues collected by the County attributable to the Tax Increment.

"Trustee" means the bank or trust company serving as trustee for the Bonds.

"Virginia Code" means the Code of Virginia of 1950, as amended.

2. **Issuance of Bonds.** The CDA agrees to issue the Bonds pursuant to Virginia Code Sections 15.2-5158(A)(2) and 15.2-5125 to be used to finance the land acquisition, design, infrastructure construction and development by or on behalf of the CDA of certain improvements in connection with the Short Pump Town Center. The CDA will request the Board to establish a special assessment on real estate within the CDA District, as such special assessment may be reduced in accordance with the RMA to secure payment of the Bonds. The special assessments will be calculated to correspond to the benefit each parcel receives from the improvements for which Bonds are issued. The CDA expects to finance the CDA Improvements with one or more series of Bonds. The Bonds shall be issued in an amount sufficient to pay a portion of the costs of the CDA Improvements, which amount will not exceed \$22,000,000, plus an amount sufficient to pay a portion of the costs of issuing the Bonds in the amount of 2% of the aggregate principal amount of the Bonds, the costs of establishing any reserve fund required in connection with the issuance of the Bonds and capitalized interest on the Bonds for a period not to exceed 12 months. The CDA agrees that the maturity of the Bonds shall not exceed approximately five years after the year in which the anticipated completion date of the Short Pump Town Center occurs.

3. **Development of CDA Improvements.** The Short Pump Town Center will be a first-class retail center located within the Initial Authority District. The CDA Improvements consist of various infrastructure improvements, including traffic signalization and road improvements, entrance roads, sanitary sewer line improvements and extensions, stormwater

management improvements, water system extensions and improvements, lighting, landscaping, parking and public areas all as described in the Petition. The CDA, or the Developer on behalf of the CDA, will enter into contracts for the construction, development and equipping of such improvements.

4. **Submission of Information.** Before the issuance of the Bonds, the Landowner, the Developer or the CDA, as appropriate, will submit such information with respect to the CDA's finances and the issuance of the Bonds as the County's Director of Finance or County Attorney may reasonably request, including the Limited Offering Memorandum or other disclosure document to be used in connection with the sale of the Bonds.

5. **Special Assessment.**

(a) Request for Special Assessment -- Not later than January 15 of each year, the CDA will request the County to levy and collect the Annual Installment pursuant to Virginia Code Section 15.2-5158(A)(5) in accordance with the RMA. The CDA agrees that, so long as the Bonds remain outstanding, each year it will request semi-annual payments of the Annual Installment to be collected by the County in that year for the Assessment Lien in accordance with the RMA. Contemporaneously with the above request to levy and collect the Annual Installment, the CDA shall deliver to the County's Director of Finance a schedule showing the applicable portion of the Annual Installment for each parcel in the CDA District as it existed as of January 1 of that year. In making the above request, the CDA will provide the following information for each parcel within the CDA District that is subject to the Assessment Lien: (1) the parcel GPIN; (2) parcel acreage; (3) parcel address; (4) the parcel owner as of January 1, including a contact person should the parcel owner be owned by more than one person or by a corporate entity or partnership; (5) mailing address of the owner or contact person set forth in item 4 and (6) the proposed amount of Annual Installment divided equally into first and second half of the year;

(b) Agreement with respect to Assessment -- In accordance with Virginia Code Sections 15.2-5158(A)(5) and 15.2-2405 the parties hereto agree to the Assessment Lien and the Annual Installment to be levied and apportioned in accordance with this Memorandum and the RMA attached hereto as Exhibit B and incorporated herein.

(c) Billing and Collection of Annual Installments -- The County shall impose the Annual Installment in accordance with law no later than April 30 of each year. The amount of the Annual Installment for each parcel will be recorded on the County tax rolls in the same manner as any other supplemental tax bill such that the public will have access to its existence and payment status on a parcel-by-parcel basis. Penalties and interest on delinquent payments of the Annual Installment shall be charged as provided by law. The Annual Installment, to be collected in accordance with the RMA, shall be billed in halves, each half being due on June 5 and December 5 of each year unless these dates fall on a date when County offices are closed, in which case the Annual Installment shall be due on the next day that County offices are open. A supplemental bill in a separate envelope, with instructions requiring payment to be returned to the Director of Finance, shall be sent for each payment of Annual Installment for each due date.

(d) **Assignment** -- The County pledges and assigns all of its right, title and interest in the Annual Installments to the CDA, subject to annual appropriation by the Board. The County Manager or other officer responsible for preparing the County's budget shall include in the County's budget for each fiscal year an amount equal to the Annual Installment, if any, to be collected for such fiscal year. Although it is the County's intention to pay to the CDA the Annual Installment collected in each fiscal year, the County's obligations hereunder are subject to appropriation each year by the Board and do not constitute a general obligation of the County or a pledge of its full faith and credit. The CDA, in turn, will pledge and assign all of its right, title and interest in the Annual Installments to the Trustee for the Bonds who will use the moneys received to make debt service payments on the Bonds before returning any remainder to the CDA. The Annual Installments assigned by the County include any payments from foreclosures, less costs of collection. The County will pay such Annual Installment amounts collected to the CDA or the Trustee as assignee of the CDA within 20 days after receipt of any such amounts.

(e) **Collection of Delinquent Annual Installment Payments** -- The County's customary tax payment enforcement proceedings will apply to the collection of any delinquent payment of the Annual Installment. The County shall pursue the collection of such delinquent payments with the same diligence it employs in the collection of the County's general *ad valorem* real estate taxes, including the commencement of tax foreclosure proceedings to the extent provided by the then-current statutes of the Commonwealth of Virginia. The County agrees that it will provide notice to the CDA of any legal proceedings to be instituted for the collection of delinquent payments of the Annual Installment. The parties understand and agree that the County's ordinary discretion in this regard allows it to decide not to expend resources to collect *de minimis* outstanding amounts; provided that the County will obtain the CDA's consent with respect to any such amounts in excess of \$200. The CDA agrees to cooperate with the County in any such enforcement action.

6. **CDA Board Members**. In accordance with the Resolution, the initial members of the board of the CDA are as set forth in the CDA's Articles of Incorporation. The successor of each member shall be appointed by the Board for a term of four years and until his or her successor shall be duly appointed and qualify, except that any person appointed to fill a vacancy shall serve only for the unexpired term. Any member shall be eligible for reappointment.

7. **Prerequisites to Issuance of Bonds**. The CDA agrees that it will not issue Bonds until the Developer has met the prerequisites set forth in this paragraph. The Developer agrees that it will provide the following to the County before the issuance of Bonds by the CDA:

- (i) a copy of a Reciprocal Easement Agreement executed by the four anchor department stores (Nordstrom, Hecht's, Lord & Taylor and Dillard's) providing that such department stores will build and operate department stores containing a total of approximately 654,000 square feet to be operated under the foregoing names at Short Pump Town Center for a period of 15 years;
- (ii) evidence satisfactory to the County that the Hecht's and Dillard's department stores will be operated as flagship department stores and that

the Nordstrom and Lord & Taylor department stores will be operated as first class department stores;

- (iii) a guaranty by Forest City Enterprises, Inc. in form and substance satisfactory to the County that construction of the Non-Anchor Portion of Short Pump Town Center will be completed;
- (iv) evidence satisfactory to the County that the Developer has obtained commitments for financing in amounts sufficient to complete construction of the Non-Anchor Portion of Short Pump Town Center; and
- (v) evidence that the Developer has spent at least \$10,000,000 in equity funds that have been applied to payment of costs of developing Short Pump Town Center.

8. **Bond Reserve Fund Payments.** The CDA and the County agree that the following amounts will be used by the Trustee to pay costs that qualify for Bond financing or to reimburse the Developer for such costs if permitted under the Internal Revenue Code and applicable regulations or to pay debt service on the Bonds in accordance with the Indenture, provided that amounts derived pursuant to (iii) below will be paid to the Developer: (i) any amounts in the Bond debt service reserve fund held by the Trustee in excess of the amount required to be on deposit in such fund resulting from investment earnings on such fund; (ii) any amounts in excess of the amounts required to be held in such fund as a result of prepayment of any of the Bonds; (iii) any balance remaining in such fund upon payment in full of the Bonds; and (iv) any amounts in such fund for which a surety bond consistent with the requirements of the Indenture pursuant to which the Bonds are issued has been provided.

9. **Economic Development Agreement.** (a) The County agrees that in consideration of the public improvements to be provided by the Developer and the benefits accruing to the County from the development of Short Pump Town Center it will enter into the Economic Development Agreement to provide for payment of certain incentives to the CDA or the Developer upon the terms described in this paragraph and the Economic Development Agreement.

(b) Each EDA Payment shall be in an amount equal to (i) the amount of all Annual Installments, or portions thereof, paid by the Developer with respect to which no prior EDA Payment has been made plus (ii) the amount of any Assessment Lien prepaid by the Developer and not previously reimbursed plus (iii) the amount of all Annual Installments, or portions thereof, for the payment of which funds have been made available to the CDA and with respect to which no prior EDA Payment has been made, plus (iv) an amount equal to the portion of any prior EDA Payment that was not paid because Tax Increment Amounts collected by the County were insufficient to make such payment.

(c) Notwithstanding anything to the contrary contained in this Memorandum, the County shall pay each EDA Payment only to the extent it has collected Tax Increment Amounts that have not previously been applied to make EDA Payments.

(d) Notwithstanding anything to the contrary contained in this Memorandum, all EDA Payments to be paid by the County to the EDA shall be subject to annual appropriation by the Board.

(e) EDA Payments shall be used by the EDA to make payments as set forth in the Economic Development Agreement.

(f) "Tax Increment" means for each six-month period preceding the date of calculation the difference between the Base Tax Revenues and the Current Tax Revenues. The Base Tax Revenues shall be equal to one-half of the amount of taxes received by the County from all property within the Initial Authority District, as described in Exhibit B to this Memorandum in the twelve-month period ending December 31, 1999, from all tax revenues, including real estate taxes, personal property taxes, BPOL taxes and the local portion of sales taxes. Current Tax Revenues shall be the amount of taxes received by the County from all property within the Initial Authority District in the six-month period preceding the date of calculation from all such taxes. The Tax Increment shall be calculated semi-annually as of each [May 1] and [November 1] by the County's Director of Finance.

(g) EDA Payments shall not be pledged to payment of the Bonds.

10. **Counterparts.** This Memorandum may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which together shall constitute but one and the same instrument.

11. **Non-Recourse to Forest City Enterprises, Inc.** Upon completion of construction of the Non-Anchor Portion, the obligations of Forest City Enterprises, Inc. under this Memorandum shall be nonrecourse to the members of Forest City Enterprises, Inc., and their respective members, shareholders, partners, officers and directors, as the case may be.

12. **Governing Law.** This Memorandum shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia without regard to its conflict of law rules.

13. **Consent to Jurisdiction and Venue.** The parties hereto (a) agree that any suit, action or other legal proceeding, as between the parties hereto, arising out of or relating to this Memorandum shall be brought and tried only in the Circuit Court of Henrico County, Virginia, (b) consent to the jurisdiction of such court in any such suit, action or proceeding and (c) waive any objection which any of them may have to the laying of venue of any such suit, action or proceeding in such court and any claim that any such suit, action or proceeding has been brought in an inconvenient forum. The parties hereto agree that a final judgment in any such suit, action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

14. **Severability.** If any clause, provision or section of this Memorandum is held to be illegal or invalid by any court, the invalidity of the clause, provision or section will not affect any of the remaining clauses, provisions or sections, and this Memorandum will be construed and enforced as if the illegal or invalid clause, provision or section has not been contained in it.

15. Successors and Assigns. This Memorandum will be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and assigns.

16. Survival. The Memorandum shall survive payment in full of the Bonds and shall remain in full force and effect until all EDA Payments have been made.

WITNESS the following signatures.

SHORT PUMP TOWN CENTER LLC

By: _____

Title: _____

SHORT PUMP TOWN CENTER COMMUNITY
DEVELOPMENT AUTHORITY

By: _____

Title: Chairman

BOARD OF SUPERVISORS OF HENRICO
COUNTY, VIRGINIA

By: _____

Title: County Manager

MJGT ASSOCIATES, LLC

By: _____

Its: _____

FOREST CITY ENTERPRISES, INC.

By: _____

Its: _____

F.C. SHORT PUMP LAND INVESTMENTS, INC.

By: _____
Its: _____

Attachments:

Exhibit A – Description of Initial Authority District

Exhibit B – Rate and Method of Apportionment of Special Assessments

Exhibit A

Description of Initial Authority District

All those certain pieces and parcels of land containing in the aggregate 147.186 acres, more or less, as described on that certain plat dated December 19, 1997, revised September 3, 1998, prepared by Timmons and entitled "Plat Showing 147.186 Acres of Land Lying on the North Line of U.S. Route 250 – West Broad Street" and being comprised of the following tax parcels: 36-A-13 (in part), 36-A-26, 36-A-27, 36-A-28, 36-A-29, 36-A-30, 36-A-31, 36-A-32, 36-A-34A, 36-A-35A, 36-A-36A, 36-A-37 and 36-A-38.

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10/20/00

**RESOLUTION OF THE SHORT PUMP TOWN CENTER
COMMUNITY DEVELOPMENT AUTHORITY APPROVING
THE SPECIAL ASSESSMENTS AND REQUESTING THE
BOARD OF SUPERVISORS TO LEVY THE SAME**

The Short Pump Town Center Community Development Authority (the "CDA") proposes to finance pursuant to the Virginia Water and Waste Authorities Act, Chapter 51, Title 15.2 of the Code of Virginia of 1950, as amended (the "Act") certain infrastructure improvements benefitting property within the CDA District, including roads and road improvements, parking, public plazas and walkways, water and sewer system improvements, storm water management and drainage improvements and road improvements, parking, public plazas and walkways (the "Improvements"). In order to provide funds, in addition to other available funds, to pay the costs of acquiring and completing the Improvements, the CDA proposes to issue its revenue bonds (the "Bonds") payable from special assessments to be levied on taxable real property within the CDA District.

NOW, THEREFORE, BE IT RESOLVED BY THE SHORT PUMP TOWN CENTER COMMUNITY DEVELOPMENT AUTHORITY:

1. Representations and Findings. The Authority has determined that providing the Improvements is necessary to meet the increased demands placed on the County of Henrico, Virginia (the "County") as a result of development within the CDA District. The Authority hereby finds and determines that the Special Assessments, as defined below, and the apportionment of such Special Assessments to the taxable real estate within the CDA District, as set forth in Exhibit A hereto, are in accordance with the requirements of Section 15.2-5158A5 of the Act.
2. Approval of Special Assessments. The special assessments to be levied within the CDA District to be used, in conjunction with other available funds, to pay the costs of acquiring and completing the Improvements as set forth in the Rate and Method of Apportionment of Special Assessments substantially and materially in the form attached hereto as Exhibit A (the "Special Assessments") are hereby approved.
3. Request to Board of Supervisors. The Board of Supervisors is requested to establish the Special Assessments in accordance with the provisions of Section 15.2-5158A5 of the Act.
4. Effective Date. This Resolution shall take effect immediately.

Adopted at a duly called and held meeting of the Short Pump Community Development Authority on October 20, 2000.

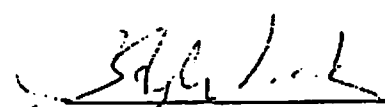

_____
Secretary, Short Pump Town Center
Community Development Authority

Exhibit A – Rate and Method of Apportionment of Special Assessments

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EXHIBIT A

**SHORT PUMP TOWN CENTER
COMMUNITY DEVELOPMENT AUTHORITY
HENRICO COUNTY, VIRGINIA**

**Rate And Method of Apportionment
Of Special Assessments**

A. INTRODUCTION

This document provides for the levy and collection of special assessments by the County of Henrico (the "County") for the Short Pump Town Center Community Development Authority (the "CDA"). The public improvements to be provided by the CDA are described in Appendix B. The means of apportioning benefit from the public improvements to the parcels in the CDA so that there is a rational relationship between the assessments and the public improvements is described in Appendix A. Appendix A also includes an explanation of the peculiar benefit received by the property subject to the special assessments. This rate and method of apportionment of special assessments includes provisions for the following: (i) the assessments levied on each parcel in the CDA, (ii) the means of collecting the assessment each tax year, (iii) reapportioning the assessment in the event a parcel is subdivided, (iv) prepayment of assessments, (v) possible reductions in the assessments in the event the actual costs incurred by the CDA are less than the total of the assessments, and (vi) other provisions related to the levy and collection of the assessments.

An Assessment Lien shall be imposed and an Annual Installment of the Assessment Lien shall be collected on real property within the CDA through the application of the procedures described below. The Board of Directors of the CDA or their designee shall make all determinations in this Rate and Method of Apportionment of Special Assessments unless stated otherwise.

B. DEFINITIONS

The terms used herein shall have the following meanings:

"Act" means the Virginia Water and Waste Authorities Act, beginning with §15.2-5100 *et seq.* of the Code of Virginia, 1950, as it may be amended from time to time.

"Administrative Expenses" means the following costs directly related to the administration of the CDA: the actual costs of computing the Annual Installments; the actual costs of collecting the Annual Installments (whether by the County or otherwise); the actual costs of remitting the Annual Installments to the Trustee; the actual costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Bond Indenture; the costs of the CDA of complying with arbitrage rebate requirements; the costs of the CDA of complying with securities disclosure requirements; and any other costs of the CDA in any way related to the administration and operation of the CDA, including, without limitation, the costs of official meetings of the CDA, the costs of legal counsel and other consultants and advisors, and costs related to commencing

foreclosure and pursuing collection of delinquent Annual Installments, whether such costs are incurred by or on behalf of the CDA.

"Administrator" means the official or designee of the CDA who shall be responsible for determining the Annual Revenue Requirement and such other responsibilities as provided herein, in the Bond Indenture, or by the Board of Directors.

"Annual Installment" means the Annual Installment imposed on Taxable Property in a Fiscal Year according to the provisions of Section D herein and collected pursuant to Section E. The Annual Installment includes an annual payment of the Assessment Lien, interest on the outstanding Assessment Lien, and the other costs and credits included in the Annual Revenue Requirement.

"Annual Installment Rate" means, for any Fiscal Year, a percentage equal to the Annual Revenue Requirement divided by the current total of the Assessment Liens.

"Annual Revenue Requirement" means, for any Fiscal Year, the sum of the following: (1) regularly scheduled debt service on the Bonds to be paid from the Annual Installments; (2) periodic costs associated with such Bonds, including but not limited to, rebate payments and credit enhancement on the Bonds; and (3) Administrative Expenses; less (4) any credits applied under the Bond Indenture, such as interest earnings on any account balances.

"Assessment Lien" means the assessment on each parcel calculated by the Administrator and confirmed by the Board of Directors pursuant to the provisions of Section C.1., as it may be reapportioned upon the subdivision of any Parcel according to the provisions of Section C.2. and as it may be reduced according to the provisions of Sections C.3. and C.4. The Assessment Lien shall be equal to the principal amount of the Bonds to be issued.

"Board" means the Board of Supervisors of Henrico County, Virginia.

"Board of Directors" means the Board of Directors of the CDA.

"Bond Indenture" means the indenture or similar document setting forth the terms and other provisions relating to the Bonds, as modified, amended and/or supplemented from time to time.

"Bonds" means any bonds or other debt, including refunding bonds, whether in one or more series, issued by or on behalf of the CDA under the Act.

"CDA" means the Short Pump Town Center Community Development Authority and its successors and assigns.

"County" means the County of Henrico, Virginia.

"Code" means the Code of Virginia, 1950, as it may be amended from time to time.

"Developed Property" means a Parcel of Taxable Property for which a building permit has been

issued.

"Developer" means Short Pump Town Center LLC and its successors and assigns.

"EDA Revenues" means payments from the County to the EDA pursuant to the Economic Development Agreement between the Board, the CDA, the Developer, and the Economic Development Authority of Henrico County, Virginia (the "EDA").

"Equivalent Use Ratio" or "EUR" means the estimated relative use per Net Acre of the Public Improvements by the Mall Property and Peripheral Property as described in Appendix A, with the use per Net Acre of Mall Property equal to one and the use per Net Acre of Peripheral Property equal to 0.1264.

"Fiscal Year" means the period starting on each January 1 and ending on the following December 31.

"Mall Property" means Taxable Property within the CDA inside the ring road.

"Memorandum" means the Memorandum of Understanding among the Board, the CDA, the Landowner (MJGT Associates, Inc., Forest City Enterprises, Inc. and F.C. Short Pump Land Investment, Inc., and their respective successors and assigns), and the Developer.

"Net Acreage" or "Net Acre" means the estimated usable acreage of Taxable Property of a Parcel on which buildings or parking facilities may be constructed, taking into consideration the development legally permissible, the proposed or planned development, and existing or proposed Public Property, easements, and other areas on which development may not occur, as estimated by the Administrator.

"Parcel" means a lot or parcel with a tax map identification number assigned by the tax collection agency for real property tax purposes.

"Peripheral Property" means Taxable Property within the CDA other than Mall Property.

"Public Improvements" means those improvements the CDA has been authorized to provide, generally described in Appendix B.

"Public Property" means, for any Fiscal Year, Parcels within the boundaries of the CDA owned by or irrevocably offered for dedication to the federal government, Commonwealth of Virginia, the County, CDA, property owners' association (if not used in a trade or business), or any other public agency or easements that create an exclusive use for a public utility provider.

"Taxable Property" means, for any Fiscal Year, Parcels within the CDA other than Public Property.

"Trustee" means the trustee as specified in the Bond Indenture, including a substitute trustee.

"Undeveloped Property" means Taxable Property other than Developed Property.

C. ASSESSMENT LIENS

1. The Amount of the Assessment Liens

The Assessment Lien for each Parcel within the CDA shall be determined by the Board of Directors prior to or at such time as the Bonds are issued. The total of the Assessment Liens levied on all of the Parcels shall not exceed the amount of Bonds issued by the CDA, as provided in the Memorandum. The Assessment Lien on each Parcel shall be calculated in the following manner:

- a. The net acreage of Mall Property within the Parcel shall be added to the Net Acreage of Peripheral Property within the Parcel multiplied by the EUR of 0.1264 for Peripheral Property;
- b. The result shall be multiplied by the number obtained from the following calculations:
  - i. The total of the Assessment Liens on all of the Parcels within the CDA, divided by
  - ii. The acreage of Mall Property in the CDA plus the acreage of Peripheral Property within the CDA multiplied by the EUR of 0.1264 for Peripheral Property.

The computation of the Assessment Lien for each Parcel shall be calculated by the Administrator and confirmed by the Board of Directors and the Assessment Liens for Parcels of Developed Property shall not thereafter be changed except pursuant to the provisions of Sections C.2., C.3., and C.4. Upon a change in the estimate of Net Acreage of a Parcel of Undeveloped Property, the Board of Directors may reapportion the Assessment Liens on some or all of the Parcels of Undeveloped Property upon the unanimous request of the owners of the Parcels for which the Assessment Liens are to be reapportioned. The reapportionment shall be made pursuant to the provisions of the section "Assessment on Each Parcel" of Appendix A.

The total of all Assessment Liens shall not be reduced after the issuance of Bonds except as provided below.

2. Reapportionment of Assessment Lien Upon the Subdivision of a Parcel

Upon the subdivision of any Parcel, the Assessment Lien of the Parcel prior to the subdivision shall be reallocated to each new Parcel in proportion to the Net Acreage of each Parcel, the Equivalent Use Ratio of each Net Acre, and the Assessment Lien for the Parcel prior to the subdivision. The reapportionment of the Assessment Lien to each subdivided Parcel shall be calculated in the following manner:

- a. The net acreage of Mall Property within the subdivided Parcel shall be added to the Net Acreage of Peripheral Property within the Parcel multiplied by the EUR of 0.1264 for

Peripheral Property;

- b. The result shall be multiplied by the number obtained from the following calculations:
  - i. The Assessment Lien of the Parcel prior to its subdivision, divided by
  - ii. The acreage of Mall Property in all of the Parcels that result from the subdivision of the Parcel plus the acreage of Peripheral Property in all of the Parcels that result from the subdivision of the Parcel multiplied by the EUR of 0.1264 for Peripheral Property.

The computation of the Net Acreage shall be calculated by the Administrator, based on the information available regarding the use of the Parcel, and the estimate of the Administrator shall be final. The Administrator shall use consistent standards in preparing the calculations and shall prepare and keep in the records of the CDA the computations made according to this section.

The Board of Directors may exclude Parcels from the CDA prior to the issuance of Bonds subject to the limitations approved by the Board. Assessment Liens shall not be allocated to these parcels if excluded prior to the issuance of Bonds.

In all cases, the Assessment Liens after the subdivision of a Parcel shall equal the sum of the Assessment Lien before the subdivision of the Parcel.

3. Reduction in Assessment Liens

If the Board of Directors resolves that the total actual costs to be incurred by the CDA, including the costs of the Public Improvements and the costs related to the issuance of Bonds, including refunding bonds, are less than the total amount of the Assessment Liens, then the Board of Directors shall reduce the Assessment Liens such that the sum of Assessment Liens equals the total costs incurred or to be incurred. The Assessment Lien shall be reduced for every Parcel of Taxable Property in the CDA by an equal percentage such that the sum of the resulting Assessment Lien for every Parcel equals the actual costs to be incurred by the CDA. Equal percentage shall be calculated by the amount of the reduction as a percent of the Assessment Lien prior to the reduction.

The Assessment Liens as reduced according to the provisions of this section shall not be reduced to an amount that is less than the outstanding amount of the Bonds. The Administrator shall provide for a notice of the reduction of the Assessment Lien to be recorded within a reasonable period of time after the approval of the reductions by the Board of Directors.

The provisions of this section shall not prevent a reallocation of estimated costs between line items such that some costs are reduced and others increased without reducing the total of the assessments.

4. Amortization of the Assessment Lien

The Assessment Lien applicable to any Parcel shall be reduced each year by the principal portion of the Annual Installment collected from each Parcel and by a pro rata portion of the principal of the bonds repaid from revenues of the CDA available from any other source. The Administrator may adjust the amortization of the Assessment Liens for the purpose of causing the Assessment Liens to equal zero once the Bonds are fully repaid.

D. METHOD OF IMPOSING THE ANNUAL INSTALLMENT

Commencing with the Annual Installment to be collected in the 2001 Fiscal Year and for each following Fiscal Year, the Administrator shall estimate and the Board of Directors shall confirm the Annual Installment on each Parcel. The Annual Installment on each Parcel shall be equal to the Annual Installment Rate multiplied by the Assessment Lien for each Parcel. The Annual Installments as confirmed shall be levied on each Parcel of Taxable Property. The aggregate amount of the Annual Installments on all of the Parcels in any Fiscal Year shall equal the Annual Revenue Requirement for such Fiscal Year.

In the event a Parcel is subdivided into new Parcels in a Fiscal Year prior to the payment of the Annual Installment, and a portion of the Parcel becomes Public Property, the Annual Assessment shall be collected on the Parcel or Parcels of Taxable Property based on the reapportionment of the Assessment Lien pursuant to Section C.2. Prior to the reapportionment of the Assessment Lien, the Annual Assessment shall be a joint and several liability of each newly created Parcel of Taxable Property.

E. MANNER OF COLLECTION OF ANNUAL INSTALLMENT

Annual Installments shall be collected in the same manner and at the same time as regular property taxes of the County and shall be subject to the same penalties, procedures, sale, and lien priorities in case of delinquencies as are provided for regular property taxes of the County. The CDA shall notify the County of the amount of the Annual Installment to be collected on each Parcel each Fiscal Year in a timely manner to allow the collection of the Annual Installment by the County. The Board or the Board of Directors may provide for other means of collecting the Annual Installments, to the extent permitted under the Code. Anything in this paragraph to the contrary notwithstanding, the amount of each semi-annual payment of the Annual Installment to be collected by the County from the Developer shall be reduced by the amount of the EDA Revenues paid to the CDA during the previous six months.

F. TERMINATION OF ANNUAL INSTALLMENT

Except for any delinquent Annual Installments and related penalties and interest, Annual Installments shall be imposed for a term not to exceed the term of all of the Bonds. In no event shall the Annual Installment be levied beyond the period in which the Assessment Lien is fully paid as provided for herein.

After the retirement of all Bonds, and the collection of any delinquent Annual Installments, penalties and interest, the Administrator shall cause a document evidencing the termination of the

imposition and collection of Assessment Liens to be recorded in the office of the clerk of the court.

G. PREPAYMENT OF ASSESSMENT LIEN

The Assessment Lien on any Parcel may be fully paid at any time, the Assessment Lien reduced to zero, and the obligation to pay the Annual Installments permanently satisfied by payment of an amount calculated according to the following provisions:

1. A sum equal to the Assessment Lien for the Parcel, as it may have been set, reapportioned or reduced pursuant to the provisions of Sections C.1., C.2., C.3., and C.4; less,
2. A credit for the reserve fund, if any, equal to the amount provided for in the Bond Indenture; plus,
3. A sum equal to (a) the amount needed to pay interest on the outstanding Bonds to be redeemed less the investment earnings on the prepayment amount until the Bonds can be called and redeemed, after taking into consideration the Annual Installments previously paid but not accounted for in the calculation of the Assessment Lien in Step 1 and (b) expenses of the CDA related to the prepayment.

The amounts calculated in the preceding steps shall be paid to the CDA and shall be distributed by the CDA to pay costs related to the prepayment and according to the Bond Indenture. Upon the payment of such prepayment amount to the CDA, the obligation to pay the Assessment Lien shall be deemed to be permanently satisfied, the Assessment Lien shall be reduced to zero, the Annual Installment shall not be levied on the Parcel thereafter, and the Administrator shall cause a notice of the payment of the Assessment Lien to be recorded within a reasonable period of time of receipt of such prepayment amount.

A prepayment of the Assessment Lien shall be required on any Parcel that is acquired by an entity that results in the Parcel being classified as Public Property, if the Assessment Lien may not be reapportioned to a Parcel of Taxable Property as a result of a subdivision of the Parcel pursuant to the provisions of Section C.2. In the event an entire Parcel becomes Public Property such that the Assessment Lien cannot be reallocated to any other Parcel pursuant to the provisions of Section C.2., the Assessment Lien shall become immediately due and payable and shall be collected from proceeds of a sale, condemnation, or other form of compensation for the property or from any other legally available source of funds.

H. AMENDMENTS

Immaterial amendments may be made to this Rate and Method of Apportionment of Special Assessments by the Board of Directors without further notice under the Act and without notice to owners of Taxable Property within the CDA. Immaterial amendments shall be those that (i) clarify or correct minor inconsistencies in the matters set forth herein, (ii) provide for lawful

procedures for the collection and enforcement of the assessments and other charges imposed herein so as to assure their efficient collection, and (iii) otherwise improve the ability of the CDA to fulfill its obligations to impose and collect the assessments and charges imposed herein and to make it available for the payment of the Bonds, Administrative Expenses, and other costs of the CDA. No such amendment shall be approved unless and until it has (i) been found and determined that the amendment is necessary and appropriate and does not materially adversely affect the rights of the owners of the Bonds and (ii) received an opinion of a nationally recognized bond counsel to the effect that the amendment is authorized pursuant to the terms of the Act, the Bond Indenture, and the County resolution authorizing the formation of CDA. Amendments may not be made to this Rate and Method of Apportionment of Special Assessments pursuant to the procedure described above that would increase the assessments or charges as set forth herein.

I. INTERPRETATION OF PROVISIONS

The Board of Directors shall make all interpretations and determinations related to the application of this Rate and Method of Apportionment of Special Assessments, unless stated otherwise herein or in the Bond Indenture, and as long as there is a rational basis for the determination made by the Board of Directors, such determination shall be conclusive.

J. SEVERABILITY

If any section or part of a section of this "Rate and Method of Apportionment of Special Assessments" is declared invalid or unenforceable, the validity, force, and effect of any other section or part of a section herein shall not thereby be affected or impaired unless such other section or part of a section herein is wholly or necessarily dependent upon the section or part of a section so held to be invalid or unenforceable.

Appendix A

ALLOCATION OF SPECIAL ASSESSMENTS

Appendix A

ALLOCATION OF SPECIAL ASSESSMENTS

Purpose of the Report

The Short Pump Town Center Community Development Authority (CDA) is being created to provide improvements for the special benefit of the property included in the CDA. A summary of the improvements to be provided are shown in Table A. Bonds are expected to be issued to fund these improvements. The bonds will include the cost of the improvements, issuance costs, interest on the bonds in the initial year during construction, and a reserve fund.

The community development authority will request the Board of Supervisors of Henrico County, Virginia to impose a special assessment and to collect an annual assessment each year to the extent other funds are not available to the CDA to pay the debt service due on the bonds and the cost of administration of the CDA. The total of the special assessments to be levied on the property to fund the construction of the improvements may not exceed the amount of the bonds issued. The special assessments will be paid over time with interest. The special assessments are levied pursuant to the Virginia Water and Waste Authorities Act, beginning with §15.2-5100 *et seq.* of the Code of Virginia, 1950.

In order to provide a reasonable basis for the special assessments, the assessments are to be levied in a manner that meets the following two requirements:

1. The total of the special assessments levied on all of the property in the CDA is equal to or less than the peculiar benefit received by the property subject to the special assessments from the improvements to be provided by the CDA; and
2. The special assessments are allocated to the parcels in the CDA in a manner that fairly reflects the relative benefit each parcel will receive from the improvements.

This report explains how the special assessments to be levied on the property in the CDA will meet these two requirements.

Description of the CDA

The property in the CDA will consist of approximately 95 acres (once the department stores and other property is excluded) of land located on Broad Street south of Interstate 64. The property is proposed to be developed as Short Pump Town Center, an upscale shopping mall. According to the concept plan for the mall, the project will include four department stores—Nordstrom's, Hecht's, Lord & Taylor, and Dillards—with approximately 654,000 square feet, and in-line specialty tenant space of approximately 346,000 square feet. The concept plan also identifies 19.7 acres for free standing stores at the front of the property along

Broad Street.

Description of the Proposed Improvements

A summary of the proposed improvements and the estimated cost of the improvements are shown in Table A. These improvements include extension of the sewer trunk to and through the property, extension of the water main to and through the property, storm water management facilities, improvements to the roads abutting the CDA, including a left turn lane from Broad Street into the property and a traffic signal, entrance roads and a ring road around the proposed mall, a plaza, sidewalks, and canopies, parking facilities, lighting and landscaping throughout the property, the excavation related to these improvements, and miscellaneous costs. The soft costs include the general contractor's general conditions, general contractor's fee, engineering, permits, and other costs related to the construction of the improvements.

Projected Issuance of Bonds

Bonds will be issued to finance a portion of the costs of the proposed improvements.

There will be issuance costs associated with the bonds, capitalized interest for one year during the construction period, and a reserve fund. Issuance costs in excess of two percent of the amount of the bonds will be paid by funds contributed by the property owners. Supplementing the bond proceeds will be interest income on the bond proceeds before they are fully expended and contributions from the developer. Table B shows the estimated sources of funds and uses of funds for the issuance of bonds.

Table A
Improvement Costs

Improvement	Estimated Cost
Extension of sewer trunk line	\$539,478
Extension of water main line	\$691,140
Storm water facilities	\$1,547,815
Entrance and abutting roads	\$1,054,500
Parking and ring road	\$3,899,787
Lighting	\$1,070,202
Landscaping	\$2,388,774
Plaza, sidewalks, and canopies	\$13,629,163
Excavation	\$1,387,634
Miscellaneous	\$1,708,420
Soft costs and contingency	\$6,700,059
Total	\$34,616,972

Table B
Estimated Sources and Uses of Funds

Sources of funds:	
Bond proceeds	\$25,500,000
Interest income	70,227
Contribution from owners	12,999,773
Total sources of funds	\$38,570,000
Uses of funds:	
Improvements	\$34,616,972
Bond issuance costs	892,500
Capitalized interest	1,530,000
Reserve fund	1,530,000
Rounding	528
Total uses of funds	\$38,570,000

Bond issuance costs include the costs to place the bonds (underwriter fees), legal fees, financial consulting fees, document printing costs, and other costs related to the issuance of the bonds. The purpose of the reserve fund is to ensure there are sufficient funds to pay debt service if there are delinquent special assessments. The reserve fund may be replaced by bond insurance or surety that will serve the same purpose as the reserve fund.

Special Assessments

The special assessments will be levied in an amount equal to the bonds proposed to be issued. The special assessments are paid over the period the bonds by the CDA are repaid with interest at the rate of interest on the bonds. The annual payments to repay the special assessments will also include the annual operating costs of the CDA. The special assessments are levied in a manner such that: (i) the total of the special assessments is equal to or less than the peculiar benefit received by the property from the improvements, and (ii) the special assessments are allocated to property in the CDA to fairly reflect the relative benefit each parcel will receive from the improvements.

Peculiar Benefit

The property in the CDA subject to the special assessments will receive a peculiar benefit from these improvements and this peculiar benefit will be equal to or greater than the cost of the special assessments levied on the property. The peculiar benefit is confirmed by the

following. First, a majority of the owners of the property in the CDA have petitioned the County and requested the special assessments to be imposed on the property for the purpose of providing the improvements. It is reasonable to believe the owners are acting in their interest and making this request because the benefit they receive from the improvements exceeds the cost of the special assessments.

Second, all of the remaining landowners of property in the CDA once bonds are issued are entering into an agreement with the County and the CDA, in which they agree to the special assessments to be levied on the property (the "Memorandum of Understanding"). These land owners are acting in their interest and entering into this agreement because the benefit to the land owners of the agreement, including the special assessments to be levied on the property, exceeds the costs of the special assessments.

Third, the special assessments are being levied to provide improvements that are required for the highest and best use of the property (i.e., the use of the property that is most valuable). Highest and best use can be defined as "the reasonably probable and legal use of property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value." (*Dictionary of Real Estate Appraisal, Third Edition.*) The four criteria for highest and best use are (i) legally permissible, (ii) physically possible, (iii) financially feasible, and (iv) maximally productive.

The highest and best use of the property in the CDA are uses proposed for the property in the Memorandum of Understanding. The use of the property in this manner will require the improvements which are to be provided by the CDA.

The financing provided by the CDA is long term financing that is non-recourse to the property owner (although the property is security for the bonds through the special assessments) and, on a portion of the bonds, pays interest to the bond holders that is exempt from income taxes, resulting in a lower rate than other available financing. As a result of these advantageous terms, the financing provided by the CDA is the most beneficial means of financing the improvements.

In summary, the special assessments result in a peculiar benefit to the property owner for the following reasons:

1. The improvements to be provided by the CDA are required for the highest and best use of the property;
2. The highest and best use of the property is the use of the property that is most valuable (including any costs associated with the use of the property);
3. The financing provided by the CDA is the most beneficial means of financing the improvements;
4. As a result, the peculiar benefits to the property from the improvements to be

provided by the CDA will be equal to or greater than the cost of the special assessments that will finance the improvements necessary to achieve the highest and best of the property.

Allocation of Special Assessments

The special assessments are allocated to property in the CDA to fairly reflect the relative benefit each parcel will receive from the improvements. Benefit is determined on the basis of the use each parcel will make of the improvements. Property is classified as either mall property or peripheral property. There are an estimated 19.7 acres of peripheral property and 75.2 acres of mall property.

Some of the improvements will benefit all of the property (i.e., the mall property and the peripheral property), and the cost of these improvements are allocated to all of the taxable property in the CDA on a per net acre basis. Net acreage is defined to mean "the estimated usable acreage . . . on which buildings or parking facilities may be constructed . . ."

Some of the improvements will primarily benefit only the mall property. The costs of these improvements are allocated to the mall property on a net acre basis.

The improvements that benefit all of the property include the extension of the sewer line, the extension of the water line, storm water management facilities, and the entrance and abutting roads. The facilities that primarily benefit the mall property include the ring road and parking (the peripheral sites will have their own parking, which is not being provided by the CDA), the plaza, sidewalks, and canopies, lighting, and landscaping (which is primarily for the parking facilities and the ring road). The excavation, miscellaneous and soft costs, and the contingency are allocated pro rata to the other costs.

The calculation of the costs per net acre for each of the facilities is shown by Table C:

Table C
Costs Per Net Acre

Facilities	Estimated Cost	Net Acres	Cost Per Net Acre
Sewer line	\$539,478	95	\$5,685
Water line	\$691,140	95	\$7,283
Storm water	\$1,547,815	95	\$16,310
Entrance and abutting roads	\$1,054,500	95	\$11,112
Lighting	\$1,070,202	75	\$14,231
Landscaping	\$2,388,774	75	\$31,766
Plaza, sidewalks, and canopies	\$13,629,163	75	\$181,239
Ring road and parking	\$3,899,787	75	\$51,859

The excavation, miscellaneous, soft costs and contingency are not included in Table C. These costs are allocated on a pro rata basis as the other costs; in other words, equal to the equivalent use ratio as calculated below.

The equivalent use ratio for mall property and peripheral property is shown in Table D. The equivalent use ratio is the ratio of the costs per acre of the peripheral property (\$40,389) to the costs per acre of the mall property (\$319,484). The equivalent use ratio of the mall property is set at one, resulting in an equivalent use ratio for the peripheral property of 0.1264 ($\$40,389 \div \$319,484 = 0.1264$). (The numbers in Tables C and D and the other tables herein are shown rounded for convenience of presentation, but are not rounded in the calculations.)

Table D
Equivalent Use Ratios

Facilities	Cost Per Net Acre	
	Mall Property	Peripheral Property
Sewer line	\$5,685	\$5,685
Water line	\$7,283	\$7,283
Storm water	\$16,310	\$16,310
Entrance and abutting roads	\$11,112	\$11,112
Lighting	\$14,231	\$0
Landscaping	\$31,766	\$0
Plaza, sidewalks, and canopies	\$181,239	\$0
Ring road and parking	\$51,859	\$0
Total	\$319,484	\$40,389
Equivalent use ratio	1.0	0.1264

The special assessment on each parcel is based on the net acreage of mall property and peripheral property within the parcel and the use of the improvements by each type of property, based on the equivalent use ratios. As a result, the special assessment on each parcel reflects the use of the improvements by the parcel. Since the use of the improvements reflects the benefit received from the improvements and the special assessment reflect the use of the improvements, the special assessments allocated to each parcel reflects the benefit each parcel receives from the improvements.

The fairness of the allocation of the special assessments to the parcels in the CDA is confirmed since all of the property owners in the CDA (except for one owner who is selling its property to another property owner in the CDA) have petitioned the County and requested the special assessments to be imposed on the property and all of the owners of property once bonds are issued will be entering into the Memorandum of Understanding with the County and the CDA, which provides for the special assessments to be levied as described herein. It is reasonable to believe the owners are acting in their interest, making this request, and entering into the Memorandum of Understanding, and that therefore the special assessments levied on each parcel fairly represents the benefit to be received from the improvements.

Summary

As explained in this report, there is a reasonable basis for the special assessments. This reasonable basis is based on the following:

1. The total of the special assessments levied on all of the property in the CDA is equal to or less than the peculiar benefit received by the property subject to the special assessments from the improvements to be provided by the CDA; and
2. The special assessments are allocated to the parcels in the CDA in a manner that fairly reflects the relative benefit each parcel will receive from the improvements.

Appendix B

**DESCRIPTION OF PROPOSED
PUBLIC IMPROVEMENTS**

Appendix B

**DESCRIPTION OF PROPOSED
PUBLIC IMPROVEMENTS**

Extension of sewer trunk line	\$539,478
Extension of water main line	\$691,140
Storm water management facilities	\$1,547,815
Roads abutting the CDA:	
Left turn lane	\$57,000
Traffic signal	\$142,500
Ring road and parking	\$3,899,787
Entrance roads	\$855,000
Lighting	\$1,070,202
Landscaping	\$2,388,774
Plaza, sidewalks, and canopies	\$13,629,163
Excavation related to the improvements	\$1,387,634
Miscellaneous	\$1,708,420
Soft costs and contingency	\$6,700,059
Total	\$34,616,972

CERTIFICATE

Shirley
1/31/00

I, Barry R. Lawrence, am the Clerk of the Board of Supervisors of Henrico County, Virginia (the "Board") and I am the custodian of the minutes of the meetings of the Board including the attached extract from the minutes pertaining to an ordinance adopted by the Board on October 24, 2000 establishing a special assessment for the Short Pump Town Center Community Development Authority and authorizing certain agreements. I hereby certify that this extract from the minutes is a true copy of the original record.

Barry R. Lawrence

Barry R. Lawrence
Clerk of the Board of Supervisors
of Henrico County, Virginia

COMMONWEALTH OF VIRGINIA
COUNTY OF HENRICO, to-wit:

Subscribed and sworn by Barry R. Lawrence, Clerk of the Board of Supervisors of Henrico County, Virginia, before me this 8th day of December, 2000.

Linda R. Jones

Notary Public

My commission expires 5/31/03

BOS01598

COUNTY OF HENRICO, To-wit:

At a regular meeting of the Board of Supervisors of Henrico County, held in the Board Room, Administration Building, Henrico Government Center, Parham and Hungary Spring Roads, Henrico County, Virginia, on Tuesday, the 24th day of October, 2000, at the hour of 7:00 o'clock p.m.

MEMBERS OF THE BOARD PRESENT

Frank J. Thornton, Chairman
Richard W. Glover, Vice-Chairman
James B. Donati, Jr.
David A. Kaechele
Patricia S. O'Bannon

*****

392-00   An advertised public hearing was held at which no opposition was expressed. On motion of Mr. Kaechele, seconded by Mr. Donati, and by unanimous vote, the following Ordinance was adopted:

Ordinance - Establishing a Special Assessment for the Short Pump Town Center Community Development Authority and Authorizing Certain Agreements.

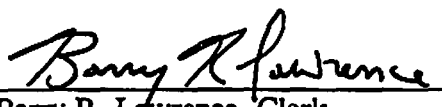
The vote of the Board was as follows:

Aye
Frank J. Thornton
Richard W. Glover
James B. Donati, Jr.
David A. Kaechele
Patricia S. O'Bannon

Nay

*****

A Copy
Teste:


Barry R. Lawrence, Clerk
Board of Supervisors

BOS01599

At a regular meeting of the Board of Supervisors of Henrico County, Virginia, held on the 24th day of October, 2000, the following Board of Supervisors members were recorded as present:

PRESENT:

Frank J. Thornton
Richard W. Glover
James B. Donati, Jr.
David A. Kaechele
Patricia S. O'Bannon

On motion by Mr. Kaechele, seconded by Mr. Donati, the attached Ordinance was enacted by the Board of Supervisors by a voice vote, the votes being recorded as follows:

Aye

Frank J. Thornton
Richard W. Glover
James B. Donati, Jr.
David A. Kaechele
Patricia S. O'Bannon

Nay



COUNTY OF HENRICO, VIRGINIA
BOARD OF SUPERVISORS
MINUTE

Agenda Item No. 39200
Page No. 1 of 1

Agenda Title **ORDINANCE - Establishing a Special Assessment for the Short Pump Town Center Community Development Authority and Authorizing Certain Agreements**

For Clerk's Use Only: Date: <u>OCT 24 2000</u> ☒ Approved ☐ Denied ☐ Amended ☐ Deferred to	BOARD OF SUPERVISORS ACTION Moved by (1) <u>Kaechele</u> Seconded by (1) <u>Donati</u> (2) _____ (2) _____ REMARKS: <u>APPROVED</u>	<table><thead><tr><th></th><th>YES</th><th>NO</th><th>OTHER</th></tr></thead><tbody><tr><td>Donati, J.</td><td>☒</td><td>☐</td><td>☐</td></tr><tr><td>Glover, R.</td><td>☒</td><td>☐</td><td>☐</td></tr><tr><td>Kaechele, D.</td><td>☒</td><td>☐</td><td>☐</td></tr><tr><td>O'Bannon, P.</td><td>☒</td><td>☐</td><td>☐</td></tr><tr><td>Thornton, F.</td><td>☒</td><td>☐</td><td>☐</td></tr></tbody></table>		YES	NO	OTHER	Donati, J.	☒	☐	☐	Glover, R.	☒	☐	☐	Kaechele, D.	☒	☐	☐	O'Bannon, P.	☒	☐	☐	Thornton, F.	☒	☐	☐
	YES	NO	OTHER																							
Donati, J.	☒	☐	☐																							
Glover, R.	☒	☐	☐																							
Kaechele, D.	☒	☐	☐																							
O'Bannon, P.	☒	☐	☐																							
Thornton, F.	☒	☐	☐																							

After a duly advertised public hearing, the Board of Supervisors of Henrico County, Virginia adopted the attached ordinance.

BOS01601

By Agency Head W Forest Matthews

By County Manager Doris R. Hight

Routing:

Yellow to: Finance

Copy to: _____

Certified:

A Copy Tests: Barry R. Lawrence

Clerk, Board of Supervisors

Date: 12/8/00

**ORDINANCE - ESTABLISHING A SPECIAL ASSESSMENT FOR THE
SHORT PUMP TOWN CENTER COMMUNITY DEVELOPMENT AUTHORITY
AND AUTHORIZING CERTAIN AGREEMENTS**

WHEREAS, the Board of Supervisors of Henrico County, Virginia (the "Board") authorized the creation of the Short Pump Town Center Community Development Authority (the "CDA") by Resolution adopted September 26, 2000; and,

WHEREAS, the CDA has requested that the Board establish a special assessment on certain property within the CDA District; and,

WHEREAS, the Board proposes to set forth certain agreements with the CDA and the owners of the land within the CDA (the "Landowner") pursuant to a Memorandum of Understanding among the Board, the Landowner, Short Pump Town Center LLC, its successors and assigns (the "Developer") and the CDA (the "Memorandum of Understanding"); and,

WHEREAS, the Board proposes to set forth certain agreements with the Developer, the CDA and the Economic Development Authority of Henrico County, Virginia pursuant to an Economic Development Agreement (the "Economic Development Agreement");

WHEREAS, the CDA proposes to issue its bonds (the "Bonds") to finance certain improvements within the CDA District; and

WHEREAS, the establishment of a special assessment on certain property within the CDA District and the actions contemplated by the Memorandum of Understanding and the Economic Development Agreement will benefit the citizens of the County by promoting increased employment opportunities, a strengthened economic base and increased tax revenues and additional retail opportunities not currently available in the local area; and

WHEREAS, the financial incentives provided pursuant to the Memorandum of Understanding and the Economic Development Agreement are expected to meet or exceed each of the County's criteria for economic development incentives as follows: (i) any incentives will be funded solely by revenues generated by the Short Pump Town Center, (ii) the Short Pump Town Center is expected to have a minimum value of at least one percent of the County's tax base, (iii) the anticipated revenues to be derived by the County exceed the incentives, (iv) the incentives will not exceed the amount of revenues generated by the Short Pump Town Center within a five year period, (v) the costs funded from incentives do not exceed 10% of the value of the Short Pump Town Center, (vi) the proposed financing will have no impact on the County's credit rating and (vii) the proposed development will have limited requirements for County services.

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF SUPERVISORS OF HENRICO COUNTY, VIRGINIA:

1. Approval of Memorandum of Understanding; Economic Development Agreement. The Memorandum of Understanding and the Economic Development Agreement are approved in substantially the forms presented to the Board at this meeting, with such minor changes and corrections (including, without limitation, changes in the date thereof) as may be approved by the County Manager or the Chairman of the Board of Supervisors, whose approval shall be evidenced conclusively by the execution and delivery of the Memorandum of Understanding and the Economic Development Agreement. The County Manager and the Chairman of the Board of Supervisors; or either of them, is authorized and directed to execute and deliver the Memorandum of Understanding and the Economic Development Agreement.

2. Special Assessment. By agreement between the Landowner and the Board pursuant to the Memorandum of Understanding, special assessments to pay the costs of public improvements to be provided within the CDA District are hereby established and apportioned in accordance with the Rate and Method of Apportionment of Special Assessments attached hereto as Exhibit A. The special assessments set forth in Exhibit A hereto shall not become effective until January 1 of the year after the Bonds are issued. The CDA shall cause notice of the special assessments to be reported to the Director of Finance for Henrico County. The special assessments shall be liens on the taxable real property in the CDA District in accordance with the provisions of Virginia Code Sections 15.2-2404 et. seq.

3. Subsequent Resolution. The Board may make such additional changes or amendments to the Memorandum of Understanding or the Economic Development Agreement as it determines to be necessary or appropriate by subsequent resolution.

4. Effective Date. This Ordinance shall be effective immediately.

ATTACHMENT:

Exhibit A - Rate and Method of Apportionment of Special Assessments

CERTIFIED COPY Barry Lawrence
Clerk of the Board

\\RIC7BONDS\ShortPump\Ordinance 7.doc

MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING made this ____ day of _____, 2000, by and among the BOARD OF SUPERVISORS OF HENRICO COUNTY, VIRGINIA (the "Board"); MJGT ASSOCIATES, LLC, FOREST CITY ENTERPRISES, INC. and F.C. SHORT PUMP LAND INVESTMENT, INC., their respective successors and assigns (collectively, the "Landowner"); SHORT PUMP TOWN CENTER LLC, its successors and assigns (the "Developer") and the SHORT PUMP TOWN CENTER COMMUNITY DEVELOPMENT AUTHORITY (the "CDA").

WITNESSETH

WHEREAS, certain landowners constituting the owners of at least a majority of the real estate within the CDA, by petition (the "Petition") filed pursuant to Sections 15.2-5152 *et seq.* of the Code of Virginia of 1950, as amended (the "Virginia Code") with the Board petitioned the Board to create a community development authority to assist in the development of certain improvements in conjunction with a project known as Short Pump Town Center, a first-class retail center to be located north of West Broad Street (U.S. Route 250) near its intersection with Lauderdale Drive in Henrico County, Virginia, and

WHEREAS, by Resolution adopted September 26, 2000 (the "Resolution"), the Board voted to create the CDA;

WHEREAS, the transactions contemplated by this Memorandum will benefit the citizens of the County by promoting increased employment opportunities, a strengthened economic base and increased tax revenues and additional retail opportunities not currently available in the local area;

WHEREAS, the Board has determined that the incentives provided by this Memorandum are expected to meet or exceed each of the County's criteria for economic development incentives as follows: (i) any incentives will be funded solely by revenues generated by the Short Pump Town Center, (ii) the Short Pump Town Center is expected to have a minimum value of at least one percent of the County's tax base, (iii) the anticipated revenues to be derived by the County exceed the incentives, (iv) the incentives will not exceed the amount of revenues generated by the Short Pump Town Center within a five year period, (v) the costs funded from incentives do not exceed 10% of the value of the Short Pump Town Center, (vi) the proposed financing will have no impact on the County's credit rating and (vii) the proposed development will have limited requirements for County services; and

WHEREAS, the parties wish to set forth several understandings with respect to the CDA in this Memorandum:

NOW, THEREFORE, in consideration of the foregoing, the parties set forth the following understandings.

1. **Definitions.** The terms set forth below will have the following meanings in this Memorandum unless the context clearly requires otherwise.

"Annual Installment" means the annual amount of payments allocated to each parcel within the CDA subject to the Assessment Lien, as determined in accordance with the RMA.

"Assessment Lien" means the special assessment on each taxable parcel within the CDA District as determined in accordance with the RMA.

"Board" means the Board of Supervisors of Henrico County, Virginia.

"Bonds" means the bonds to be issued by the CDA pursuant to Virginia Code Sections 15.2-5158(A)(2) and 15.2-5125 as described in paragraph 2 of this Memorandum.

"CDA" means the Short Pump Town Center Community Development Authority and its successors and assigns.

"CDA District" means the CDA boundaries as such boundaries may be adjusted by the CDA in accordance with the provisions of the Resolution and the CDA's Articles of Incorporation.

"CDA Improvements" means certain infrastructure and other improvements in connection with the Short Pump Town Center to be financed by the CDA as described in paragraph 3 of this Memorandum.

"County" means Henrico County, Virginia.

"Developer" means Short Pump Town Center LLC, its successors and assigns.

"Economic Development Agreement" means the Economic Development Agreement among the Board, the Developer, the CDA and the EDA as described in paragraph 9 of this Memorandum.

"EDA" means the Economic Development Authority of Henrico County, Virginia, and its successors and assigns.

"EDA Payments" means semi-annual payments from the County to the EDA to be paid on or before each [May 15] and [November 15] pursuant to the Economic Development Agreement in amounts determined as set forth in paragraph 9 of this Memorandum and subject to the limitations set forth in such paragraph 9 and in the Economic Development Agreement.

"Initial Authority District" means the real estate described in Exhibit A to this Memorandum.

"Landowner" means, collectively, MJGT Associates, Inc., Forest City Enterprises, Inc. and F.C. Short Pump Land Investment, Inc., and their respective successors and assigns.

"Memorandum" means this Memorandum of Understanding among the Board, the Landowner, the CDA and the Developer.

"Non-Anchor Portion" means approximately 370,000 square feet of retail space to be constructed at Short Pump Town Center in addition to the four anchor department stores.

"Petition" means the Petition filed with the Board to create the CDA.

"Resolution" means the Resolution adopted by the Board on September 26, 2000 creating the CDA.

"RMA" means the Rate and Method of Apportionment of Special Assessments for the CDA attached hereto as Exhibit B.

"Short Pump Town Center" means a first class retail center to be located north of West Broad Street (U.S. Route 250) near its intersection with Lauderdale Drive in the County, including four department stores consisting of Dillard's, Hecht's, Nordstrom and Lord & Taylor.

"Tax Increment" has the meaning set forth in paragraph 9(f) of this Memorandum.

"Tax Increment Amounts" means the tax revenues collected by the County attributable to the Tax Increment.

"Trustee" means the bank or trust company serving as trustee for the Bonds.

"Virginia Code" means the Code of Virginia of 1950, as amended.

2. **Issuance of Bonds.** The CDA agrees to issue the Bonds pursuant to Virginia Code Sections 15.2-5158(A)(2) and 15.2-5125 to be used to finance the land acquisition, design, infrastructure construction and development by or on behalf of the CDA of certain improvements in connection with the Short Pump Town Center. The CDA will request the Board to establish a special assessment on real estate within the CDA District, as such special assessment may be reduced in accordance with the RMA to secure payment of the Bonds. The special assessments will be calculated to correspond to the benefit each parcel receives from the improvements for which Bonds are issued. The CDA expects to finance the CDA Improvements with one or more series of Bonds. The Bonds shall be issued in an amount sufficient to pay a portion of the costs of the CDA Improvements, which amount will not exceed \$22,000,000, plus an amount sufficient to pay a portion of the costs of issuing the Bonds in the amount of 2% of the aggregate principal amount of the Bonds, the costs of establishing any reserve fund required in connection with the issuance of the Bonds and capitalized interest on the Bonds for a period not to exceed 12 months. The CDA agrees that the maturity of the Bonds shall not exceed approximately five years after the year in which the anticipated completion date of the Short Pump Town Center occurs.

3. **Development of CDA Improvements.** The Short Pump Town Center will be a first-class retail center located within the Initial Authority District. The CDA Improvements consist of various infrastructure improvements, including traffic signalization and road improvements, entrance roads, sanitary sewer line improvements and extensions, stormwater

management improvements, water system extensions and improvements, lighting, landscaping, parking and public areas all as described in the Petition. The CDA, or the Developer on behalf of the CDA, will enter into contracts for the construction, development and equipping of such improvements.

4. Submission of Information. Before the issuance of the Bonds, the Landowner, the Developer or the CDA, as appropriate, will submit such information with respect to the CDA's finances and the issuance of the Bonds as the County's Director of Finance or County Attorney may reasonably request, including the Limited Offering Memorandum or other disclosure document to be used in connection with the sale of the Bonds.

5. Special Assessment.

(a) Request for Special Assessment -- Not later than January 15 of each year, the CDA will request the County to levy and collect the Annual Installment pursuant to Virginia Code Section 15.2-5158(A)(5) in accordance with the RMA. The CDA agrees that, so long as the Bonds remain outstanding, each year it will request semi-annual payments of the Annual Installment to be collected by the County in that year for the Assessment Lien in accordance with the RMA. Contemporaneously with the above request to levy and collect the Annual Installment, the CDA shall deliver to the County's Director of Finance a schedule showing the applicable portion of the Annual Installment for each parcel in the CDA District as it existed as of January 1 of that year. In making the above request, the CDA will provide the following information for each parcel within the CDA District that is subject to the Assessment Lien: (1) the parcel GPIN; (2) parcel acreage; (3) parcel address; (4) the parcel owner as of January 1, including a contact person should the parcel owner be owned by more than one person or by a corporate entity or partnership; (5) mailing address of the owner or contact person set forth in item 4 and (6) the proposed amount of Annual Installment divided equally into first and second half of the year;

(b) Agreement with respect to Assessment -- In accordance with Virginia Code Sections 15.2-5158(A)(5) and 15.2-2405 the parties hereto agree to the Assessment Lien and the Annual Installment to be levied and apportioned in accordance with this Memorandum and the RMA attached hereto as Exhibit B and incorporated herein.

(c) Billing and Collection of Annual Installments -- The County shall impose the Annual Installment in accordance with law no later than April 30 of each year. The amount of the Annual Installment for each parcel will be recorded on the County tax rolls in the same manner as any other supplemental tax bill such that the public will have access to its existence and payment status on a parcel-by-parcel basis. Penalties and interest on delinquent payments of the Annual Installment shall be charged as provided by law. The Annual Installment, to be collected in accordance with the RMA, shall be billed in halves, each half being due on June 5 and December 5 of each year unless these dates fall on a date when County offices are closed, in which case the Annual Installment shall be due on the next day that County offices are open. A supplemental bill in a separate envelope, with instructions requiring payment to be returned to the Director of Finance, shall be sent for each payment of Annual Installment for each due date.

(d) **Assignment** -- The County pledges and assigns all of its right, title and interest in the Annual Installments to the CDA, subject to annual appropriation by the Board. The County Manager or other officer responsible for preparing the County's budget shall include in the County's budget for each fiscal year an amount equal to the Annual Installment, if any, to be collected for such fiscal year. Although it is the County's intention to pay to the CDA the Annual Installment collected in each fiscal year, the County's obligations hereunder are subject to appropriation each year by the Board and do not constitute a general obligation of the County or a pledge of its full faith and credit. The CDA, in turn, will pledge and assign all of its right, title and interest in the Annual Installments to the Trustee for the Bonds who will use the moneys received to make debt service payments on the Bonds before returning any remainder to the CDA. The Annual Installments assigned by the County include any payments from foreclosures, less costs of collection. The County will pay such Annual Installment amounts collected to the CDA or the Trustee as assignee of the CDA within 20 days after receipt of any such amounts.

(e) **Collection of Delinquent Annual Installment Payments** -- The County's customary tax payment enforcement proceedings will apply to the collection of any delinquent payment of the Annual Installment. The County shall pursue the collection of such delinquent payments with the same diligence it employs in the collection of the County's general *ad valorem* real estate taxes, including the commencement of tax foreclosure proceedings to the extent provided by the then-current statutes of the Commonwealth of Virginia. The County agrees that it will provide notice to the CDA of any legal proceedings to be instituted for the collection of delinquent payments of the Annual Installment. The parties understand and agree that the County's ordinary discretion in this regard allows it to decide not to expend resources to collect *de minimis* outstanding amounts; provided that the County will obtain the CDA's consent with respect to any such amounts in excess of \$200. The CDA agrees to cooperate with the County in any such enforcement action.

6. **CDA Board Members.** In accordance with the Resolution, the initial members of the board of the CDA are as set forth in the CDA's Articles of Incorporation. The successor of each member shall be appointed by the Board for a term of four years and until his or her successor shall be duly appointed and qualify, except that any person appointed to fill a vacancy shall serve only for the unexpired term. Any member shall be eligible for reappointment.

7. **Prerequisites to Issuance of Bonds.** The CDA agrees that it will not issue Bonds until the Developer has met the prerequisites set forth in this paragraph. The Developer agrees that it will provide the following to the County before the issuance of Bonds by the CDA:

- (i) a copy of a Reciprocal Easement Agreement executed by the four anchor department stores (Nordstrom, Hecht's, Lord & Taylor and Dillard's) providing that such department stores will build and operate department stores containing a total of approximately 654,000 square feet to be operated under the foregoing names at Short Pump Town Center for a period of 15 years;
- (ii) evidence satisfactory to the County that the Hecht's and Dillard's department stores will be operated as flagship department stores and that

the Nordstrom and Lord & Taylor department stores will be operated as first class department stores;

- (iii) a guaranty by Forest City Enterprises, Inc. in form and substance satisfactory to the County that construction of the Non-Anchor Portion of Short Pump Town Center will be completed;
- (iv) evidence satisfactory to the County that the Developer has obtained commitments for financing in amounts sufficient to complete construction of the Non-Anchor Portion of Short Pump Town Center; and
- (v) evidence that the Developer has spent at least \$10,000,000 in equity funds that have been applied to payment of costs of developing Short Pump Town Center.

8. **Bond Reserve Fund Payments.** The CDA and the County agree that the following amounts will be used by the Trustee to pay costs that qualify for Bond financing or to reimburse the Developer for such costs if permitted under the Internal Revenue Code and applicable regulations or to pay debt service on the Bonds in accordance with the Indenture, provided that amounts derived pursuant to (iii) below will be paid to the Developer: (i) any amounts in the Bond debt service reserve fund held by the Trustee in excess of the amount required to be on deposit in such fund resulting from investment earnings on such fund; (ii) any amounts in excess of the amounts required to be held in such fund as a result of prepayment of any of the Bonds; (iii) any balance remaining in such fund upon payment in full of the Bonds; and (iv) any amounts in such fund for which a surety bond consistent with the requirements of the Indenture pursuant to which the Bonds are issued has been provided.

9. **Economic Development Agreement.** (a) The County agrees that in consideration of the public improvements to be provided by the Developer and the benefits accruing to the County from the development of Short Pump Town Center it will enter into the Economic Development Agreement to provide for payment of certain incentives to the CDA or the Developer upon the terms described in this paragraph and the Economic Development Agreement.

(b) Each EDA Payment shall be in an amount equal to (i) the amount of all Annual Installments, or portions thereof, paid by the Developer with respect to which no prior EDA Payment has been made plus (ii) the amount of any Assessment Lien prepaid by the Developer and not previously reimbursed plus (iii) the amount of all Annual Installments, or portions thereof, for the payment of which funds have been made available to the CDA and with respect to which no prior EDA Payment has been made, plus (iv) an amount equal to the portion of any prior EDA Payment that was not paid because Tax Increment Amounts collected by the County were insufficient to make such payment.

(c) Notwithstanding anything to the contrary contained in this Memorandum, the County shall pay each EDA Payment only to the extent it has collected Tax Increment Amounts that have not previously been applied to make EDA Payments.

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(d) Notwithstanding anything to the contrary contained in this Memorandum, all EDA Payments to be paid by the County to the EDA shall be subject to annual appropriation by the Board.

(e) EDA Payments shall be used by the EDA to make payments as set forth in the Economic Development Agreement.

(f) "Tax Increment" means for each six-month period preceding the date of calculation the difference between the Base Tax Revenues and the Current Tax Revenues. The Base Tax Revenues shall be equal to one-half of the amount of taxes received by the County from all property within the Initial Authority District, as described in Exhibit B to this Memorandum in the twelve-month period ending December 31, 1999, from all tax revenues, including real estate taxes, personal property taxes, BPOL taxes and the local portion of sales taxes. Current Tax Revenues shall be the amount of taxes received by the County from all property within the Initial Authority District in the six-month period preceding the date of calculation from all such taxes. The Tax Increment shall be calculated semi-annually as of each [May 1] and [November 1] by the County's Director of Finance.

(g) EDA Payments shall not be pledged to payment of the Bonds.

10. **Counterparts.** This Memorandum may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which together shall constitute but one and the same instrument.

11. **Non-Recourse to Forest City Enterprises, Inc.** Upon completion of construction of the Non-Anchor Portion, the obligations of Forest City Enterprises, Inc. under this Memorandum shall be nonrecourse to the members of Forest City Enterprises, Inc., and their respective members, shareholders, partners, officers and directors, as the case may be.

12. **Governing Law.** This Memorandum shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia without regard to its conflict of law rules.

13. **Consent to Jurisdiction and Venue.** The parties hereto (a) agree that any suit, action or other legal proceeding, as between the parties hereto, arising out of or relating to this Memorandum shall be brought and tried only in the Circuit Court of Henrico County, Virginia, (b) consent to the jurisdiction of such court in any such suit, action or proceeding and (c) waive any objection which any of them may have to the laying of venue of any such suit, action or proceeding in such court and any claim that any such suit, action or proceeding has been brought in an inconvenient forum. The parties hereto agree that a final judgment in any such suit, action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

14. **Severability.** If any clause, provision or section of this Memorandum is held to be illegal or invalid by any court, the invalidity of the clause, provision or section will not affect any of the remaining clauses, provisions or sections, and this Memorandum will be construed and enforced as if the illegal or invalid clause, provision or section has not been contained in it.

15. Successors and Assigns. This Memorandum will be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and assigns.

16. Survival. The Memorandum shall survive payment in full of the Bonds and shall remain in full force and effect until all EDA Payments have been made.

WITNESS the following signatures.

SHORT PUMP TOWN CENTER LLC

By: _____

Title: _____

SHORT PUMP TOWN CENTER COMMUNITY
DEVELOPMENT AUTHORITY

By: _____

Title: Chairman

BOARD OF SUPERVISORS OF HENRICO
COUNTY, VIRGINIA

By: _____

Title: County Manager

MJGT ASSOCIATES, LLC

By: _____

Its: _____

FOREST CITY ENTERPRISES, INC.

By: _____

Its: _____

BOS01611

F.C. SHORT PUMP LAND INVESTMENTS, INC.

By: _____
Its: _____

Attachments:

Exhibit A – Description of Initial Authority District

Exhibit B – Rate and Method of Apportionment of Special Assessments

BOS01612

Exhibit A**Description of Initial Authority District**

All those certain pieces and parcels of land containing in the aggregate 147.186 acres, more or less, as described on that certain plat dated December 19, 1997, revised September 3, 1998, prepared by Timmons and entitled "Plat Showing 147.186 Acres of Land Lying on the North Line of U.S. Route 250 – West Broad Street" and being comprised of the following tax parcels: 36-A-13 (in part), 36-A-26, 36-A-27, 36-A-28, 36-A-29, 36-A-30, 36-A-31, 36-A-32, 36-A-34A, 36-A-35A, 36-A-36A, 36-A-37 and 36-A-38.

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BOS01613

ECONOMIC DEVELOPMENT AGREEMENT

THIS ECONOMIC DEVELOPMENT AGREEMENT (this "Agreement") is entered into as of _____ 1, 2000 by and among the BOARD OF SUPERVISORS OF HENRICO COUNTY, VIRGINIA (the "Board") the SHORT PUMP TOWN CENTER COMMUNITY DEVELOPMENT AUTHORITY (the "CDA"), SHORT PUMP TOWN CENTER LLC, its successors and assigns (the "Developer") and the ECONOMIC DEVELOPMENT AUTHORITY OF HENRICO COUNTY, VIRGINIA (the "Authority").

RECITALS:

The County proposes to enter into this Agreement with the Authority, the CDA and the Developer in order to provide certain moneys to the Authority to be used to promote economic development objectives as described herein. The County, the CDA and the Authority propose to facilitate the acquisition of land, construction and development of certain infrastructure and public improvements in connection with a retail center to be located in the County known as Short Pump Town Center.

The Authority, the CDA and the County expect that the development of Short Pump Town Center will provide necessary or desirable infrastructure and public improvements and result in increased employment opportunities for the residents of the County, increased tax revenues for the County, a strengthened economic base and other economic benefits to the County which will further the well-being of the County and its residents. The County is authorized pursuant to Section 15.2-953 of the Code of Virginia of 1950, as amended, to make donations and appropriations of money to the Authority for the purposes of promoting economic development.

The Board has determined that the incentives provided by this Agreement are expected to meet or exceed each of the County's criteria for economic development incentives as follows: (i) any incentives will be funded solely by revenues generated by the Short Pump Town Center, (ii) the Short Pump Town Center is expected to have a minimum value of at least one percent of the County's tax base, (iii) the anticipated revenues to be derived by the County exceed the incentives, (iv) the incentives will not exceed the amount of revenues generated by the Short Pump Town Center within a five year period, (v) the costs funded from incentives do not exceed 10% of the value of the Short Pump Town Center, (vi) the proposed financing will have no impact on the County's credit rating and (vii) the proposed development will have limited requirements for County services.

The County intends to make economic development incentive payments to the Authority to facilitate the development of Short Pump Town Center, but only from certain tax revenues generated by Short Pump Town Center and only to the extent provided in paragraph 9 of the Memorandum (as defined below).

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements herein contained, and other good and valuable consideration, the receipt and

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sufficiency of which are hereby acknowledged, the County, the CDA, the Developer and the Authority hereby agree as follows:

1. Recitals. The foregoing recitals are incorporated into and made a part of this Agreement as though they were fully set forth in this Section 1 and constitute the representations, findings and understandings of the Board, the CDA, the Developer and the Authority.

2. Definitions. The terms set forth below will have the following meanings in this Agreement unless the context clearly requires otherwise.

"Agreement" means this Economic Development Agreement among the Board, the CDA, the Developer and the Authority.

"Annual Installment" means the annual amount of payments allocated to each parcel within the CDA subject to the Assessment Lien, as determined in accordance with the RMA.

"Assessment Lien" means the special assessment on each taxable parcel within the CDA District as determined in accordance with the RMA.

"Authority" means the Economic Development Authority of Henrico County, Virginia, and its successors and assigns.

"Board" means the Board of Supervisors of Henrico County, Virginia.

"CDA" means the Short Pump Town Center Community Development Authority and its successors and assigns.

"CDA District" means the CDA boundaries as such boundaries may be adjusted by the CDA in accordance with the provisions of the Resolution and the CDA's Articles of Incorporation.

"County" means Henrico County, Virginia.

"Developer" means Short Pump Town Center LLC and its successors and assigns.

"EDA Payments" means semi-annual payments from the County to the Authority to be paid on or before each May 15 and November 15 as such payments are determined pursuant to paragraph 9 of the Memorandum and subject to the limitations set forth in paragraph 9 of the Memorandum.

"Force Majeure" means acts of God, strikes, lockouts or other industrial disturbances; acts of public enemies; orders or restraints of any kind of the governments of the United States or of the Commonwealth of Virginia or any of their departments, agencies or officials, or any civil or military authority; insurrections; riots; landslides; lightning; earthquakes; fires; tornadoes; volcanoes; storms; droughts; floods; explosions, breakage, or malfunction or accident to

machinery, transmission lines, pipes or canals, even if resulting from negligence; civil disturbances; or any other cause not reasonably within the control of the Developer.

"Initial Authority District" means the real estate described in Exhibit A to this Agreement.

"Landowner" means, collectively, MJGT Associates, Inc., Forest City Enterprises, Inc. and F.C. Short Pump Land Investment, Inc., and their respective successors and assigns.

"Memorandum of Understanding" means the Memorandum of Understanding, dated _____ among the Board, the CDA, the Landowner and the Developer.

"Non-Anchor Portion" means approximately 370,000 square feet of retail space to be constructed at Short Pump Town Center in addition to the four anchor department stores.

"Noncompliance" means failure of the Developer to perform any of the covenants contained in paragraph 6 of this Agreement; provided that if by reason of Force Majeure the Developer is unable in whole or in part to perform such covenants, a Noncompliance shall not be deemed to have occurred during the continuance of such inability. The Developer agrees, however, to remedy with all reasonable dispatch the cause or causes preventing the Developer from carrying out its covenants and provided further that Noncompliance shall not be deemed to have occurred if the Developer provides evidence satisfactory to the County that it is undertaking corrective action and diligently pursuing corrective action.

"Petition" means the Petition filed with the Board to create the CDA.

"Resolution" means the Resolution adopted by the Board on September 26, 2000 creating the CDA.

"RMA" means the Rate and Method of Apportionment of Special Assessments for the CDA.

"Short Pump Town Center" means a first class retail center to be located north of West Broad Street (U.S. Route 250) near its intersection with Lauderdale Drive in the County, including four department stores consisting of Dillard's, Hecht's, Nordstrom and Lord & Taylor.

"Tax Increment" means for each six-month period preceding May 1 and November 1 the difference between the Base Tax Revenues and the Current Tax Revenues. The Base Tax Revenues shall be the amount of taxes received by the County from all property within the Initial Authority District in the six-month period ending December 31, 1999, from all tax revenues, including real estate taxes, personal property taxes, BPOL taxes and the local portion of sales taxes. Current Tax Revenues shall be the amount of taxes received by the County from all property within the Initial Authority District in the six month period preceding the applicable May 1 or November 1 from all such taxes.

"Tax Increment Amounts" means the tax revenues collected by the County attributable to the Tax Increment.

"Trustee" means the bank or trust company serving as trustee for the CDA's bonds.

"Virginia Code" means the Code of Virginia of 1950, as amended.

3. County Undertakings. Subject to the restrictions in paragraph 9 of the Memorandum, including but not limited to annual appropriation by the Board, the County agrees to pay EDA Payments, in amounts calculated as set forth in paragraph 9 of the Memorandum, subject to annual appropriation, to the Authority semi-annually on or before each May 15 and November 15, beginning with the May 15 or November 15 following the first semi-annual payment of the Annual Installment made by the Developer.

4. Authority Undertakings. (a) The Authority agrees to cooperate with the County to provide certain economic development incentives to facilitate the development and construction of Short Pump Town Center on the terms set forth herein.

(b) Subject to paragraphs 4(c) and (d) below, the Authority agrees to use EDA Payments to make semi-annual payments as follows:

(1) First, to the extent there is a semi-annual installment of the Annual Installment assessed but unpaid, the EDA will make a payment to the CDA on or before each June 1 and December 1, beginning _____, in the amount of such semi-annual installment, but only to the extent it has received sufficient EDA Payments from the County for such purpose; and

(2) Second, any amounts remaining after making the payment described in paragraph 4(b)(1) above shall be paid to the Developer to refund previous payments advanced to the CDA made by the Developer, but only to the extent the Authority has received EDA Payments from the County for such purpose.

(c) The Authority shall make the payments described in paragraph 4(b) above solely from EDA Payments received from the County. The Authority's obligation to make such payments shall be contingent on sufficient funding from the County in the form of EDA Payments. Any payments to be made by the Authority in accordance with this Agreement shall not constitute general obligations of the Authority and are not payable from other moneys of the Authority.

(d) Upon the occurrence and continuation of any Noncompliance the Authority shall return to the County any EDA Payments not used to make the payments described in paragraph 4(b) above. If the Noncompliance is cured to the satisfaction of the County, the Authority shall resume application of EDA Payments as set forth in paragraph 4(b) above.

5. CDA Undertakings. The CDA agrees to pay all moneys received from the Authority to the Trustee within two (2) business days after receipt of such moneys.

6. Developer Undertakings. (a) The Developer agrees to develop and construct the Non-Anchor Portion of Short Pump Town Center as a first-class retail center consisting of approximately 370,000 square feet of retail space, and to cause the construction of four department stores totaling approximately 654,000 square feet to be operated as Nordstrom, Lord & Taylor, Dillard's and Hecht's.

(b) The Developer agrees to use its best efforts to cause the Hecht's and Dillard's department stores to be operated as flagship department stores and to cause the Nordstrom and Lord & Taylor department stores to be operated as first class department stores all for a period of at least 15 years.

7. Notices. Any notice, request, demand, instruction or other document required or permitted by the provisions of this Agreement to be given or served hereunder or under any document or instrument executed pursuant hereto shall be in writing and (i) sent by first class mail, (ii) personally delivered, (iii) telecopied or (iv) sent by a recognized overnight courier service to the County, the CDA, the Developer and/or the Authority:

If to the Authority:

Economic Development Authority of Henrico
County, Virginia
8011 Villa Park Drive
Suite 160-B
Richmond, Virginia 23228
Attn: Chairman
Telecopy: (804) 264-3600

with a copy to:

Office of the County Attorney
for the County of Henrico, Virginia
4301 East Parham Road
P. O. Box 27032 (23273-7032)
Richmond, Virginia 23228
Attn: County Attorney
Telecopy: (804) 501-4140

If to the County:

Board of Supervisors of Henrico County, Virginia
4301 East Parham Road
P. O. Box 27032 (23273-7032)
Richmond, Virginia 23228
Attn: County Manager
Telecopy: (804) 501-4162

If to the CDA:

Short Pump Town Center Community
Development Authority
c/o Williams Mullen Clark & Dobbins
Two James Center
1021 East Cary Street
Richmond, Virginia 232219
Attn: _____
Telecopy: _____

If to the Developer:

_____
_____
_____
_____
Attn: _____
Telecopy: _____

8. Severability. If any clause, provision or section of this Agreement is held to be illegal or invalid by any court, the invalidity of the clause, provision or section will not affect any of the remaining clauses, provisions or sections, and this Agreement will be construed and enforced as if the illegal or invalid clause, provision or section has not been contained in it.

9. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which together shall constitute but one and the same instrument.

10. Consent to Jurisdiction and Venue. The parties hereto (a) agree that any suit, action or other legal proceeding, as between the parties hereto, arising out of or relating to this Agreement shall be brought and tried only in the Circuit Court of Henrico County, Virginia, (b) consent to the jurisdiction of such court in any such suit, action or proceeding and (c) waive any objection which any of them may have to the laying of venue of any such suit, action or proceeding in such court and any claim that any such suit, action or proceeding has been brought in an inconvenient forum. The parties hereto agree that a final judgment in any such suit, action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

11. Successors and Assigns. This Agreement will be binding upon, insure to the benefit of and be enforceable by the parties and their respective successors and assigns.

12. Survival. This Agreement shall survive payment in full of the Bonds and shall remain in full force and effect until all payments under subparagraph 5(a)(2) and 5(a)(3) of this Agreement have been made.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

BOARD OF SUPERVISORS OF HENRICO
COUNTY, VIRGINIA

By: _____

Title: County Manager

ECONOMIC DEVELOPMENT AUTHORITY OF
HENRICO COUNTY, VIRGINIA

By: _____

Its: Chairman

SHORT PUMP TOWN CENTER COMMUNITY
DEVELOPMENT AUTHORITY

By: _____

Its: Chairman

SHORT PUMP TOWN CENTER LLC

By: _____

Its: _____

Exhibit A: Description of Initial Authority District

Exhibit A
Description of Initial Authority District

All those certain pieces and parcels of land containing in the aggregate 147.186 acres, more or less, as described on that certain plat dated December 19, 1997, revised September 3, 1998, prepared by Timmons and entitled "Plat Showing 147.186 Acres of Land Lying on the North Line of U.S. Route 250 – West Broad Street" and being comprised of the following tax parcels: 36-A-13 (in part), 36-A-26, 36-A-27, 36-A-28, 36-A-29, 36-A-30, 36-A-31, 36-A-32, 36-A-34A, 36-A-35A, 36-A-36A, 36-A-37 and 36-A-38.

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BOS01621

**SHORT PUMP TOWN CENTER
COMMUNITY DEVELOPMENT AUTHORITY
HENRICO COUNTY, VIRGINIA**

**Rate And Method of Apportionment
Of Special Assessments**

A. INTRODUCTION

This document provides for the levy and collection of special assessments by the County of Henrico (the "County") for the Short Pump Town Center Community Development Authority (the "CDA"). The public improvements to be provided by the CDA are described in Appendix B. The means of apportioning benefit from the public improvements to the parcels in the CDA so that there is a rational relationship between the assessments and the public improvements is described in Appendix A. Appendix A also includes an explanation of the peculiar benefit received by the property subject to the special assessments. This rate and method of apportionment of special assessments includes provisions for the following: (i) the assessments levied on each parcel in the CDA, (ii) the means of collecting the assessment each Tax Fiscal Year, (iii) reapportioning the assessment in the event a parcel is subdivided, (iv) prepayment of assessments, (v) possible reductions in the assessments in the event the actual costs incurred by the CDA are less than the total of the assessments, and (vi) other provisions related to the levy and collection of the assessments.

An Assessment Lien shall be imposed and an Annual Installment of the Assessment Lien shall be collected on real property within the CDA through the application of the procedures described below. The Board of Directors of the CDA or their designee shall make all determinations in this Rate and Method of Apportionment of Special Assessments unless stated otherwise.

B. DEFINITIONS

The terms used herein shall have the following meanings:

"Act" means the Virginia Water and Waste Authorities Act, beginning with §15.2-5100 *et seq.* of the Code of Virginia, 1950, as it may be amended from time to time.

"Administrative Expenses" means the following costs directly related to the administration of the CDA: the actual costs of computing the Annual Installments; the actual costs of collecting the Annual Installments (whether by the County or otherwise); the actual costs of remitting the Annual Installments to the Trustee; the actual costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Bond Indenture; the costs of the CDA of complying with arbitrage rebate requirements; the costs of the CDA of complying with securities disclosure requirements; and any other costs of the CDA in any way related to the administration and operation of the CDA, including, without limitation, the costs of official meetings of the CDA, the costs of legal counsel and other consultants and advisors, and costs related to commencing

foreclosure and pursuing collection of delinquent Annual Installments, whether such costs are incurred by or on behalf of the CDA.

"Administrator" means the official or designee of the CDA who shall be responsible for determining the Annual Revenue Requirement and such other responsibilities as provided herein, in the Bond Indenture, or by the Board of Directors.

"Annual Installment" means the Annual Installment imposed on Taxable Property in a Tax Year according to the provisions of Section D herein and collected pursuant to Section E. The Annual Installment includes an annual payment of the Assessment Lien, interest on the outstanding Assessment Lien, and the other costs and credits included in the Annual Revenue Requirement.

"Annual Installment Rate" means, for any Tax Year, a percentage equal to the Annual Revenue Requirement divided by the current total of the Assessment Liens.

"Annual Revenue Requirement" means, for any Tax Year, the sum of the following: (1) regularly scheduled debt service on the Bonds to be paid from the Annual Installments; (2) periodic costs associated with such Bonds, including but not limited to, rebate payments and credit enhancement on the Bonds; and (3) Administrative Expenses; less (4) any credits applied under the Bond Indenture, such as interest earnings on any account balances.

"Assessment Lien" means the assessment on each parcel calculated by the Administrator and confirmed by the Board of Directors pursuant to the provisions of Section C.1., as it may be reapportioned upon the subdivision of any Parcel according to the provisions of Section C.2. and as it may be reduced according to the provisions of Sections C.3. and C.4. The Assessment Lien shall be equal to the principal amount of the Bonds to be issued.

"Board" means the Board of Supervisors of Henrico County, Virginia.

"Board of Directors" means the Board of Directors of the CDA.

"Bond Indenture" means the indenture or similar document setting forth the terms and other provisions relating to the Bonds, as modified, amended and/or supplemented from time to time.

"Bonds" means any bonds or other debt, including refunding bonds, whether in one or more series, issued by or on behalf of the CDA under the Act.

"CDA" means the Short Pump Town Center Community Development Authority and its successors and assigns.

"County" means the County of Henrico, Virginia.

"Code" means the Code of Virginia, 1950, as it may be amended from time to time.

"Developed Property" means a Parcel of Taxable Property for which a building permit has been

issued.

"Developer" means Short Pump Town Center LLC and its successors and assigns.

"EDA Payments" means payments from the County to the EDA pursuant to the Economic Development Agreement between the Board, the CDA, the Developer, and the Economic Development Authority of Henrico County, Virginia (the "EDA").

"Equivalent Use Ratio" or "EUR" means the estimated relative use per Net Acre of the Public Improvements by the Mall Property and Peripheral Property as described in Appendix A, with the use per Net Acre of Mall Property equal to one and the use per Net Acre of Peripheral Property equal to 0.1264.

"Mall Property" means Taxable Property within the CDA inside the ring road.

"Memorandum" means the Memorandum of Understanding among the Board, the CDA, the Landowner (MJGT Associates, Inc., Forest City Enterprises, Inc. and F.C. Short Pump Land Investment, Inc., and their respective successors and assigns), and the Developer.

"Net Acreage" or "Net Acre" means the estimated usable acreage of Taxable Property of a Parcel on which buildings or parking facilities may be constructed, taking into consideration the development legally permissible, the proposed or planned development, and existing or proposed Public Property, easements, and other areas on which development may not occur, as estimated by the Administrator.

"Parcel" means a lot or parcel with a tax map identification number assigned by the tax collection agency for real property tax purposes.

"Peripheral Property" means Taxable Property within the CDA other than Mall Property.

"Public Improvements" means those improvements the CDA has been authorized to provide, generally described in Appendix B.

"Public Property" means, for any Tax Year, Parcels within the boundaries of the CDA owned by or irrevocably offered for dedication to the federal government, Commonwealth of Virginia, the County, CDA, property owners' association (if not used in a trade or business), or any other public agency or easements that create an exclusive use for a public utility provider.

"Tax Year" means the period starting on each January 1 and ending on the following December 31.

"Taxable Property" means, for any Tax Year, Parcels within the CDA other than Public Property.

"Trustee" means the trustee as specified in the Bond Indenture, including a substitute trustee.

"Undeveloped Property" means Taxable Property other than Developed Property.

C. ASSESSMENT LIENS

1. The Amount of the Assessment Liens

The Assessment Lien for each Parcel within the CDA shall be determined by the Board of Directors prior to or at such time as the Bonds are issued. The total of the Assessment Liens levied on all of the Parcels shall not exceed the amount of Bonds issued by the CDA, as provided in the Memorandum. The Assessment Lien on each Parcel shall be calculated in the following manner:

- a. The net acreage of Mall Property within the Parcel shall be added to the Net Acreage of Peripheral Property within the Parcel multiplied by the EUR of 0.1264 for Peripheral Property;
- b. The result shall be multiplied by the number obtained from the following calculations:
  - i. The total of the Assessment Liens on all of the Parcels within the CDA, divided by
  - ii. The acreage of Mall Property in the CDA plus the acreage of Peripheral Property within the CDA multiplied by the EUR of 0.1264 for Peripheral Property.

The computation of the Assessment Lien for each Parcel shall be calculated by the Administrator and confirmed by the Board of Directors and the Assessment Liens for Parcels of Developed Property shall not thereafter be changed except pursuant to the provisions of Sections C.2., C.3., and C.4. Upon a change in the estimate of Net Acreage of a Parcel of Undeveloped Property, the Board of Directors may reapportion the Assessment Liens on some or all of the Parcels of Undeveloped Property upon the unanimous request of the owners of the Parcels for which the Assessment Liens are to be reapportioned. The reapportionment shall be made pursuant to the provisions of the section "Assessment on Each Parcel" of Appendix A.

The total of all Assessment Liens shall not be reduced after the issuance of Bonds except as provided below.

2. Reapportionment of Assessment Lien Upon the Subdivision of a Parcel

Upon the subdivision of any Parcel, the Assessment Lien of the Parcel prior to the subdivision shall be reallocated to each new Parcel in proportion to the Net Acreage of each Parcel, the Equivalent Use Ratio of each Net Acre, and the Assessment Lien for the Parcel prior to the subdivision. The reapportionment of the Assessment Lien to each subdivided Parcel shall be calculated in the following manner:

- a. The net acreage of Mall Property within the subdivided Parcel shall be added to the Net Acreage of Peripheral Property within the Parcel multiplied by the EUR of 0.1264 for Peripheral Property;
- b. The result shall be multiplied by the number obtained from the following calculations:
  - i. The Assessment Lien of the Parcel prior to its subdivision, divided by
  - ii. The acreage of Mall Property in all of the Parcels that result from the subdivision of the Parcel plus the acreage of Peripheral Property in all of the Parcels that result from the subdivision of the Parcel multiplied by the EUR of 0.1264 for Peripheral Property.

The computation of the Net Acreage shall be calculated by the Administrator, based on the information available regarding the use of the Parcel, and the estimate of the Administrator shall be final. The Administrator shall use consistent standards in preparing the calculations and shall prepare and keep in the records of the CDA the computations made according to this section.

The Board of Directors may exclude Parcels from the CDA subject to the limitations approved by the Board in its resolution adopted September 26, 2000. Assessment Liens shall not be allocated to these parcels if excluded prior to the issuance of Bonds.

In all cases, the Assessment Liens after the subdivision of a Parcel shall equal the sum of the Assessment Lien before the subdivision of the Parcel.

3. Reduction in Assessment Liens

If the Board of Directors resolves that the total actual costs to be incurred by the CDA, including the costs of the Public Improvements and the costs related to the issuance of Bonds, including refunding bonds, are less than the total amount of the Assessment Liens, then the Board of Directors shall reduce the Assessment Liens such that the sum of Assessment Liens equals the total costs incurred or to be incurred. The Assessment Lien shall be reduced for every Parcel of Taxable Property in the CDA by an equal percentage such that the sum of the resulting Assessment Lien for every Parcel equals the actual costs to be incurred by the CDA. Equal percentage shall be calculated by the amount of the reduction as a percent of the Assessment Lien prior to the reduction.

The Assessment Liens as reduced according to the provisions of this section shall not be reduced to an amount that is less than the outstanding amount of the Bonds. The Administrator shall provide for a notice of the reduction of the Assessment Lien to be recorded within a reasonable period of time after the approval of the reductions by the Board of Directors.

The provisions of this section shall not prevent a reallocation of estimated costs between line items such that some costs are reduced and others increased without reducing the total of the assessments.

4. Amortization of the Assessment Lien

The Assessment Lien applicable to any Parcel shall be reduced each year by the principal portion of the Annual Installment collected from each Parcel and by a pro rata portion of the principal of the bonds repaid from revenues of the CDA available from any other source. The Administrator may adjust the amortization of the Assessment Liens for the purpose of causing the Assessment Liens to equal zero once the Bonds are fully repaid.

D. METHOD OF IMPOSING THE ANNUAL INSTALLMENT

Commencing with the Annual Installment to be collected in the Tax Year following the Tax Year the Bonds are issued and for each following Tax Year, the Administrator shall estimate and the Board of Directors shall confirm the Annual Installment on each Parcel. The Annual Installment on each Parcel shall be equal to the Annual Installment Rate multiplied by the Assessment Lien for each Parcel. The Annual Installments as confirmed shall be levied on each Parcel of Taxable Property. The aggregate amount of the Annual Installments on all of the Parcels in any Tax Year shall equal the Annual Revenue Requirement for such Tax Year.

In the event a Parcel is subdivided into new Parcels in a Tax Year prior to the payment of the Annual Installment, and a portion of the Parcel becomes Public Property, the Annual Assessment shall be collected on the Parcel or Parcels of Taxable Property based on the reapportionment of the Assessment Lien pursuant to Section C.2. Prior to the reapportionment of the Assessment Lien, the Annual Assessment shall be a joint and several liability of each newly created Parcel of Taxable Property.

E. MANNER OF COLLECTION OF ANNUAL INSTALLMENT

Annual Installments shall be collected in the same manner and at the same time as regular property taxes of the County and shall be subject to the same penalties, procedures, sale, and lien priorities in case of delinquencies as are provided for regular property taxes of the County. The CDA shall notify the County of the amount of the Annual Installment to be collected on each Parcel each Tax Year in a timely manner to allow the collection of the Annual Installment by the County. The Board or the Board of Directors may provide for other means of collecting the Annual Installments, to the extent permitted under the Code. Anything in this paragraph to the contrary notwithstanding, the amount of each semi-annual payment of the Annual Installment to be collected by the County will be offset to the extent that EDA Payments are paid to the CDA with respect to and prior to the due date of such installment.

F. TERMINATION OF ANNUAL INSTALLMENT

Except for any delinquent Annual Installments and related penalties and interest, Annual Installments shall be imposed for a term not to exceed the term of all of the Bonds. In no event shall the Annual Installment be levied beyond the period in which the Assessment Lien is fully paid as provided for herein.

After the retirement of all Bonds, and the collection of any delinquent Annual Installments, penalties and interest, the Administrator shall cause a document evidencing the termination of the imposition and collection of Assessment Liens to be recorded in the office of the clerk of the court.

G. PREPAYMENT OF ASSESSMENT LIEN

The Assessment Lien on any Parcel may be fully paid at any time, the Assessment Lien reduced to zero, and the obligation to pay the Annual Installments permanently satisfied by payment of an amount calculated according to the following provisions:

1. A sum equal to the Assessment Lien for the Parcel, as it may have been set, reapportioned or reduced pursuant to the provisions of Sections C.1., C.2., C.3., and C.4; less,
2. A credit for the reserve fund, if any, equal to the amount provided for in the Bond Indenture; plus,
3. A sum equal to (a) the amount needed to pay interest on the outstanding Bonds to be redeemed less the investment earnings on the prepayment amount until the Bonds can be called and redeemed, after taking into consideration the Annual Installments previously paid but not accounted for in the calculation of the Assessment Lien in Step 1 and (b) expenses of the CDA related to the prepayment.

The amounts calculated in the preceding steps shall be paid to the CDA and shall be distributed by the CDA to pay costs related to the prepayment and according to the Bond Indenture. Upon the payment of such prepayment amount to the CDA, the obligation to pay the Assessment Lien shall be deemed to be permanently satisfied, the Assessment Lien shall be reduced to zero, the Annual Installment shall not be levied on the Parcel thereafter, and the Administrator shall cause a notice of the payment of the Assessment Lien to be recorded within a reasonable period of time of receipt of such prepayment amount.

A prepayment of the Assessment Lien shall be required on any Parcel that is acquired by an entity that results in the Parcel being classified as Public Property, if the Assessment Lien may not be reapportioned to a Parcel of Taxable Property as a result of a subdivision of the Parcel pursuant to the provisions of Section C.2. In the event an entire Parcel becomes Public Property such that the Assessment Lien cannot be reallocated to any other Parcel pursuant to the provisions of Section C.2., the Assessment Lien shall become immediately due and payable and shall be collected from proceeds of a sale, condemnation, or other form of compensation for the property or from any other legally available source of funds.

H. AMENDMENTS

Immaterial amendments may be made to this Rate and Method of Apportionment of Special Assessments by the Board of Directors without further notice under the Act and without notice to

owners of Taxable Property within the CDA. Immaterial amendments shall be those that (i) clarify or correct minor inconsistencies in the matters set forth herein, (ii) provide for lawful procedures for the collection and enforcement of the assessments and other charges imposed herein so as to assure their efficient collection, and (iii) otherwise improve the ability of the CDA to fulfill its obligations to impose and collect the assessments and charges imposed herein and to make it available for the payment of the Bonds, Administrative Expenses, and other costs of the CDA. No such amendment shall be approved unless and until it has (i) been found and determined that the amendment is necessary and appropriate and does not materially adversely affect the rights of the owners of the Bonds and (ii) received an opinion of a nationally recognized bond counsel to the effect that the amendment is authorized pursuant to the terms of the Act, the Bond Indenture, and the County resolution authorizing the formation of CDA. Amendments may not be made to this Rate and Method of Apportionment of Special Assessments pursuant to the procedure described above that would increase the assessments or charges as set forth herein.

I. INTERPRETATION OF PROVISIONS

The Board of Directors shall make all interpretations and determinations related to the application of this Rate and Method of Apportionment of Special Assessments, unless stated otherwise herein or in the Bond Indenture, and as long as there is a rational basis for the determination made by the Board of Directors, such determination shall be conclusive.

J. SEVERABILITY

If any section or part of a section of this "Rate and Method of Apportionment of Special Assessments" is declared invalid or unenforceable, the validity, force, and effect of any other section or part of a section herein shall not thereby be affected or impaired unless such other section or part of a section herein is wholly or necessarily dependent upon the section or part of a section so held to be invalid or unenforceable.

BOS01629

Appendix A

ALLOCATION OF SPECIAL ASSESSMENTS

BOS01630

Appendix B

**DESCRIPTION OF PROPOSED
PUBLIC IMPROVEMENTS**

BOS01631

Appendix B

**DESCRIPTION OF PROPOSED
PUBLIC IMPROVEMENTS**

Extension of sewer trunk line	\$539,478
Extension of water main line	\$691,140
Storm water management facilities	\$1,547,815
Roads abutting the CDA:	
Left turn lane	\$57,000
Traffic signal	\$142,500
Ring road and parking	\$3,899,787
Entrance roads	\$855,000
Lighting	\$1,070,202
Landscaping	\$2,388,774
Plaza, sidewalks, and canopies	\$13,629,163
Excavation related to the improvements	\$1,387,634
Miscellaneous	\$1,708,420
Soft costs and contingency	\$6,700,059
Total	\$34,616,972

Appendix A

ALLOCATION OF SPECIAL ASSESSMENTS

Purpose of the Report

The Short Pump Town Center Community Development Authority (CDA) is being created to provide improvements for the special benefit of the property included in the CDA. A summary of the improvements to be provided are shown in Table A. Bonds are expected to be issued to fund these improvements. The bonds will include the cost of the improvements, issuance costs, interest on the bonds in the initial year during construction, and a reserve fund.

The community development authority will request the Board of Supervisors of Henrico County, Virginia to impose a special assessment and to collect an annual assessment each year to the extent other funds are not available to the CDA to pay the debt service due on the bonds and the cost of administration of the CDA. The total of the special assessments to be levied on the property to fund the construction of the improvements may not exceed the amount of the bonds issued. The special assessments will be paid over time with interest. The special assessments are levied pursuant to the Virginia Water and Waste Authorities Act, beginning with §15.2-5100 *et seq.* of the Code of Virginia, 1950.

In order to provide a reasonable basis for the special assessments, the assessments are to be levied in a manner that meets the following two requirements:

1. The total of the special assessments levied on all of the property in the CDA is equal to or less than the peculiar benefit received by the property subject to the special assessments from the improvements to be provided by the CDA; and
2. The special assessments are allocated to the parcels in the CDA in a manner that fairly reflects the relative benefit each parcel will receive from the improvements.

This report explains how the special assessments to be levied on the property in the CDA will meet these two requirements.

Description of the CDA

The property in the CDA will consist of approximately 95 acres (once the department stores and other property is excluded) of land located on Broad Street south of Interstate 64. The property is proposed to be developed as Short Pump Town Center, an upscale shopping mall. According to the concept plan for the mall, the project will include four department stores—Nordstrom's, Hecht's, Lord & Taylor, and Dillards—with approximately 654,000 square feet, and in-line specialty tenant space of approximately 346,000 square feet. The concept plan also identifies 19.7 acres for free standing stores at the front of the property along

Broad Street.

Description of the Proposed Improvements

A summary of the proposed improvements and the estimated cost of the improvements are shown in Table A. These improvements include extension of the sewer trunk to and through the property, extension of the water main to and through the property, storm water management facilities, improvements to the roads abutting the CDA, including a left turn lane from Broad Street into the property and a traffic signal, entrance roads and a ring road around the proposed mall, a plaza, sidewalks, and canopies, parking facilities, lighting and landscaping throughout the property, the excavation related to these improvements, and miscellaneous costs. The soft costs include the general contractor's general conditions, general contractor's fee, engineering, permits, and other costs related to the construction of the improvements.

Projected Issuance of Bonds

Bonds will be issued to finance a portion of the costs of the proposed improvements.

There will be issuance costs associated with the bonds, capitalized interest for one year during the construction period, and a reserve fund. Issuance costs in excess of two percent of the amount of the bonds will be paid by funds contributed by the property owners. Supplementing the bond proceeds will be interest income on the bond proceeds before they are fully expended and contributions from the developer. Table B shows the estimated sources of funds and uses of funds for the issuance of bonds.

Table A
Improvement Costs

Improvement	Estimated Cost
Extension of sewer trunk line	\$539,478
Extension of water main line	\$691,140
Storm-water facilities	\$1,547,815
Entrance and abutting roads	\$1,054,500
Parking and ring road	\$3,899,787
Lighting	\$1,070,202
Landscaping	\$2,388,774
Plaza, sidewalks, and canopies	\$13,629,163
Excavation	\$1,387,634
Miscellaneous	\$1,708,420
Soft costs and contingency	\$6,700,059
Total	\$34,616,972

Table B
Estimated Sources and Uses of Funds

Sources of funds:	
Bond proceeds	\$25,500,000
Interest income	70,227
Contribution from owners	12,999,773
Total sources of funds	\$38,570,000
Uses of funds:	
Improvements	\$34,616,972
Bond issuance costs	892,500
Capitalized interest	1,530,000
Reserve fund	1,530,000
Rounding	528
Total uses of funds	\$38,570,000

Bond issuance costs include the costs to place the bonds (underwriter fees), legal fees, financial consulting fees, document printing costs, and other costs related to the issuance of the bonds. The purpose of the reserve fund is to ensure there are sufficient funds to pay debt service if there are delinquent special assessments. The reserve fund may be replaced by bond insurance or surety that will serve the same purpose as the reserve fund.

Special Assessments

The special assessments will be levied in an amount equal to the bonds proposed to be issued. The special assessments are paid over the period the bonds by the CDA are repaid with interest at the rate of interest on the bonds. The annual payments to repay the special assessments will also include the annual operating costs of the CDA. The special assessments are levied in a manner such that: (i) the total of the special assessments is equal to or less than the peculiar benefit received by the property from the improvements, and (ii) the special assessments are allocated to property in the CDA to fairly reflect the relative benefit each parcel will receive from the improvements.

Peculiar Benefit

The property in the CDA subject to the special assessments will receive a peculiar benefit from these improvements and this peculiar benefit will be equal to or greater than the cost of the special assessments levied on the property. The peculiar benefit is confirmed by the

following. First, a majority of the owners of the property in the CDA have petitioned the County and requested the special assessments to be imposed on the property for the purpose of providing the improvements. It is reasonable to believe the owners are acting in their interest and making this request because the benefit they receive from the improvements exceeds the cost of the special assessments.

Second, all of the remaining landowners of property in the CDA once bonds are issued are entering into an agreement with the County and the CDA, in which they agree to the special assessments to be levied on the property (the "Memorandum of Understanding"). These land owners are acting in their interest and entering into this agreement because the benefit to the land owners of the agreement, including the special assessments to be levied on the property, exceeds the costs of the special assessments.

Third, the special assessments are being levied to provide improvements that are required for the highest and best use of the property (i.e., the use of the property that is most valuable). Highest and best use can be defined as "the reasonably probable and legal use of property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value." (*Dictionary of Real Estate Appraisal, Third Edition.*) The four criteria for highest and best use are (i) legally permissible, (ii) physically possible, (iii) financially feasible, and (iv) maximally productive.

The highest and best use of the property in the CDA are uses proposed for the property in the Memorandum of Understanding. The use of the property in this manner will require the improvements which are to be provided by the CDA.

The financing provided by the CDA is long term financing that is non-recourse to the property owner (although the property is security for the bonds through the special assessments) and, on a portion of the bonds, pays interest to the bond holders that is exempt from income taxes, resulting in a lower rate than other available financing. As a result of these advantageous terms, the financing provided by the CDA is the most beneficial means of financing the improvements.

In summary, the special assessments result in a peculiar benefit to the property owner for the following reasons:

1. The improvements to be provided by the CDA are required for the highest and best use of the property;
2. The highest and best use of the property is the use of the property that is most valuable (including any costs associated with the use of the property);
3. The financing provided by the CDA is the most beneficial means of financing the improvements;
4. As a result, the peculiar benefits to the property from the improvements to be

provided by the CDA will be equal to or greater than the cost of the special assessments that will finance the improvements necessary to achieve the highest and best use of the property.

Allocation of Special Assessments

The special assessments are allocated to property in the CDA to fairly reflect the relative benefit each parcel will receive from the improvements. Benefit is determined on the basis of the use each parcel will make of the improvements. Property is classified as either mall property or peripheral property. There are an estimated 19.7 acres of peripheral property and 75.2 acres of mall property.

Some of the improvements will benefit all of the property (i.e., the mall property and the peripheral property), and the cost of these improvements are allocated to all of the taxable property in the CDA on a per net acre basis. Net acreage is defined to mean "the estimated usable acreage . . . on which buildings or parking facilities may be constructed . . ."

Some of the improvements will primarily benefit only the mall property. The costs of these improvements are allocated to the mall property on a net acre basis.

The improvements that benefit all of the property include the extension of the sewer line, the extension of the water line, storm water management facilities, and the entrance and abutting roads. The facilities that primarily benefit the mall property include the ring road and parking (the peripheral sites will have their own parking, which is not being provided by the CDA), the plaza, sidewalks, and canopies, lighting, and landscaping (which is primarily for the parking facilities and the ring road). The excavation, miscellaneous and soft costs, and the contingency are allocated pro rata to the other costs.

The calculation of the costs per net acre for each of the facilities is shown by Table C:

Table C
Costs Per Net Acre

Facilities	Estimated Cost	Net Acres	Cost Per Net Acre
Sewer line	\$539,478	95	\$5,685
Water line	\$691,140	95	\$7,283
Storm water	\$1,547,815	95	\$16,310
Entrance and abutting roads	\$1,054,500	95	\$11,112
Lighting	\$1,070,202	75	\$14,231
Landscaping	\$2,388,774	75	\$31,766
Plaza, sidewalks, and canopies	\$13,629,163	75	\$181,239
Ring road and parking	\$3,899,787	75	\$51,859

The excavation, miscellaneous, soft costs and contingency are not included in Table C. These costs are allocated on a pro rata basis as the other costs; in other words, equal to the equivalent use ratio as calculated below.

The equivalent use ratio for mall property and peripheral property is shown in Table D. The equivalent use ratio is the ratio of the costs per acre of the peripheral property (\$40,389) to the costs per acre of the mall property (\$319,484). The equivalent use ratio of the mall property is set at one, resulting in an equivalent use ratio for the peripheral property of 0.1264 ($\$40,389 \div \$319,484 = 0.1264$). (The numbers in Tables C and D and the other tables herein are shown rounded for convenience of presentation, but are not rounded in the calculations.)

Table D
Equivalent Use Ratios

Facilities	Cost Per Net Acre	
	Mall Property	Peripheral Property
Sewer line	\$5,685	\$5,685
Water line	\$7,283	\$7,283
Storm water	\$16,310	\$16,310
Entrance and abutting roads	\$11,112	\$11,112
Lighting	\$14,231	\$0
Landscaping	\$31,766	\$0
Plaza, sidewalks, and canopies	\$181,239	\$0
Ring road and parking	\$51,859	\$0
Total	\$319,484	\$40,389
Equivalent use ratio	1.0	0.1264

The special assessment on each parcel is based on the net acreage of mall property and peripheral property within the parcel and the use of the improvements by each type of property, based on the equivalent use ratios. As a result, the special assessment on each parcel reflects the use of the improvements by the parcel. Since the use of the improvements reflects the benefit received from the improvements and the special assessment reflects the use of the improvements, the special assessment allocated to each parcel reflects the benefit each parcel receives from the improvements.

The fairness of the allocation of the special assessments to the parcels in the CDA is confirmed since all of the property owners in the CDA (except for one owner who is selling its property to another property owner in the CDA) have petitioned the County and requested the special assessments to be imposed on the property and all of the owners of property once bonds are issued will be entering into the Memorandum of Understanding with the County and the CDA, which provides for the special assessments to be levied as described herein. It is reasonable to believe the owners are acting in their interest, making this request, and entering into the Memorandum of Understanding, and that therefore the special assessments levied on each parcel fairly represents the benefit to be received from the improvements.

BOS01639

Summary

As explained in this report, there is a reasonable basis for the special assessments. This reasonable basis is based on the following:

1. The total of the special assessments levied on all of the property in the CDA is equal to or less than the peculiar benefit received by the property subject to the special assessments from the improvements to be provided by the CDA; and
2. The special assessments are allocated to the parcels in the CDA in a manner that fairly reflects the relative benefit each parcel will receive from the improvements.

BOS01640

Article IV

Principal Place of Business

The Authority's principal place of business shall be c/o Williams Mullen Clark & Dobbins, Two James Center, 1021 East Cary Street, Richmond, Virginia 23219. The Authority may conduct its business and maintain offices for such purposes at such other places within or without Henrico County, Virginia as may from time to time be deemed advisable by the Board, and not in conflict with the requirements of the Act.

Article V

Authority District

The land initially encompassed within the Authority is set forth in Exhibit B attached hereto (the "Initial Authority District") provided that the Authority may release and exclude from the Authority District (i) either before or after the Authority's bonds are issued certain portions of land consisting of real estate to be conveyed to the four anchor department stores with an approximate total acreage of 15 acres and certain other real estate consisting of land outside the ring road surrounding the shopping center (but not consisting of the outparcels fronting on Broad Street and lying between the two front entrance roads) totalling approximately 47 acres to be conveyed to other businesses all as described in the petition to create the Authority filed with the Board of Supervisors and (ii) after the Authority's bonds are issued certain other portions of land upon prepayment of all special assessments applicable to any such land to be released.

Article VI

Purposes and Powers

The Authority is organized for the purpose of exercising all powers granted by the Act, including financing, funding, planning, establishing, acquiring, constructing or reconstructing, enlarging, extending, equipping, operating and maintaining improvements serving or associated with the development of a shopping center and related improvements known as Short Pump Town Center. The Authority shall have all powers granted to a "community development authority" under the Act.

Article VII

Not-for-Profit

The Authority shall not be organized or operated for pecuniary gain or profit. No part of the net earnings of the Authority shall inure to the benefit of, or be distributable to

**Articles of Incorporation
of
Short Pump Town Center Community Development Authority**

The undersigned, pursuant to Chapter 51, Title 15.2 of the Code of Virginia, adopts the following Articles of Incorporation for such authority and states as follows:

Article I

Name

The name of this Authority is SHORT PUMP TOWN CENTER COMMUNITY DEVELOPMENT AUTHORITY (the "Authority").

Article II

Organization

Pursuant to resolution adopted by the Board of Supervisors of Henrico County, Virginia ("Board of Supervisors"), the Authority shall be organized by the County of Henrico, Virginia under the Virginia Water and Waste Authorities Act (Chapter 51, Title 15.2 of the Code of Virginia of 1950, as amended) (the "Act"), as a public body politic and corporate governed by the laws of the Commonwealth of Virginia.

Article III

Members

The affairs of the Authority shall be conducted by an authority board of five members ("Board"). The initial Board members are as set forth in Exhibit A attached hereto and incorporated by reference. All members shall be appointed by the Board of Supervisors. Each member shall serve a four year term, except the initial members who shall serve the terms of office set forth in Exhibit A hereto. The election of officers of the Authority shall be as set forth in the By-Laws of the Authority. Qualifications and appointment of members of the Board shall be consistent with the requirements of the Act.

The Board shall have the powers and duties set forth in the Act and in these Articles of Incorporation and the By-Laws, to the extent that such powers and duties are not inconsistent with the Act.

(iii) "legal entity" means a corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise; and

(iv) "proceeding" means any threatened, pending, or completed action, suit, proceeding or appeal whether civil, criminal, administrative or investigative and whether formal or informal.

(b) In every instance in which the Virginia Nonstock Corporation Act, as it exists on the date hereof or may hereafter be amended, permits the limitation or elimination of liability of directors or officers of a corporation to the corporation, the members, directors and officers of the Authority shall not be liable to the Authority.

(c) The Authority shall indemnify any individual who is, was or is threatened to be made a party to a proceeding (including a proceeding by or in the right of the Authority) because such individual is or was a member, director or officer of the Authority or because such individual is or was serving the Authority or any other legal entity in any capacity at the request of the Authority while a member, director or officer of the Authority, against all liabilities and reasonable expenses incurred in the proceeding except such liabilities and expenses as are incurred because of such individual's willful misconduct or knowing violation of the criminal law. Service as a member, director or officer of a legal entity controlled by the Authority shall be deemed service at the request of the Authority. The determination that indemnification under this paragraph (c) is permissible and the evaluation as to the reasonableness of expenses in a specific case shall be made, in the case of a member or director, as provided by law, and in the case of an officer, as provided in Section (d) of this Article; provided, however, that if a majority of the members of the Authority has changed after the date of the alleged conduct giving rise to a claim for indemnification, such determination and evaluation shall, at the option of the person claiming indemnification, be made by special legal counsel agreed upon by the Board and such person. Unless a determination has been made that indemnification is not permissible, the Authority shall make advances and reimbursements for expenses incurred by a member, director or officer in a proceeding upon receipt of an undertaking from such member, director or officer to repay the same if it is ultimately determined that such member, director or officer is not entitled to indemnification. Such undertaking shall be an unlimited, unsecured general obligation of the member, director or officer and shall be accepted without reference to such member's, director's or officer's ability to make repayment. The termination of a proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent shall not of itself create a presumption that a member, director or officer acted in such a manner as to make such member, director or officer ineligible for indemnification. The Authority is authorized to contract in advance to indemnify and make advances and reimbursements for expenses to any of its members, directors or officers to the same extent provided in this paragraph (c).

any member, director, officer, or any other private person, except that the Authority shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments in furtherance of the purposes set forth in Article VI.

Article VIII

Amendment of Articles

These Articles of Incorporation may be amended at any time and from time to time by the Board as now or hereafter prescribed by the Act.

Article IX

Registered Office and Registered Agent

The address of the initial registered office of the Authority is c/o Ralph L. "Bill" Axselle, Jr., Williams Mullen Clark & Dobbins, Two James Center, 1021 East Cary Street, Richmond, Virginia 23219.. The initial Registered Agent of the Authority is Ralph L. "Bill" Axselle, Jr., whose business address is identical to that of the initial registered office and who is a resident of Virginia and a member of the Virginia State Bar.

Article X

Initial Members

The names and addresses of the initial members of the Board of the Authority are as set forth on the attached and incorporated Exhibit A.

Article XI

Indemnification

(a) For purposes of this Article XI the following definitions shall apply:

(i) "expenses" include counsel fees, expert witness fees, and costs of investigation, litigation and appeal, as well as any amounts expended in asserting a claim for indemnification;

(ii) "liability" means the obligation to pay a judgment, settlement, penalty, fine, or other such obligation;

(d) The Authority may, to a lesser extent or to the same extent that it is required to provide indemnification and make advances and reimbursements for expenses to its members, directors and officers pursuant to paragraph (c) of this Article, provide indemnification and make advances and reimbursements for expenses to its employees and agents, the members, directors, officers, employees and agents of its subsidiaries and predecessor entities, and any person serving any other legal entity in any capacity at the request of the Authority, and may contract in advance to do so. The determination that indemnification under this paragraph (d) is permissible, the authorization of such indemnification and the evaluation as to the reasonableness of expenses in a specific case shall be made as authorized from time to time by general or specific action of the Board, which action may be taken before or after a claim for indemnification is made, or as otherwise provided by law. No person's rights under paragraph (c) of this Article shall be limited by the provisions of this paragraph (d).

(e) The rights of each person entitled to indemnification under this Article shall inure to the benefit of such person's heirs, executors and administrators. Special legal counsel selected to make determinations under this Article may be counsel for the Authority. Indemnification pursuant to this Article shall not be exclusive of any other right of indemnification to which any person may be entitled, including indemnification pursuant to a valid contract, indemnification by legal entities other than the Authority and indemnification under policies of insurance purchased and maintained by the Authority or others. However, no person shall be entitled to indemnification by the Authority to the extent such person is indemnified by another, including an insurer. The Authority is authorized to purchase and maintain insurance against any liability it may have under this Article or to protect any of the persons named above against any liability arising from their service to the Authority or any other legal entity at the request of the Authority regardless of the Authority's power to indemnify against such liability. The provisions of this Article shall not be deemed to preclude the Authority from entering into contracts otherwise permitted by law with any individuals or legal entities, including those named above. If any provision of this Article or its application to any person or circumstance is held invalid by a court of competent jurisdiction, the invalidity shall not affect other provisions or applications of this Article, and to this end the provisions of this Article are severable.

(f) No amendment, modification or repeal of this Article shall diminish the rights provided hereunder to any person arising from conduct or events occurring before the adoption of such amendment, modification or repeal.

IN WITNESS WHEREOF, the undersigned incorporator has executed these Articles of Incorporation as of the 27 day of September, 2000, as duly authorized by the Board of Supervisors of Henrico County, Virginia by Resolution adopted September 26, 2000.

By: 
Virgil R. Hazelett, County Manager,
County of Henrico, Virginia

Exhibit A

Names and Addresses of Initial Members

	Term of Office	
	<u>Commences</u>	<u>Expires</u>
Mr. Ronald H. Bargatze 31 East Randolph Square Circle Richmond, VA 23229	09/01/2000	08/31/2004
Mr. Wilson H. Flohr, Jr. 213 Brookschase Lane Richmond, VA 23229	09/01/2000	08/31/2004
Mr. Bruce Kay 12916 Fox Meadow Drive Richmond, VA 23233	09/01/2000	08/31/2003
Mr. J. Stephen Lindsey 10813 N. Bank Road Richmond, VA 23233	09/01/2000	08/31/2003
Mr. Samuel H. Turner 206 Colony Lake Drive Richmond, VA 23233	09/01/2000	08/31/2002

Exhibit B

Description of Initial Authority District

All those certain pieces and parcels of land containing in the aggregate 147.186 acres, more or less, as described on that certain plat dated December 19, 1997, revised September 3, 1998, prepared by Timmons and entitled "Plat Showing 147.186 Acres of Land Lying on the North Line of U.S. Route 250 – West Broad Street" and being comprised of the following tax parcels: 36-A-13 (in part), 36-A-26, 36-A-27, 36-A-28, 36-A-29, 36-A-30, 36-A-31, 36-A-32, 36-A-34A, 36-A-35A, 36-A-36A, 36-A-37 and 36-A-38.

\\RIC7\BONDS\ShortPump\Articles of Incorporation 11.doc

Commonwealth of Virginia



STATE CORPORATION COMMISSION

Richmond, September 28, 2000

This is to Certify that the certificate of incorporation of

SHORT PUMP TOWN CENTER COMMUNITY DEVELOPMENT AUTHORITY

*was this day issued and admitted to record in this office and that
the said corporation is authorized to transact its business subject
to all Virginia laws applicable to the corporation and its business.
Effective date: September 28, 2000*



State Corporation Commission

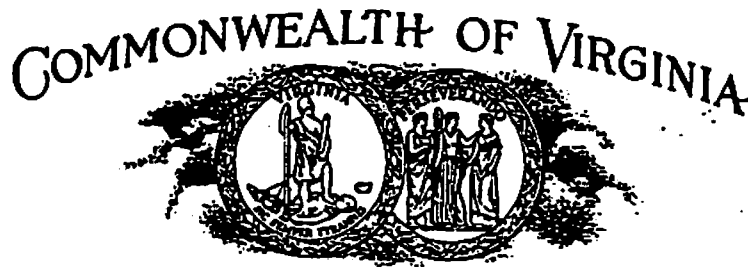
Attest:

Joel H. Leck
Clerk of the Commission

HULLIHEN WILLIAMS MOORE
CHAIRMAN

CLINTON MILLER
COMMISSIONER

THEODORE V. MORRISON, JR.
COMMISSIONER



JOEL H. PECK
CLERK OF THE COMMISSION
P.O. BOX 1197
RICHMOND, VIRGINIA 23218-1197

STATE CORPORATION COMMISSION

September 28, 2000

Cynthia L Hendren
McGuireWoods LLP
901 E Cary St
Call 775-7773 for pickup **
Richmond, VA 23219-4030

RE: SHORT PUMP TOWN CENTER COMMUNITY DEVELOPMENT AUTHORITY

Dear Ms. Hendren:

The Certificate of Incorporation of SHORT PUMP TOWN CENTER COMMUNITY DEVELOPMENT AUTHORITY, was issued and admitted to record on September 28, 2000.

Very truly yours,

A handwritten signature in black ink, reading "Joel H. Peck". The signature is written in a cursive style with a large, stylized "J" and "P".

Joel H. Peck
Clerk of the Commission

J00095

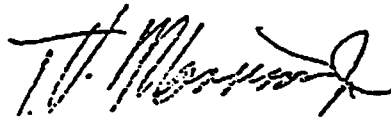
September 28, 2000

The accompanying Articles of Incorporation having been delivered to the State Corporation Commission by the Board of Supervisors of Henrico County, Virginia on behalf of SHORT PUMP TOWN CENTER COMMUNITY DEVELOPMENT AUTHORITY, and the Commission having found the Articles of Incorporation to comply with the requirements of law, it is

ORDERED that this CERTIFICATE OF INCORPORATION be issued and that this Order together with the Articles, be admitted to record in this office.

STATE CORPORATION COMMISSION

By

A handwritten signature in black ink, appearing to read "T. H. Marshall", is written over a horizontal line.

Commissioner

Adopted: October 20, 2000

BYLAWS OF THE
SHORT PUMP TOWN CENTER COMMUNITY
DEVELOPMENT AUTHORITY



ARTICLE I
NAME AND POWERS

Section 101. Name. The name of this body shall be the Short Pump Town Center Community Development Authority (the "Authority").

Section 102. Powers. The Authority shall be vested with all powers granted to it by the Virginia Water and Waste Authorities Act, Chapter 51, Title 15.2 of the Code of Virginia of 1950, as amended, as may be in effect from time to time (the "Act") including the powers more particularly described in Article 6 of the Act. The Authority shall have the purposes set forth in the resolution, adopted on September 26, 2000 by the Board of Supervisors of the County of Henrico, Virginia. The Authority shall be a separate and distinct legal entity from the County of Henrico, Virginia and shall be, in accordance with the Act, a public body politic and corporate.

ARTICLE II
BOARD MEMBERS AND OFFICERS

Section 201. Board Members: Initial Members. The Authority shall be governed by a Board consisting of five members in which all powers of the Authority shall be vested. The initial members of the Authority and their terms of office shall be as set forth in the Authority's Articles of Incorporation

J00101

Section 202. Number, Appointment, and Terms of Board Members. There shall be five Board Members who shall be appointed by the Board of Supervisors of the County of Henrico, Virginia in accordance with Section 15.2-5113 of the Act for four year terms, except for the initial terms set forth in the Articles of Incorporation.

Section 203. Vacancies. The Board of Supervisors of the County of Henrico, Virginia, shall make any appointments necessary to fill any vacancies on the Board, such appointment being for the unexpired term of any Board Member who shall have resigned or otherwise vacated his or her office. The Chairman of the Board shall promptly notify the Board of Supervisors of the County of Henrico, Virginia of any vacancy which may occur in the Board.

Section 204. Officers of the Authority. The Board Members shall elect from their membership a Chairman and a Vice Chairman of the Authority. The Board Members may elect a Secretary, Assistant Secretary and a Treasurer who need not be Board Members. The offices of Secretary and Treasurer may be combined. Officers shall be elected annually at the first meeting held in or after January of each year, except for the initial officers who shall continue in office until the first meeting held in the year 2002, and shall commence their duties immediately upon election and shall continue in office thereafter until a successor shall have been elected and qualified. The Board Members may elect at any meeting such officers as may be necessary to fill any vacancy created by resignation, expiration of a term of appointment as a Board Member, or otherwise for the remaining portion of such Officer's unexpired term.

Section 205. Duties of Officers. The duties of Officers of the Authority shall include, but shall not be limited, to the following:

A. The Chairman shall preside at all meetings of the Authority; shall be responsible for notice of meetings to the Board Members and Officers of the Authority; shall be responsible for all correspondence; shall make committee appointments; may appoint members of the Authority as liaison to any other governmental agencies, authorities, and commissions; shall act as a signatory when authorized; and shall have overall responsibility for accomplishment of the Authority's goals and purposes.

B. The Vice Chairman shall, in the absence of the Chairman, exercise all of the Chairman's powers and duties. In the event the office of Chairman shall become vacant, the Vice Chairman shall immediately become the Chairman until the Chairman's successor is elected.

C. The Secretary shall be responsible for maintaining minutes of every meeting of the Authority, preparing and distributing such minutes to all persons as directed by the Board. The Secretary shall maintain copies of all reports, correspondence, contracts, agreements, indentures, documents, audits, rules and regulations and any other records as may be directed by the Board.

D. The Assistant Secretary shall, in the absence of the Secretary, exercise all of the Secretary's powers and duties. In the event the Office of Secretary shall become vacant, the Assistant Secretary shall immediately become the Secretary until the Secretary's successor is elected.

E. The Treasurer shall be custodian of all funds of the Authority, except as otherwise provided by agreement to which the Authority is a party; shall keep and maintain suitable financial records as may be directed by the Board; shall, if required by Virginia law or agreement

to which the Authority is a party, arrange for an annual audit of the accounts of the Authority by an independent certified public accountant, subject to the prior approval of the Board, and shall report to the Board Members the results of any such annual audit.

F. In addition to the foregoing powers and duties, each Officer of the Authority may exercise any powers conferred upon him or her by the Act as may be in effect from time to time and all other powers as are customarily exercised by such officer in similar organizations or authorities as may be expedient, necessary or proper to further the lawful purposes of the Authority. During the absence of any Officer, the Board Members may designate any member of the Authority to perform the duties of the absent officer until his or her return.

Section 206. Quorum. As provided in the Act, a majority of the Board Members shall constitute a quorum and the vote of a majority of the Board Members shall be necessary for any action taken by the Authority. No vacancy in the membership of the Board Members shall impair the right of a quorum to exercise all the powers and perform all the duties of the Board Members.

Section 207. Voting. Except as otherwise required in these Bylaws or by the Act, voting shall be by a simple majority of the Board. No Board Member shall be allowed to vote by proxy at any meeting of the Authority.

Section 208. Meetings and Notices. Meetings of the Board may be called by the Chairman or a majority of the Board Members. Notice specifying the time and place of any meeting shall be given to each Board Member and Officer of the Authority at least 24 hours before such meeting by personally delivering such notice to him or her or by telephoning, telegraphing, or mailing (physically or electronically) such notice to him or her at least 24 hours before the meeting and

by giving such other notice as may be required by law. The presence of any Officer or Board Member at a meeting shall be deemed an acknowledgment of the timely receipt of notice thereof or a waiver of any such notice. To the extent permitted by law, meetings may be held without notice if all of the Board Members are present or those not present sign written waiver of notice before or after the meeting. All meetings shall be open to the public.

Section 209. Minutes. The Secretary of the Authority shall maintain minutes of all meetings and proceedings and all such minutes shall be open to public inspection at all times at such office as the Secretary of the Authority may designate.

Section 210. Financial Transactions, Records and Fiscal Year. The Treasurer of the Authority shall keep suitable records of all financial transactions of the Authority and, if required by Virginia law or by agreement to which the Authority is a party, shall arrange to have the same audited following the end of each fiscal year, subject to the approval of the Board Members. Copies of any such audit shall be furnished to all such persons as the Board may deem appropriate, and shall be open to public inspection at such office as the Treasurer may designate. The fiscal year of the Authority shall begin on July 1, and end on the last day of June next following.

ARTICLE III COMPENSATION FOR BOARD MEMBERS

Section 301. Compensation. Board Members shall receive such compensation for their services as may be approved by the Board of Supervisors and may be reimbursed for actual expenses, including necessary traveling and other expenses incurred in the performance of their duties, as may be directed from time to time by the Board.

ARTICLE IV
SEAL OF THE AUTHORITY

Section 401. Seal. The seal of the Authority shall be a flat-faced circular die with the name of the Authority engraved thereon.

ARTICLE V
CHECKS, NOTES, DRAFTS AND OTHER LEGAL DOCUMENTS

Section 501. Authorized Signatures. Checks, notes, drafts, and other legal documents shall be signed by such Officers as specified in the Act, these Bylaws, or as the Board Members may, from time to time, authorize. The signature of any such person may be by facsimile when authorized by the Act or the Board Members.

ARTICLE VI
RULES AND REGULATIONS

Section 601. Rules of Order. Roberts Rules of Order, newly revised or any subsequent edition thereof, shall govern all matters of procedure not specifically set forth in these Bylaws or the Act.

Section 602. Rules and Regulations. The Board Members may adopt, amend and alter from time to time such rules, regulations, or forms which it may deem necessary or expedient for the management of the affairs of the Authority and which shall not be inconsistent with the Act. The Secretary of the Authority shall maintain current copies of all rules, regulations, and forms adopted by the Authority, which shall be available for public inspection at all times at such office as the Secretary may designate.

ARTICLE VII
AMENDMENTS

Section 701. Amendments of Bylaws. These Bylaws may be amended by a majority of the Board Members at any duly constituted meeting, provided written, electronic or oral notice of such amendment shall have been given to the Board Members and Officers at least 24 hours prior to any such meeting.

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NOTICE

SHORT PUMP TOWN CENTER COMMUNITY DEVELOPMENT AUTHORITY

There will be a meeting of the Short Pump Town Center Community Development Authority on Friday, October 20, 2000, at 8:00 a.m. at Markel located at 4521 Highwoods Parkway in Innsbrook. A tentative, draft Agenda is attached; it is subject to change.

The meeting is open to the public.

Ralph L. "Bill" Axselle, Jr.
Registered Agent, Short Pump Town Center
Community Development Authority
Williams, Mullen, Clark & Dobbins
1021 East Cary Street
P. O. Box 1320
Richmond, Virginia 23218-1320
(804) 783-6405 phone
(804) 783-6507 fax
baxselle@wmcd.com

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DRAFT
SHORT PUMP TOWN CENTER
COMMUNITY DEVELOPMENT AUTHORITY
OCTOBER 20, 2000
AGENDA

[Handwritten signature]
1/31/2001

1. Election of Officers (Chairman, Vice-Chairman, Secretary, Assistant Secretary, Treasurer): Axselle; All
2. Adoption of the Bylaws: France; All
3. Status report on Short Pump Town Center: Pruitt and Axselle
4. Overview of Responsibilities of CDA: France
5. Overview of Documents Related to CDA: France
6. Overview of Responsibilities Under the State and Local Government Conflict of Interest Act: Axselle/Helm
7. Overview of Responsibilities Under the Virginia Public Procurement Act: Axselle/Helm
8. Overview of Responsibilities Under the Virginia of Freedom of Information Act: Axselle
9. Status Report on Insurance: Helm
10. Selection of Bond Counsel, Financial Consultant, and Counsel to CDA: All
11. Adoption of Resolution Authorizing Financial Accounts: All
12. Authorize Entering into the Memorandum of Understanding Between Henrico, Landowners, Developer and CDA; Authorize Entering into the Economic Development Agreement; Adoption of Reimbursement and Bond Authorizing Resolution: France/Rice; All
13. Adoption of Resolution Approving Special Assessment and Requesting Board of Supervisors to Levy the Same: France/Rice; All
14. Resolution Regarding Compensation: Axselle; All

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**RESOLUTION OF THE SHORT PUMP TOWN CENTER
COMMUNITY DEVELOPMENT AUTHORITY
ELECTING OFFICERS**

[Handwritten signature]
1/31/2001

The Short Pump Town Center Community Development Authority (the "Authority") was created pursuant to a resolution adopted on September 26, 2000 by the Board of Supervisors of the County of Henrico, Virginia. In accordance with Section 15.2-5113, Code of Virginia of 1950, as amended, the Authority proposes to elect officers of the Authority.

NOW, THEREFORE, BE IT RESOLVED BY THE SHORT PUMP TOWN CENTER COMMUNITY DEVELOPMENT AUTHORITY:

The following members of the Authority are elected to the following offices:

Bruce A. Kay	Chairman
Wilson H. Flohr, Jr.	Vice Chairman
J. Stephen Lindsey	Secretary
Ronald H. Bargatze	Treasurer
Samuel H. Turner	Assistant Secretary

This resolution shall take effect immediately.

Adopted at a duly called and held meeting of the Short Pump Town Center Community Development Authority on October 20, 2000.

[Handwritten signature: Stephen Lindsey]
Secretary, Short Pump Town Center
Community Development Authority

**RESOLUTION OF THE SHORT PUMP TOWN CENTER
COMMUNITY DEVELOPMENT AUTHORITY
APPROVING THE AUTHORITY'S BYLAWS**

[Handwritten signature]
11/31/2001

The Short Pump Town Center Community Development Authority was created pursuant to a Resolution adopted on September 26, 2000 by the Board of Supervisors of the County of Henrico, Virginia.

NOW, THEREFORE, BE IT RESOLVED BY THE SHORT PUMP TOWN CENTER COMMUNITY DEVELOPMENT AUTHORITY:

The Bylaws of the Authority are approved as attached to this Resolution.

This resolution shall take effect immediately.

Adopted at a duly called and held meeting of the Short Pump Town Center Community Development Authority on October 20, 2000.

[Handwritten signature]
_____
Secretary, Short Pump Town Center
Community Development Authority

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1/31/2001

**RESOLUTION OF THE SHORT PUMP TOWN CENTER
COMMUNITY DEVELOPMENT AUTHORITY
AUTHORIZING THE ESTABLISHMENT OF FINANCIAL ACCOUNTS**

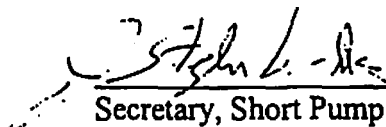
The Short Pump Town Center Community Development Authority (the "Authority") proposes to authorize the Treasurer of the Authority to establish certain financial accounts.

NOW, THEREFORE, BE IT RESOLVED BY THE SHORT PUMP TOWN CENTER COMMUNITY DEVELOPMENT AUTHORITY:

The Treasurer of the Authority is authorized and directed to establish such bank account or accounts as he may deem necessary with such bank or banks as he may determine. The Treasurer and the Chairman, or either of them, are authorized to sign such documents as may be necessary to establish such accounts and both such officers, or either of them, shall have authority to deposit, invest and withdraw moneys of the Authority in and from such accounts.

This resolution shall take effect immediately.

Adopted at a duly called and held meeting of the Short Pump Town Center Community Development Authority on October 20, 2000.


_____
Secretary, Short Pump Town Center
Community Development Authority

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**RESOLUTION OF THE SHORT PUMP TOWN CENTER
COMMUNITY DEVELOPMENT AUTHORITY AUTHORIZING
THE HIRING OF CONSULTANTS**

[Handwritten signature]
1/2/2000

The Short Pump Town Center Community Development Authority (the "CDA") has determined that it is necessary or desirable to hire certain consultants in connection with the issuance and sale of its bonds.

NOW, THEREFORE, BE IT RESOLVED BY THE SHORT PUMP TOWN CENTER COMMUNITY DEVELOPMENT AUTHORITY:

The CDA hereby hires the following consultants at the standard rates charged by such consultants and subject to final terms as approved by the Chairman or Vice Chairman of the CDA:

- (1) MuniFinancial as Financial Advisor and Administrator;
- (2) McGuireWoods LLP as Bond Counsel; and
- (3) Williams, Mullen, Clark & Dobbins as General Counsel.

This resolution shall take effect immediately upon its adoption.

Adopted at a duly called and held meeting of the Short Pump Town Center Community Development Authority on October 20, 2000.

[Handwritten signature]
_____
Secretary, Short Pump Town Center
Community Development Authority

\\RIC7BONDS\SHORTPUMP\res re hiring of consultants.doc

**RESOLUTION OF THE SHORT PUMP TOWN CENTER
COMMUNITY DEVELOPMENT AUTHORITY AUTHORIZING
THE PAYMENT OF COMPENSATION**

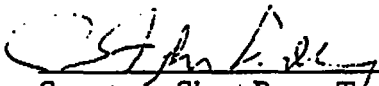
The Short Pump Town Center Community Development Authority (the "CDA") was created by resolution adopted on September 26, 2000 (the "Resolution") by the Board of Supervisors of Henrico County, Virginia. The Resolution authorizes the CDA to provide for payment of compensation to the CDA Board members.

NOW, THEREFORE, BE IT RESOLVED BY THE SHORT PUMP TOWN CENTER COMMUNITY DEVELOPMENT AUTHORITY:

1. The Board of the CDA hereby authorizes payment of compensation to each CDA Board member in an amount equal to \$300 per meeting attended. The Board of the CDA further authorizes payment in the amount of \$200 per member for services rendered to date.

2. This resolution shall take effect immediately upon its adoption.

Adopted at a duly called and held meeting of the Short Pump Town Center Community Development on October 20, 2000.


Secretary, Short Pump Town Center
Community Development Authority

\\RIC7\\BONDS\\ShortPump\\res re payment of compensation.doc

J00152

VaRISK 2

A Group Liability Self Insurance Plan

Coverage Certificate

Program Administrator:

*Commonwealth of Virginia
Department of the Treasury
Division of Risk Management
PO Box 1879
Richmond, VA 23218-1879
1-800-678-4924*

1/31/2000

Member's Name and Address:

Short Pump Town Center Community Development Authority
P.O. Box 1320, Richmond, VA 23218-1320

Limits of Liability:

\$1,000,000 per occurrence/\$0 aggregate

Coverage and Contribution (coverage is provided only where a contribution is shown below):

<u>Coverage</u>	<u>Contribution</u>	<u>Deductible</u>
Public Officials/General Liability	\$750.00	\$1,000.00

Coverage Effective Date:

September 1, 2000

This plan and certificate are continuous and renew automatically on July 1 of each year with payment of the contribution.

VIRGINIA LOCAL GOVERNMENT RISK MANAGEMENT PLAN

"VaRISK 2"

Established and Administered by

**COMMONWEALTH OF VIRGINIA
DEPARTMENT OF GENERAL SERVICES
DIVISION OF RISK MANAGEMENT**

J00160

Virginia Local Government Risk Management Plan

"VaRISK 2"

The Commonwealth of Virginia, Department of General Services, Division of Risk Management, in accordance with § 2.1-526.8.1 of the *Code of Virginia*, as amended, with the approval of the Governor, hereby establishes the terms and conditions of this self-insured liability plan for the political subdivisions of the Commonwealth to be known as the Virginia Local Government Risk Management Plan (hereinafter referred to as "VaRISK 2" or the "PLAN").

I. WHAT VaRISK 2 WILL PAY

A. COVERAGE

VaRISK 2 will pay all sums, except as herein limited, on behalf of the ENROLLED COVERED PARTY which the Enrolled Covered Party is legally obligated to pay on all claims, either first made or arising from any act occurring during the term of coverage on causes of action established by law by reason of liability arising out of acts or omissions of any nature while acting in an authorized governmental or proprietary capacity and in the course and scope of employment and authorization, with the exception of state court appointed attorneys who shall be covered only for acts or omissions arising out of their appointment as approved by the Executive Secretary of the Virginia Supreme Court.

B. DEFENSE

On matters covered by this PLAN, VaRISK 2 shall have the right and duty to defend any suit against the Covered Party, even if any allegations are groundless, false or fraudulent. VaRISK 2 may make such investigation, negotiation, or settlement of any claim or suit as it deems necessary. VaRISK 2 shall not be obligated to pay any claim or judgement or defend any suit after the PLAN's limit of liability has been exhausted.

II. VaRISK 2 LIMIT OF LIABILITY

- A. Regardless of the number of (1) Covered Parties under this PLAN, (2) persons or organizations who sustain injury or damage, or (3) claims made or suits brought, the most VaRISK 2 will pay as COMPENSATION for any one CLAIM will be one million dollars (\$1,000,000). Multiple claims arising from a single occurrence or series of related occurrences shall be considered as one claim for the purposes of the limit of liability, provided that the allegations made in each claim are of the same nature.

B. In addition to compensation for liability, VaRISK 2 will pay, for claims covered by the PLAN:

1. All expenses incurred by the PLAN, including defense costs,
2. Interest on the entire amount of any judgement charged after an entry of judgment but before the PLAN has paid its part of the judgment,
3. Reasonable expenses incurred at the request of the PLAN, except salaries,
4. Premiums on appeal bonds, court costs applicable to the defense, and
5. Plaintiff's attorney's fees awarded pursuant to 42 U.S.C. Section 1988.

C. In the event this PLAN is rendered or becomes insolvent, neither the Commonwealth of Virginia, nor any department, agency, institution, board, commission, officer, agent or employee of the Commonwealth shall be liable for any claim that would have been covered under this PLAN but for such insolvency. The establishment of this PLAN does not, and shall not be deemed or construed to, pledge or obligate the full faith and credit of the Commonwealth of Virginia.

III. WHO IS A COVERED PARTY

Each of the following is a Covered Party, to the extent set forth below:

- A. The enrolled Covered Party named in declarations, and commissions, boards, authorities or other similar units under the exclusive control and authority of the Covered Party.
- B. Any elected or appointed official, employee, agent or authorized volunteer of the Covered Party while acting in an authorized governmental or proprietary capacity and within the course and scope of employment or authorization.
- C. Any enrolled officer, agent or employee of any county, city, town, authority, board, commission, district or public service corporation while in an authorized governmental or proprietary capacity and within the course and scope of employment or authorization.

IV. WHAT VaRISK 2 WILL NOT COVER (EXCLUSIONS)

A. This PLAN does not apply to:

- 1. Any obligation under a fidelity or dishonesty bond, worker's compensation, unemployment compensation, disability benefits, administrative hearings or procedures or any similar law or proceeding.**
- 2. Any claim, demand or action arising out of motor vehicle or aircraft use or ownership unless a separate application and contribution has been made to the PLAN, however, this exclusion does not apply to automobiles temporarily loaned for a member's use, or liability arising from an employee using a personal vehicle on official business.**
- 3. Liability for property damage to property owned, used, or under the care, custody and control of a Covered Party in excess of \$100,000 per event.**
- 4. Liability arising out of pollution, toxic chemicals, hazardous waste or similar substances of any kind, however, this exclusion shall not apply to chemicals used in authorized law enforcement operations.**
- 5. Any claim resulting from the off-duty employment, unless (a) such employment is performed for an employer that is approved by a Covered Party authorized to make such decisions, and (b) is performed in a recognized law enforcement context, and (c) if required, a separate contribution has been paid to the PLAN for this activity. VaRISK 2 shall have the final decision in determining what is a recognized law enforcement context under this PLAN.**
- 6. Any Covered Party who has (a) gained any profit or advantage illegally, (b) acted in a fraudulent or dishonest manner, or (c) committed a willful and wanton act. However, the PLAN will defend Covered Parties where claims contain allegations thereof except where a court or other trier of fact shall have determined that (a), (b) or (c) has occurred.**
- 7. Any claim for which the Covered Party is entitled to indemnity and/or payment by reason of having given notice of any circumstances which might give rise to a claim under any insurance policy or policies, or self-insurance plan of any kind, the term of which has expired prior to the inception date of coverage under this PLAN.**

8. Liability assumed by contract, except mutual aid agreements between public entities.
9. Any claims arising from inverse condemnation, adverse possession or dedication by adverse use.
10. Claims, demands or other actions seeking relief or redress in any form other than monetary damages, including, but not limited to injunctive relief. For the purposes of this exclusion, a claim for attorney's fees, costs or expenses shall not be construed as a claim for monetary damages.
11. Any matter that involves or could involve an action or proceeding against an official or employee of the Covered Party, the nature of which is designed to determine whether discipline or other sanction of the official or employee for malfeasance or misfeasance is appropriate, or to otherwise determine the fitness of such persons to hold office or to continue their employment, however, any subsequent civil suit arising from such an action or proceeding shall be covered.
12. Any claim arising out disputes over tax assessments, similar to but not limited to those found in § 58.1-3984 of the *Code of Virginia*, disputes over property valuations or similar and related matters.
13. Any claim brought under § 8.01-581.1, et seq. of the *Code of Virginia*, against any physician or other health care provider unless specifically endorsed to the PLAN and a separate CONTRIBUTION has been made.
14. Any claim brought against a state court-appointed attorney for acts or omissions outside the course and scope of appointment as approved by the Executive Secretary of the Virginia Supreme Court.

V. DEFINITIONS USED IN THIS PLAN

- A. Claim means any demand, suit or legal action. However, administrative hearings or procedures, including but not limited to EEOC and grievance panels, will not be considered claims, regardless or whether or not monetary relief is sought.

- B. Compensation shall include compensatory or punitive damages awarded by a court of competent jurisdiction, including those awarded under 42 U.S.C. Section 1988. In no event, however, shall compensation mean (1) costs due or alleged to be due, including interest, solely on account of goods or services contracted for or allegedly contracted for, nor (2) expenses associated with complying with any injunction, or (3) any combination of these.
- C. Contribution means the fee timely paid to the PLAN for the coverage and services provided.
- D. Defense costs means all fees and expenses relating to the adjustment, investigation, defense or litigation of a claim including attorney's fees incurred by the PLAN, court costs applicable to the defense and interest on judgements accruing after entry of judgment. Defense costs shall not include the office expense of the Covered Party nor the salaries of employees of any Covered Party.
- E. Enrolled means that (1) an application has been made and (2) a contribution has been timely paid to the PLAN for the coverage and services provided.
- F. Property Damage means (a) physical injury to or destruction of tangible property, which includes loss and use thereof, or (b) loss of use of tangible property which has not been physically injured.

VI. CONDITIONS

THE FOLLOWING CONDITIONS APPLY TO THIS PLAN.

A. Action against the PLAN

No action shall lie against the PLAN unless, as a condition precedent thereto, there shall have been full compliance with all terms of this PLAN, nor until the amount of the Covered Party's obligations shall have been finally determined either by judgement against the Covered Party after actual trial or by written agreement of the Covered Party, VaRISK 2 and the claimant.

No person or organization shall have any right under this PLAN to join VaRISK 2 as a party to any action against the Covered Party to determine the Covered Party's liability, nor shall VaRISK 2 be impleaded by the Covered Party or the Covered Party's legal representative.

B. The Covered Party's Responsibility

NOTICE: VaRISK 2 SHALL NOT BE LIABLE FOR ANY CLAIMS IN WHICH THE COVERED PARTY FAILS TO COMPLY WITH THIS SUBSECTION.

---

1. When a claim is made against any Covered Party, the Covered Party shall immediately forward to VaRISK 2 every notice, summons, demand or other process received.

Submit all claim information to:

Department of General Services
Division of Risk Management
P. O. Box 1140
Richmond, Virginia 23208-1121

2. The Covered Party shall cooperate with VaRISK 2. A Covered Party shall not, except at the Covered Party's own cost, voluntarily make any payment, assume any obligation or incur any expense other than first aid or damage mitigation.
3. A Covered Party shall also attend hearings, trials and depositions, assist in securing and giving evidence, assist in effecting settlements and obtain witnesses.

C. The PLAN's Responsibility

1. VaRISK 2 shall conduct a defense in the Covered Party's name and may, for the benefit of the PLAN, pursue recovery from any third party. VaRISK 2 shall have full discretion in the handling of any claim.
2. VaRISK 2, in its discretion, may settle any claim which it deems to be in the best interest of the PLAN. Where reasonably possible, VaRISK 2 will not make any offer or settle any claim without first contacting the Covered Party to advise of the reason and the intent in making such an offer of settlement.
3. If a Covered Party makes a demand that VaRISK 2 pursue litigation and not settle a claim, and that demand is accepted by VaRISK 2, and the litigation is lost or the judgement is greater than the amount for which VaRISK 2 could have settled the claim, VaRISK 2 shall be responsible for the cost of defense only to the point where the claim could have been settled or for the original amount agreed to for settlement.

D. Other Coverage

This PLAN is written to reflect the intent of all parties that, if at the time of loss, there is any other insurance available to the Covered Party which covers such loss, or which could have covered such loss except for the existence of this contract, VaRISK shall not be liable for any amount other than the excess over any other valid or collectible insurance applicable to a loss hereunder. Other valid or collectible insurance includes, but is not limited to, policies of insurance or programs of self-insurance purchased or established by or on behalf of the Covered Party to insure against liability arising from the activities of the Covered Party, regardless of whether or not the policy or program provides primary, excess, excess over excess, umbrella, or contingent coverage.

Provided however, this condition shall not apply if the Director of the Department of General Services approves in writing, in advance, that the Plan is designated as primary and will provide the underlying coverage for any excess or umbrella coverage purchased by a Covered Party.

E. Subrogation

In the event of payment under this PLAN, the Commonwealth of Virginia shall be subrogated to all the Covered Party's right of recovery against any person or organization and the Covered Party shall execute and deliver instruments and papers and do whatever else is necessary to secure all right of subrogation for the Commonwealth. The Covered Party shall do nothing after a loss to prejudice such rights.

F. Cancellation

This PLAN may not be canceled mid-term. The Covered Party may cancel coverage under this PLAN only upon written notice being delivered to the Division of Risk Management at least thirty (30) days prior to the anniversary date of the coverage. VaRISK 2 may cancel the Covered Party's coverage only for non-payment of the contribution, or for failure to meet the terms and conditions of the PLAN with ten (10) days advance written notice. The only exception to this condition is when the Director of the Department of General Services denies a request that the Plan provide primary coverage.

G. Changes

This PLAN shall not be changed except by written amendment issued by the Department of General Services, Division of Risk Management, and approved by the Governor or authorized designee in compliance with § 2.1-526.8.1 of the Code of Virginia.

IN WITNESS THEREOF, the Department of General Services, Division of Risk Management, with the approval of the Governor of the Commonwealth of Virginia or his designee, has executed this PLAN to be effective January 1, 1998.

BY:



Don W. LeMond, Director
Division of Risk Management
Department of General Services

APPROVED

BY:



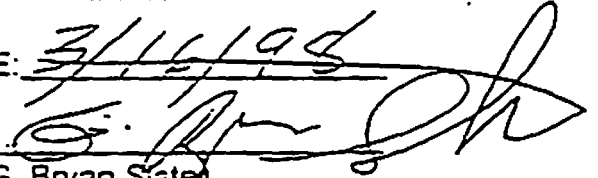
Donald C. Williams, Director
Department of General Services

APPROVED BY THE GOVERNOR

DATE:

3/16/98

BY:



G. Bryan Slater
Secretary of Administration
pursuant to Executive Order
Number Thirty-one (94) dated
October 25, 1994

CERTIFICATE

*Filed
1/31/2000*

I, Barry R. Lawrence, am the Clerk of the Board of Supervisors of Henrico County, Virginia (the "Board") and I am the custodian of the minutes of the meetings of the Board including the attached extract from the minutes pertaining to an emergency ordinance adopted by the Board on November 13, 1968, creating the Industrial Development Authority of the County of Henrico, Virginia (the "Authority"), and appointing the seven initial directors of the Authority. I hereby certify that this extract from the minutes is a true copy of the original record.

Barry R. Lawrence

Barry R. Lawrence
Clerk of the Board of Supervisors
of Henrico County, Virginia

COMMONWEALTH OF VIRGINIA
COUNTY OF HENRICO, to-wit:

Subscribed and sworn by Barry R. Lawrence, Clerk of the Board of Supervisors of Henrico County, Virginia, before me this 8th day of December, 2000.

Linda B. Jones

Notary Public

My commission expires: 8/31/03

J00265

COUNTY OF HENRICO, To-wit:

At a regular meeting of the Board of County Supervisors of Henrico County held in Room #218 Henrico County Office Building, 21st and Main Streets, Richmond, Virginia, on Wednesday, the 13th day of November, 1968, at the hour of 2:00 o'clock p.m.

PRESENT:

B. Earl Dunn, Chairman
Edwin H. Ragsdale, Vice-Chairman
L. Ray Shadwell, Jr.
Linwood E. Toombs
Anthony P. Mehfood

MEMBERS OF THE BOARD

OTHER OFFICIALS PRESENT:

E. A. Beck, County Manager
Helen C. Loving, Clerk
J. Mercer White, Jr., County Attorney
W. S. Dewhirst, Director of Public Utilities
E. G. Heatwole, Director of Finance
W. F. LaVecchia, Director of Planning
A. T. Dotson, County Engineer
Dr. J. A. Smith, Health Officer
E. R. Tinsley, Sheriff

*****

The meeting was called to order by the Chairman.

*****

32-68 On motion of Edwin H. Ragsdale, seconded by Linwood E. Toombs, the following ordinance was adopted:

AN ORDINANCE creating the Industrial Development Authority of the County of Henrico, Virginia, and appointing the directors thereof, pursuant to Chapter 33, Title 15.1, Code of Virginia of 1950, as amended.

WHEREAS, pursuant to the Industrial Development and Revenue Bond Act (Chapter 33, Title 15.1, Code of Virginia of 1950, as amended) (the Act), the General Assembly of Virginia authorized the creation of industrial development authorities by the several counties in the Commonwealth of Virginia so that such authorities may acquire, own, lease, and dispose of properties to the end that such authorities may be able to promote industry and develop trade by inducing manufacturing, industrial, governmental and commercial enterprises to locate in or remain in the Commonwealth and further the use of its agricultural products and natural resources, and vested such authorities with all powers that may be necessary to enable them to accomplish such purposes, which powers shall in all respects be exercised for the benefit of the inhabitants of the Commonwealth, for the increase of their commerce and for the promotion of their safety, health, welfare, convenience, and prosperity; and

WHEREAS, the Board of County Supervisors of Henrico County, Virginia, is authorizes to create an industrial development authority as a political subdivision of the Commonwealth to promote and further the purposes of the Act; and

WHEREAS, the Board of County Supervisors of Henrico County, Virginia, is in accord with the purposes of the Act and has determined that it is in the best interests of the County and its inhabitants to create an industrial development authority pursuant to the Act; and

WHEREAS, such an industrial development authority shall be governed by a board of seven directors to be appointed by the Board of County Supervisors of Henrico County, Virginia, the initial directors to be appointed two each for terms of one, two, and three years and one for a term of four years.

BE IT ORDAINED BY THE BOARD OF COUNTY SUPERVISORS OF HENRICO COUNTY, VIRGINIA:

1. There is hereby created a political subdivision of the Commonwealth of Virginia and such public and corporate powers as are set forth in the Industrial Development and Revenue Bond Act (Chapter 33, Title 15.1, Code of Virginia of 1950, as amended), including such powers as may hereafter be set forth from time to time in said act.
2. The name of the political subdivision of the Commonwealth created hereby shall be the Industrial Development Authority of the County of Henrico, Virginia (the Authority).
3. The following persons are hereby appointed directors of the Authority for the terms of office herein set forth, which terms shall commence on the effective date of this ordinance:

<u>Name</u>	<u>Address</u>	<u>Term Expires</u>
Leonard E. Starr	106 Early Ave., Sandston, Va.	November 13, 1969
Dr. David R. Suyes, Jr.	102 Beauregard Ave. Highland Springs, Va.	November 13, 1969
Robert A. Ladd, III	5921 Old Orchard Road	November 13, 1970
J. T. Ferguson	Insurance Bldg., 10 S. 10th St.	November 13, 1970
Howard W. Pogue, Jr.	908 Penola Drive	November 13, 1971
T. Dix Sutton	700 Building, Suite 1008	November 13, 1971
Grayson F. Holt	111 Jackson Ave., Sandston, Va.	November 13, 1972

4. An emergency exists and this Ordinance is in full force from its passage.

A Copy
Teste:

Barry R. Lawrence

Barry R. Lawrence, Clerk
Board of Supervisors

CERTIFICATE

[Handwritten signature]
1/31/2001

I, Barry R. Lawrence, am the Clerk of the Board of Supervisors of Henrico County, Virginia (the "Board") and I am the custodian of the minutes of the meetings of the Board including the attached extract from the minutes pertaining to an ordinance adopted by the Board on December 11, 1968, creating the Industrial Development Authority of the County of Henrico, Virginia (the "Authority"), and appointing the seven initial directors of the Authority. I hereby certify that this extract from the minutes is a true copy of the original record.

Barry R. Lawrence

Barry R. Lawrence
Clerk of the Board of Supervisors
of Henrico County, Virginia

COMMONWEALTH OF VIRGINIA
COUNTY OF HENRICO, to-wit:

Subscribed and sworn by Barry R. Lawrence, Clerk of the Board of Supervisors of Henrico County, Virginia, before me this 8th day of December, 2000.

Linda B. Jones

Notary Public

My commission expires: 5/31/03

J00268

COUNTY OF HENRICO, TO-WIT:

At a regular meeting of the Board of County Supervisors of Henrico County held in Room #218, Henrico County Office Building, 21st and Main Streets, Richmond, Virginia, on Wednesday, the 11th day of December, 1968, at the hour of 2:00 o'clock p.m.

PRESENT:

B. Earl Dunn, Chairman
Edwin H. Ragsdale, Vice-Chairman
L. Ray Shadwell, Jr.
Anthony P. Mehfood
Linwood E. Toombs

MEMBERS OF THE BOARD

OTHER OFFICIALS PRESENT:

E. A. Beck, County Manager
Helen C. Loving, Clerk
J. M. White, Jr., County Attorney
E. G. Heatwole, Director of Finance
W. F. LaVecchia, County Engineer
R. C. Gilman, Chief, Division of Fire
E. R. Tinsley, Sheriff
W. J. Hedrick, Chief of Police

*****

The meeting was called to order by the Chairman.

*****

677-68 An advertised public hearing having been held, on motion of Edwin H. Ragsdale,

seconded by Anthony P. Mehfood, the following Ordinance was adopted:

AN ORDINANCE creating the Industrial Development Authority of the County of Henrico, Virginia, and appointing the directors thereof, pursuant to Chapter 33, Title 15.1, Code of Virginia of 1950, as amended.

WHEREAS, PURSUANT to the Industrial Development and Revenue Bond Act (Chapter 33, Title 15.1, Code of Virginia of 1950, as amended) (the Act), the General Assembly of Virginia authorized the creation of Industrial development authorities by the several counties in the Commonwealth of Virginia so that such authorities may acquire, own, lease, and dispose of properties to the end that such authorities may be able to promote industry and develop trade by inducing manufacturing, industrial, governmental and commercial enterprises to locate in or remain in the Commonwealth and further the use of its agricultural products and natural resources, and vested such authorities with all powers that may be necessary to enable them to accomplish such purposes, which powers shall in all respects be exercised for the benefit of the inhabitants of the Commonwealth, for the increase of their commerce and for the promotion of their safety, health, welfare, convenience and prosperity; and

WHEREAS, the Board of County Supervisors of Henrico County, Virginia, is authorized to create an industrial development authority as a political subdivision of the Commonwealth to promote and further the purposes of the Act; and

WHEREAS, the Board of County Supervisors of Henrico County, Virginia, is in accord with the purposes of the Act and has determined that it is in the best interests of the County and its inhabitants to create an industrial development authority pursuant to the Act; and

WHEREAS, such an industrial development authority shall be governed by a board of seven directors to be appointed by the Board of County Supervisors of Henrico County, Virginia, the initial directors to be appointed two each for terms of one, two, and three years and one for a term of four years.

BE IT ORDAINED BY THE BOARD OF COUNTY SUPERVISORS OF HENRICO COUNTY, VIRGINIA:

1. There is hereby created a political subdivision of the Commonwealth of Virginia and such public and corporate powers as are set forth in the Industrial Development and Revenue Bond Act (Chapter 33, Title 15.1, Code of Virginia of 1950, as amended), including such powers as may hereafter be set forth from time to time in said act.
2. The name of the political subdivision of the Commonwealth created hereby shall be the Industrial Development Authority of the County of Henrico, Virginia (the Authority).
3. The following persons are hereby appointed directors of the Authority for the terms of office herein set forth, which terms shall commence on the effective date of this ordinance:

Name	Address	Term Expires
Leonard E. Starr	106 Early Ave., Sandston, Va.	November 13, 1969
Dr. David R. Suyes, Jr.	102 Beauregard Avenue Highland Springs, Virginia	November 13, 1969
Robert A. Ladd, III	5921 Old Orchard Road	November 13, 1970
J. T. Ferguson	Insurance Bldg., 10 S. 10th St.	November 13, 1970
Howard W. Pogue, Jr.	908 Penola Drive	November 13, 1971
T. Dix Sutton	700 Bldg., Suite 1008	November 13, 1971
Grayson F. Holt	111 Jackson Ave., Sandston, Va.	November 13, 1972

4. This Ordinance shall be in full force and effect from and after its passage as provided by law.

A Copy
Teste:

Barry R. Lawrence

Barry R. Lawrence, Clerk
Board of Supervisors

J00270

CERTIFICATE

Adrian Thomas
1/31/2000

I, Barry R. Lawrence, am the Clerk of the Board of Supervisors of Henrico County, Virginia (the "Board") and I am the custodian of the minutes of the meetings of the Board including the attached extract from the minutes pertaining to a resolution adopted by the Board on February 22, 1984, designating the Industrial Development Authority of the County of Henrico, Virginia as the Economic Development Organization for the County of Henrico, Virginia. I hereby certify that this extract from the minutes is a true copy of the original record.

Barry R. Lawrence
Barry R. Lawrence
Clerk of the Board of Supervisors
of Henrico County, Virginia

COMMONWEALTH OF VIRGINIA
COUNTY OF HENRICO, to-wit:

Subscribed and sworn by Barry R. Lawrence, Clerk of the Board of Supervisors of Henrico County, Virginia, before me this 8th day of December, 2000.

Luisa B. Jones
Notary Public

My commission expires: 8/31/03

J00271

COUNTY OF HENRICO, To-wit:

At a regular meeting of the Board of County Supervisors of Henrico County, held in the Board Room, Administration Building, Henrico Government Center, Parham and Hungary Spring Roads, Henrico County, Virginia, on Wednesday, the 22nd day of February, 1984, at the hour of 7:00 o'clock p.m.

PRESENT:

John A. Waldrop, Jr., Chairman
David A. Kaechele, Vice-Chairman
John B. McKenney, Jr.
Anthony P. Mehfoud
L. Ray Shadwell, Jr.

Members of the Board

OTHER OFFICIALS PRESENT:

Frank A. Faison, County Manager
Joseph P. Rapisarda, Jr., County Attorney
Margaret B. Baker, Clerk
Department Heads and Key Officials

*****

The meeting was called to order by the Chairman.

*****

13-84

On motion of Mr. Mehfoud, seconded by Mr. McKenney, the following resolution was unanimously adopted:

WHEREAS, This Board recognizes the desirability of reaffirming and increasing the level of economic development effort in Henrico County; and

WHEREAS, The Industrial Development Authority of the County, as a volunteer group, has shown leadership in economic development activities on behalf of the County, the metropolitan area and the Commonwealth; and

WHEREAS, There exists within the County administration adequate staff support for an effective program of economic development.

NOW, THEREFORE, BE IT RESOLVED, That the Industrial Development Authority of the County of Henrico is hereby designated as the official Economic Development Organization for the County of Henrico; and

BE IT FURTHER RESOLVED, That the Industrial Development Authority is authorized to act in behalf of the Board to accomplish an Economic Development Program for the County, and the County administration is authorized and directed to provide reasonable staff support to the Authority for this purpose as ascertained by the Board of Supervisors.

The members of the Board voted as follows:

Ayes:

David A. Kaechele
John B. McKenney, Jr.
Anthony P. Mehfoud
L. Ray Shadwell, Jr.
John A. Waldrop, Jr.

Nays:

None

A Copy
Teste:

Barry R. Lawrence

Barry R. Lawrence, Clerk
Board of Supervisors

CERTIFICATE

John H. Jones
1/31/2000

I, Barry R. Lawrence, am the Clerk of the Board of Supervisors of Henrico County, Virginia (the "Board") and I am the custodian of the minutes of the meetings of the Board including the attached extract from the minutes pertaining to an ordinance adopted by the Board on July 13, 1999, changing the name of the Industrial Development Authority of the County of Henrico, Virginia to the Economic Development Authority of Henrico County, Virginia. I hereby certify that this extract from the minutes is a true copy of the original record.

Barry R. Lawrence

Barry R. Lawrence
Clerk of the Board of Supervisors
of Henrico County, Virginia

COMMONWEALTH OF VIRGINIA
COUNTY OF HENRICO, to-wit:

Subscribed and sworn by Barry R. Lawrence, Clerk of the Board of Supervisors of Henrico County, Virginia, before me this 8th day of December, 2000.

Luisa B. Jones

Notary Public

My commission expires: 5/31/2003.

COUNTY OF HENRICO, To-wit:

At a regular meeting of the Board of Supervisors of Henrico County, held in the Board Room, Administration Building, Henrico Government Center, Parham and Hungary Spring Roads, Henrico County, Virginia, on Tuesday, the 13th day of July, 1999, at the hour of 7:00 o'clock p.m.

MEMBERS OF THE BOARD PRESENT

Patricia S. O'Bannon, Chairman
Frank J. Thornton, Vice-Chairman
James B. Donati, Jr.
Richard W. Glover
David A. Kaechele

*****

289-99   An advertised public hearing was held at which no opposition was expressed. On motion of Mr. Donati, seconded by Mr. Thornton, and by unanimous vote, the following Ordinance was adopted:

Ordinance - Changing the Name of the Industrial Development Authority of the County of Henrico, Virginia, to the Economic Development Authority of Henrico County, Virginia.

The vote of the Board was as follows:

Aye
Patricia S. O'Bannon
Frank J. Thornton
James B. Donati, Jr.
Richard W. Glover
David A. Kaechele

Nay

*****

A Copy
Teste:


Barry R. Lawrence, Clerk
Board of Supervisors



COUNTY OF HENRICO, VIRGINIA
BOARD OF SUPERVISORS
MINUTE

Agenda Item No. 289-99
Page No. 1 of 2

Agenda Title **ORDINANCE - Changing the Name of the Industrial Development Authority of the County of Henrico, Virginia, to the Economic Development Authority of Henrico County, Virginia**

For Clerk's Use Only:

JUL 13 1999

Date

- ☒ Approved
☐ Denied
☐ Amended
☐ Deferred to

BOARD OF SUPERVISORS ACTION

Moved by (1) Donati Seconded by (1) Thornton
(2) _____ (2) _____

REMARKS:

APPROVED

YES NO OTHER

Donati, J. ☒ ☐ ☐
Glover, R. ☒ ☐ ☐
Kaechele, D. ☒ ☐ ☐
O'Bannon, P. ☒ ☐ ☐
Thornton, F. ☒ ☐ ☐

WHEREAS, pursuant to the Industrial Development and Revenue Bond Act, now codified as Chapter 49, Title 15.2 of the Code of Virginia (the "Act"), the Board of Supervisors of Henrico County, Virginia adopted an ordinance on December 11, 1968 creating a political subdivision of the Commonwealth of Virginia with such public and corporate powers as are set forth in the Act; and

WHEREAS, the ordinance so adopted recited that the name of the political subdivision created would be the Industrial Development Authority of the County of Henrico, Virginia (the "Authority"); and

WHEREAS, the 1999 Session of the General Assembly of Virginia enacted, and the Governor signed into law, Senate Bill 1065, which amended §15.2-4903 of the Act to permit the board of supervisors of any county having the county manager form of government to call its industrial development authority an economic development authority; and

WHEREAS, Henrico County has the county manager form of government, and the Board of Supervisors, pursuant to Virginia Code §15.2-4903.C has determined to change the name of the Authority to the Economic Development Authority of Henrico County, Virginia, so that its name will more closely reflect its function.

J00275

By Agency Head

[Signature]

For
By County Manager

[Signature]

Routing:

Yellow to: Economic Dev.

Copy to: _____

Certified:

A Copy Tests: Barry R Lawrence
Clerk, Board of Supervisors

Date: 12/7/00

COUNTY OF HENRICO, VIRGINIA
BOARD OF SUPERVISORS
MINUTE

Agenda Item No. 289-99

Page No. 2 of 2

Agenda Title ORDINANCE - Changing the Name of the Industrial Development Authority
of the County of Henrico, Virginia, to the Economic Development Authority of
Henrico County, Virginia

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF SUPERVISORS OF
HENRICO COUNTY, VIRGINIA:

1. That the name of the Industrial Development Authority of the County of Henrico, Virginia shall be changed to the Economic Development Authority of Henrico County, Virginia.
2. That this ordinance shall be in full force and effect on and after August 1, 1999.

Comments: The Executive Director of the Industrial Development Authority recommends approval of this Board paper; the County Manager concurs.

CERTIFICATE

Shirley J. Jones
1/31/2001

I, Barry R. Lawrence, am the Clerk of the Board of Supervisors of Henrico County, Virginia (the "Board") and I am the custodian of the minutes of the meetings of the Board including the attached extract from the minutes pertaining to an ordinance adopted by the Board on November 14, 2000, increasing from seven to ten the number of directors of the Economic Development Authority of Henrico County, Virginia, and appointing three new directors. I hereby certify that this extract from the minutes is a true copy of the original record.

Barry R. Lawrence

Barry R. Lawrence
Clerk of the Board of Supervisors
of Henrico County, Virginia

COMMONWEALTH OF VIRGINIA
COUNTY OF HENRICO, to-wit:

Subscribed and sworn by Barry R. Lawrence, Clerk of the Board of Supervisors of Henrico County, Virginia, before me this 8th day of December, 2000.

Linda F. Jones

Notary Public

My commission expires: 5/31/2003

COUNTY OF HENRICO, To-wit:

At a regular meeting of the Board of Supervisors of Henrico County, held in the Board Room, Administration Building, Henrico Government Center, Parham and Hungary Spring Roads, Henrico County, Virginia, on Tuesday, the 14th day of November, 2000, at the hour of 7:00 o'clock p.m.

MEMBERS OF THE BOARD PRESENT

Frank J. Thornton, Chairman
Richard W. Glover, Vice-Chairman
James B. Donati, Jr.
David A. Kaechele
Patricia S. O'Bannon

*****

402-00   An advertised public hearing was held at which no opposition was expressed. On motion of Mr. Glover, seconded by Mr. Donati, and by unanimous vote, the following Ordinance was adopted:

Ordinance - To Increase from Seven to Ten the Number of Directors of the Economic Development Authority and to Appoint Three New Directors.

The vote of the Board was as follows:

Aye
Patricia S. O'Bannon
Frank J. Thornton
James B. Donati, Jr.
Richard W. Glover
David A. Kaechele

Nay

*****

A Copy
Teste:


Barry R. Lawrence, Clerk
Board of Supervisors



COUNTY OF HENRICO, VIRGINIA
BOARD OF SUPERVISORS
MINUTE

Agenda Item No. 402-00
Page No. 1 of 2

Agenda Title **ORDINANCE - To Increase from Seven to Ten the Number of Directors of the Economic Development Authority and to Appoint Three New Directors**

For Clerk's Use Only:

NOV 14 2000

Date

- ☒ Approved
☐ Denied
☐ Amended
☐ Deferred to

BOARD OF SUPERVISORS ACTION

Moved by (1) Glover Seconded by (1) Donati
(2) (2)

REMARKS: **APPROVED**

YES NO OTHER

Donati, J. ☒ ☐ ☐
Glover, R. ☒ ☐ ☐
Kaechele, D. ☒ ☐ ☐
O'Bannon, P. ☒ ☐ ☐
Thornton, F. ☒ ☐ ☐

WHEREAS, by emergency ordinance adopted November 13, 1968, and readopted December 11, 1968, the Board of Supervisors of Henrico County, Virginia (the "Board") created the Industrial Development Authority of the County of Henrico, Virginia (the "Authority"), and appointed seven members to the board of directors of the Authority; and

WHEREAS, by ordinance adopted July 13, 1999, the Board changed the name of the Authority to the Economic Development Authority of Henrico County, Virginia; and

WHEREAS, the 2000 Session of the General Assembly amended Virginia Code Section 15.2-4904(A) to authorize the Board to appoint ten members to serve on the board of directors of the Authority, two from each magisterial district of the County, with terms staggered as agreed upon by the Board; and

WHEREAS, consistent with the authority contained in Virginia Code Section 15.2-4904(A), as amended, the Board desires to increase the size of the board of directors of the Authority and appoint three additional directors for a total of ten directors with two from each magisterial district of the County on the board of directors of the Authority.

By Agency Head EDA

By County Manager Barry R. Lawrence

Routing:

Yellow to: EDA

Copy to: _____

Certified:

A Copy Tests: Barry R. Lawrence

Clerk, Board of Supervisors

Date: 12/7/00

**COUNTY OF HENRICO, VIRGINIA
BOARD OF SUPERVISORS
MINUTE**

Agenda Item No. **402-00**

Page No. **2 of 2**

Agenda Title:

**ORDINANCE - To Increase from Seven to Ten the Number of Directors of
the Economic Development Authority and to Appoint Three New Directors**

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF SUPERVISORS OF HENRICO COUNTY, VIRGINIA:

1. The board of directors of the Authority shall be expanded from seven to ten members with two members from each of the County's five magisterial districts.
2. The following persons are hereby appointed directors of the Authority for terms of office which shall commence on November 13, 2000 and which shall expire on the dates set forth below or thereafter when their successors are appointed and qualified:

<u>Name</u>	<u>Magisterial District</u>	<u>Term Expires</u>
_____	Brookland	November 13, 2004
Matthew J. Robinson, Jr.	Fairfield	November 13, 2004
_____	Tuckahoe	November 13, 2002

3. This ordinance shall be in full force and effect from and after its passage as provided by law.

6/19/99
Submitted
J

SHORT PUMP TOWN CENTER OR STONY POINT?

A. BACKGROUND

- There will be an upscale, high-end retail/fashion mall in the Richmond area.
- It will be anchored by Nordstroms, Lord & Taylor, a flagship Dillards and a flagship Hechts.
- This is an alignment of major retailers not normally found in areas the size of Richmond.
- Those department stores may be joined by the best non-department store retailers, many of whom are not now in Richmond, e.g., a flagship Old Navy, Gaylans (sporting goods), a flagship Banana Republic, Smith & Hawkins (boutique gardening), Bernini (men's clothing), Charlotte Russ (women's clothing), Guess (men's and women's clothing), Kenneth Cole (shoes and leather products), Coach (leather), etc.

(There will also be a 22 screen Edwards movie theater that will be the largest movie theater east of the Mississippi.)

- There will be only one such fashion mall in the area for the next 20 years or so.

BOS01832

WILLIAMS MULLEN
CHRISTIAN & DOBBINS
ATTORNEYS & COUNSELORS AT LAW

June 9, 1999
Page 2

- It will either be in Henrico at Short Pump Town Center or in Richmond at Stony Point.
- The decision will depend, in considerable part, on the inducements provided to the department stores.
- They will require inducements (cash payments to the four department stores to locate at a particular site) in the range of \$45 million total.
- The County staff has verified that the City of Richmond had committed to provide \$20 million towards what was a then \$30 million inducement package two years ago; the remaining \$10 million was to be paid by the developer of Stony Point (Taubman). With the total inducement package now around \$45 million, it is likely (not verified) that the City's portion of the inducement package has increased.

B. TIMING

- ♦ The decision on the location of this fashion mall...
Richmond or Henrico... will be made within 30 days.

BOS01833

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June 9, 1999

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- ◆ In late January, the Short Pump Town Center was the preferred site.
- ◆ Due to subsequent increased inducements offered at the City site, Stony Point became the preferred site by early May.
- ◆ Based on the possibility of increased inducements at Short Pump Town Center, it again became the preferred site two weeks ago.
- ◆ Taubman, the Stony Point developer who is working with the City, has now offered even further increased inducements to the major retailers.
- ◆ The Forest City/Pruitt team needs to finalize the inducements that will be available for this particular mall to be located in Henrico at Short Pump Town Center.
- ◆ While Short Pump Town Center is the preferable site from the standpoint of demographics and transportation access, the final decision will apparently depend in considerable part on the respective inducement packages being offered by Taubman (Richmond) at Stony Point and by Forest City/Pruitt (Henrico) at the Short Pump Town Center.

BOS01834

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C. BENEFITS TO HENRICO COUNTY TO HAVE THIS FASHION MALL IN
HENRICO AND NOT IN THE CITY OF RICHMOND:

- Insuring that the finest shopping area will be in Henrico and not in Richmond for the next 20 or so years.
- Setting a first-class tone for the ancillary retail/office uses in Henrico.
- Establishing the quality of future development along Broad Street, moving from the big box/discount users at Pump/Broad into higher quality development along West Broad Street.
- Increase the revenues from local taxes (see below).
- Improving the justification for another access to Route 64 at Gayton Road extended.
- Setting the stage for a new conference center/hotel in western Henrico.
- Creating an estimated 4,000 permanent jobs (3,000 with initial phase of the mall and additional 1,000 in the future).

BOS01835

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- \$170 million investment immediately with the fashion mall, plus an additional \$80 million for future development outside the loop, for a total of \$250 million investment in Henrico.

D. DIRECT TAX REVENUES TO HENRICO COUNTY FROM LOCATION OF THE FASHION MALL AT SHORT PUMP TOWN CENTER AND NOT STONY POINT:

- Attachment A is a calculation of the sales anticipated at the Short Pump Town Center from the department stores, general leasing areas and Edwards (movie theater). Please note that the sales estimates are conservative as they are based on \$300 per square foot revenues (Regency is now averaging \$375 per square foot).
- Attachment B is a recap of the taxes to be received by Henrico County from the Short Pump Town Center. This includes the following taxes: BPOL; local sales tax; real estate taxes; and business personal property taxes. Again, these figures are conservative: (i) the real estate taxes during the fifteen-year period assume that there would be no increase in either the real estate tax rate or the assessed value of real estate at the Center; (ii) the

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projected tax revenues for years 11-15 have not been increased over revenues to be received for year 10.

- The Short Pump Town Center property is zoned and has an approved POD. Construction should commence the spring-summer, 2000, and the Center should be open by the fall, 2001.
- The total annual tax revenues to Henrico County from the Short Pump Town Center increase from \$6,247,195 (year one) to \$7,225,177 (year five) to \$8,075,155 (year ten) and \$8,075,155 (year fifteen) for a total of \$112,828,885 in fifteen years.
- The revenues for Henrico County increase from \$33,843,669 after five years to \$72,452,910 after ten years and \$112,828,885 in fifteen years.

E. PRE-CONDITIONS OF HENRICO COUNTY PROPOSED INDUCEMENTS:

- ❖ All four major retailers must locate at Short Pump Town Center.
- ❖ All four major retailers must execute operating agreements with the developer in which they commit to operate at that

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site for fifteen years as a Nordstroms, Lord & Taylor, Dillard's and Hechts.

- ❖ Forest City to execute agreement committing to develop Short Pump Town Center fashion mall as approved.
- ❖ The net result is that Henrico County will have assurances that the Short Pump Town Center will be completed and will be anchored for 15 years by these major, national retailers.

F. PROPOSAL

- ◆ The Forest City/Pruitt financial proforma was based upon \$15 million of department store inducements. Assuming \$45 million in inducements are needed to secure the Center in Henrico, Forest City/Pruitt will pay the first \$15 million with the County's portion of the inducements being \$30 million.
- ◆ In the event, the inducements are less than \$45 million, the County portion of inducements would be reduced. Basically, of whatever inducements have to be paid, Forest

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City/Pruitt will pay the first \$15 million and the County will provide the remainder.

- ◆ Forest City/Pruitt will also be required to donate the land to those retailers at no charge and have their pad-sites ready for construction. This is in addition to the costs Forest City/Pruitt will pay in developing the Center.
- ◆ Regarding the \$30 million department store inducements, Forest City would secure financing on behalf of the Center, with interest at 8%. This principal and interest will be re-paid by the Center to the lender. As tax revenues are generated from the Short Pump Town Center, payments shall be made by the County to the IDA and coordinated from the IDA to the Center. This proposal clearly puts the obligation of generating the repayment on the developer.
- ◆ Attachment C shows two case studies of repayment of this \$30 million plus interest. Case I shows the repayment by using 100% of the increased tax revenues to Henrico County from the Short Pump Town Center; repayment would occur within six years. Case II shows the repayment by using only 50% of the increased tax revenues from the Short Pump

BOS01839

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Town Center; repayment will still occur within the 15 years
operating commitment by the four major retailers.

Ralph L. "Bill" Axselle, Jr.

\dc

I:\MCDLIB\BILLAXS\0530020.03

BOS01840

SHORT PUMP TOWN CENTER
ES

	Year 1	Year 2	Year 3	Year 4	Year 5	Subtotal Years 1-5	Year 6	Year 7	Year 8	Year 9	Year 10	Subtotal Years 6-10	Year 11	Year 12	Year 13	Year 14	Year 15	Subtotal Years 11-15	Grand Total Years 1-15
GLA																			
All	\$ 80,000,000	\$106,000,000	\$110,250,000	\$116,762,500	\$121,550,625	\$ 542,563,125	\$127,828,156	\$134,008,564	\$140,710,042	\$147,745,544	\$155,132,822	\$ 708,226,129	\$155,132,822	\$155,132,822	\$155,132,822	\$155,132,822	\$155,132,822	\$ 773,864,108	\$2,023,453,302
300,000 sq. ft. @ rate:	300	350	368	386	405		425	447	469	492	517		517	517	517	517	517		
Department Stores																			
Macy Company	40,000,000	43,750,000	47,500,000	51,250,000	55,000,000	237,500,000	56,650,000	58,348,500	60,099,965	61,802,965	63,780,074	300,782,544	63,780,074	63,780,074	63,780,074	63,780,074	63,780,074	318,800,370	857,082,914
240,000 sq. ft. @ rate:	167	182	198	214	229		236	243	250	258	266		268	268	268	268	268		
Lord & Taylor	25,000,000	26,250,000	27,500,000	28,750,000	30,000,000	137,500,000	30,900,000	31,827,000	32,781,810	33,765,264	34,778,222	164,052,297	34,778,222	34,778,222	34,778,222	34,778,222	34,778,222	173,891,111	475,443,400
125,000 sq. ft. @ rate:	200	210	220	230	240		247	255	262	270	276		278	278	278	278	278		
Nordstrom	37,000,000	40,700,000	43,800,000	46,900,000	50,000,000	218,000,000	72,100,000	74,263,000	76,460,950	78,785,817	81,149,185	382,788,892	81,149,185	81,149,185	81,149,185	81,149,185	81,149,185	405,745,926	1,107,534,818
144,000 sq. ft. @ rate:	400	422	443	465	486		501	518	531	547	564		564	564	564	564	564		
Deards	40,000,000	43,750,000	47,500,000	51,250,000	55,000,000	237,500,000	56,650,000	58,348,500	60,099,965	61,802,965	63,780,074	300,782,544	63,780,074	63,780,074	63,780,074	63,780,074	63,780,074	318,800,370	857,082,914
200,000 sq. ft. @ rate:	200	219	238	256	275		283	292	300	310	319		319	319	319	319	319		
Total Dept. Stores	142,000,000	174,450,000	188,300,000	198,150,000	210,000,000	831,500,000	218,300,000	222,789,000	228,472,870	236,338,650	243,447,356	1,148,368,078	243,447,356	243,447,356	243,447,356	243,447,356	243,447,356	1,217,237,778	3,297,103,654
709,000 sq. ft. @ rate:	228	246	263	278	290		305	314	324	333	343		343	343	343	343	343		
Total GLA & Dept. Stores	252,800,000	278,450,000	298,350,000	313,912,500	331,550,625	1,474,063,125	343,928,156	358,798,564	376,182,712	384,182,354	398,580,377	1,853,562,204	398,580,377	398,580,377	398,580,377	398,580,377	398,580,377	1,992,901,800	5,320,557,215
1,008,000 sq. ft. @ rate:	250	277	294	311	329		341	354	367	381	395		395	395	395	395	395		
Theater																			
Edward & Chems	15,000,000	16,000,000	16,224,000	16,872,900	17,547,879	81,244,838	18,249,794	18,979,785	19,738,977	20,528,936	21,349,877	98,848,768	21,349,877	21,349,877	21,349,877	21,349,877	21,349,877	100,748,306	93
120,000 sq. ft. @ rate:	125	130	135	141	146		153	158	164	171	176		178	178	178	178	178		
Grand Total	\$267,800,000	\$294,450,000	\$312,774,000	\$330,785,400	\$349,098,503	\$1,555,307,963	\$362,177,950	\$377,778,349	\$399,921,689	\$404,630,830	\$419,930,254	\$1,952,438,975	\$419,930,254	\$419,930,254	\$419,930,254	\$419,930,254	\$419,930,254	\$2,098,650,272	\$5,607,597,308
1,129,000 sq. ft. @ rate:	\$ 237	\$ 261	\$ 277	\$ 293	\$ 308		\$ 321	\$ 333	\$ 345	\$ 358	\$ 372		\$ 372	\$ 372	\$ 372	\$ 372	\$ 372		

	Cost		
GLA		Land:	
Land	\$ 15,893,000	164,839 acres total	17,043,000
Construction	40,812,000	Allocated to dept. stores	(1,330,000)
A & E	2,041,000	Allocated to GLA + Theater	15,893,000
Tenant Allowance	35,200,000		
Total GLA	\$53,746,000		

Department Stores	
Land 19 acres @ \$135,000/acre	2,565,000
Construction @ \$104/sq. ft.	73,736,000
FF&E @ \$52/sq. ft.	36,868,000
On-site work @ \$3/sq. ft.	2,127,000
Total Dept. Stores	114,296,000

Theater	
Construction @ \$150/sq. ft.	18,000,000
Grand Total	\$223,897,000

**SHORT PUMP TOWN CENTER
TAXES**

	Year 1	Year 2	Year 3	Year 4	Year 5	Subtotal Years 1-5	Year 6	Year 7	Year 8	Year 9	Year 10	Subtotal Years 6-10	Year 11-15	Grand Total Years 1-15
Sales Tax (4.5% total collection) (a)(c)														
GLA (148 tenants)	\$ 4,050,000	\$ 4,725,000	\$ 4,901,250	\$ 5,208,313	\$ 5,408,778	\$ 24,415,341	\$ 5,743,267	\$ 6,000,430	\$ 6,331,952	\$ 6,648,549	\$ 6,960,977	\$ 31,735,176	\$ 6,960,977	\$ 6,960,977
Dept. stores (4 tenants)	7,317,000	7,650,250	8,363,500	8,918,700	9,460,000	41,917,500	9,733,000	10,023,500	10,326,270	10,636,058	10,955,140	51,878,473	10,955,140	10,955,140
Theater (1 tenant)	875,000	702,000	730,000	736,283	788,833	3,658,818	821,241	854,090	868,254	922,784	900,735	4,448,105	900,735	900,735
Sales Tax (1% for county) (c)														
GLA (148 tenants)	\$ 150,400	\$ 180,400	\$ 190,800	\$ 201,825	\$ 213,501	\$ 937,126	\$ 225,858	\$ 238,419	\$ 251,820	\$ 265,891	\$ 280,608	\$ 1,282,432	\$ 280,608	\$ 280,608
Dept. stores (4 tenants)	324,400	348,100	371,800	395,500	418,200	1,858,000	431,800	444,778	458,145	471,914	486,095	2,282,732	486,095	486,095
Theater (1 tenant)	28,800	31,000	32,248	33,548	34,888	161,480	36,300	37,760	39,278	40,837	42,499	180,694	42,499	42,499
Real Estate Tax (d)														
GLA	861,212	861,212	861,212	861,212	861,212	4,408,002	861,212	861,212	861,212	861,212	861,212	4,408,002	861,212	861,212
Dept. stores	725,802	725,802	725,802	725,802	725,802	3,629,011	725,802	725,802	725,802	725,802	725,802	3,629,011	725,802	725,802
Theater	189,200	189,200	189,200	189,200	189,200	946,000	189,200	189,200	189,200	189,200	189,200	946,000	189,200	189,200
Direct Personal Property Tax (e)														
GLA	1,290,360	1,290,360	1,290,360	1,290,360	1,290,360	6,451,800	1,290,360	1,290,360	1,290,360	1,290,360	1,290,360	6,451,800	1,290,360	1,290,360
Dept. stores	1,290,360	1,290,360	1,290,360	1,290,360	1,290,360	6,451,800	1,290,360	1,290,360	1,290,360	1,290,360	1,290,360	6,451,800	1,290,360	1,290,360
Theater	1,290,360	1,290,360	1,290,360	1,290,360	1,290,360	6,451,800	1,290,360	1,290,360	1,290,360	1,290,360	1,290,360	6,451,800	1,290,360	1,290,360
Total Taxes	\$ 8,347,185	\$ 8,878,580	\$ 9,788,363	\$ 10,505,425	\$ 11,229,177	\$ 55,843,668	\$ 17,562,150	\$ 18,543,355	\$ 19,718,653	\$ 20,991,506	\$ 22,078,135	\$ 50,806,347	\$ 22,078,135	\$ 22,078,135

- a) For informational purposes only; not included in total taxes.
b) Retailers pay \$2 per \$1000 of gross annual receipts (above the first \$100,000, which is exempt).
c) Retailers collect 4.5% on gross sales, 1% of which is returned to the county.
d) A retail store would pay the county's standard rate of 84 cents per \$100 of assessed value.
e) This is paid on furniture, fixtures, and equipment (but not inventory). The rate is \$3.50 per \$100 of assessed value.

994

CASE I															
	YR1	YR2	YR3	YR4	YR5	YR6	YR7	YR8	YR9	YR10	YR11	YR12	YR13	YR14	YR15
TAXES	6,247	6,577	6,789	7,005	7,225	7,382	7,545	7,715	7,892	8,075	8,075	8,075	8,075	8,075	8,075
BASE TAX INC. (PAID on new 4% new)	247	257	267	278	289	301	313	325	338	352	366	380	395	411	428
NET TAXES	6,000	6,320	6,522	6,727	6,936	7,081	7,232	7,390	7,554	7,723	7,709	7,695	7,680	7,664	7,647
INT PAYMENT 8%	2,400	2,092	1,733	1,329	875	367									
TAX BAL AFTER INT	3,847	4,485	5,056	5,676	6,350	7,015	7,545	7,715	7,892	8,075	8,075	8,075	8,075	8,075	8,075
BALANCE TO PRIN	3,847	4,485	5,056	5,676	6,350	4,587									
BAL PAYOFF CALCULATION:															
BEGIN BAL	30,000	28,153	21,668	16,613	10,937	4,587									
PRIN PAYMENT FROM EXCESS CF	3,847	4,485	5,056	5,676	6,350	4,587									
ENDING BAL	26,153	21,668	16,613	10,937	4,587										
6 YRS TO PAYOFF															

CASE II															
	YR1	YR2	YR3	YR4	YR5	YR6	YR7	YR8	YR9	YR10	YR11	YR12	YR13	YR14	YR15
TAXES	6,247	6,577	6,789	7,005	7,225	7,382	7,545	7,715	7,892	8,075	8,075	8,075	8,075	8,075	8,075
BASE TAX INC. 4%	247	257	267	278	289	301	313	325	338	352	366	380	395	411	428
NET TAXES	6,000	6,320	6,522	6,727	6,936	7,081	7,232	7,390	7,554	7,723	7,709	7,695	7,680	7,664	7,647
NET TAXES @ 50%	3,000	3,160	3,261	3,364	3,468	3,541	3,616	3,695	3,777	3,862	3,855	3,847	3,840	3,832	3,824
INT PAYMENT 30MM, 8%	2,400	2,352	2,287	2,209	2,117	2,009	1,887	1,748	1,592	1,418	1,222	1,012	785	540	277
TAX BAL AFTER INT	600	808	974	1,154	1,351	1,532	1,730	1,947	2,185	2,444	2,633	2,836	3,055	3,292	3,547
BALANCE TO PRIN	600	808	974	1,154	1,351	1,532	1,730	1,947	2,185	2,444	2,633	2,836	3,055	3,292	3,461
BAL PAYOFF CALCULATION:															
BEGIN BAL	30,000	29,400	28,592	27,618	26,464	25,113	23,582	21,852	19,905	17,721	15,277	12,644	9,808	6,753	3,461
PRIN PAYMENT FROM EXCESS CF	600	808	974	1,154	1,351	1,532	1,730	1,947	2,185	2,444	2,633	2,836	3,055	3,292	3,461
ENDING BAL	29,400	28,592	27,618	26,464	25,113	23,582	21,852	19,905	17,721	15,277	12,644	9,808	6,753	3,461	-
15 YRS TO PAYOFF USING 50% OF NET TAXES															

SHORT PUMP TOWN CENTER
(300'S)

ATTACHMENT C

CASE I		YR1	YR2	YR3	YR4	YR5	YR6	YR7	YR8	YR9	YR10	YR11	YR12	YR13	YR14	YR15
TAXES		6,247	6,577	6,789	7,005	7,225	7,382	7,545	7,715	7,892	8,075	8,075	8,075	8,075	8,075	8,075
BASE TAX INC.	4%	247	257	267	278	289	301	313	325	338	352	366	380	395	411	428
NET TAXES		6,000	6,320	6,522	6,727	6,936	7,081	7,232	7,390	7,554	7,723	7,709	7,695	7,680	7,664	7,647
INT PAYMENT																
8%		2,400	2,092	1,733	1,329	875	387									
TAX BAL AFTER INT		3,647	4,485	5,056	5,076	6,350	7,015	7,545	7,715	7,892	8,075	8,075	8,075	8,075	8,075	8,075
BALANCE TO PRIN		3,647	4,485	5,056	5,076	6,350	4,587									
BAL PAYOFF CALCULATION:																
BEGIN BAL		30,000	26,153	21,668	16,613	10,937	4,587									
PRIN PAYMENT FROM EXCESS CF		3,647	4,485	5,056	5,076	6,350	4,587									
ENDING BAL		26,153	21,668	16,613	10,937	4,587										
6 YRS TO PAYOFF																

CASE II		YR1	YR2	YR3	YR4	YR5	YR6	YR7	YR8	YR9	YR10	YR11	YR12	YR13	YR14	YR15
TAXES		6,247	6,577	6,789	7,005	7,225	7,382	7,545	7,715	7,892	8,075	8,075	8,075	8,075	8,075	8,075
BASE TAX INC.	4%	247	257	267	278	289	301	313	325	338	352	366	380	395	411	428
NET TAXES		6,000	6,320	6,522	6,727	6,936	7,081	7,232	7,390	7,554	7,723	7,709	7,695	7,680	7,664	7,647
NET TAXES @	50%	3,000	3,160	3,261	3,364	3,468	3,541	3,616	3,695	3,777	3,862	3,855	3,847	3,840	3,832	3,824
INT PAYMENT																
30MM, 8%		2,400	2,352	2,287	2,209	2,117	2,009	1,887	1,748	1,592	1,418	1,222	1,012	785	540	277
TAX BAL AFTER INT		600	808	974	1,154	1,351	1,532	1,730	1,947	2,185	2,444	2,633	2,836	3,055	3,292	3,547
BALANCE TO PRIN		600	808	974	1,154	1,351	1,532	1,730	1,947	2,185	2,444	2,633	2,836	3,055	3,292	3,461
BAL PAYOFF CALCULATION:																
BEGIN BAL		30,000	29,400	28,592	27,618	26,464	25,113	23,582	21,852	19,905	17,721	15,277	12,644	9,808	6,753	3,461
PRIN PAYMENT FROM EXCESS CF		600	808	974	1,154	1,351	1,532	1,730	1,947	2,185	2,444	2,633	2,836	3,055	3,292	3,461
ENDING BAL		29,400	28,592	27,618	26,464	25,113	23,582	21,852	19,905	17,721	15,277	12,644	9,808	6,753	3,461	
15 YRS TO PAYOFF USING 50% OF NET TAXES																

EXCEL: C:\MANE\SHORTP.XLS (C:\808)

996

BOS01846

SHORT PUMP TOWN CENTER
TAXES

ATTACHMENT B

	Year 1	Year 2	Year 3	Year 4	Year 5	Subtotal Years 1-5	Year 6	Year 7	Year 8	Year 9	Year 10	Subtotal Years 6-10							Subtotal Years 11-15	Grand Total Years 1-15
Sales Tax (4.5% total collection) (a)(c)																				
GLA (148 tenants)	\$ 4,050,000	\$ 4,725,000	\$ 4,981,250	\$ 5,209,313	\$ 5,469,778	\$ 24,415,341	\$ 5,743,267	\$ 6,030,430	\$ 6,331,852	\$ 6,646,549	\$ 6,980,977	\$ 31,735,176	\$ 6,980,977	\$ 6,980,977	\$ 6,980,977	\$ 6,980,977	\$ 6,980,977	\$ 6,980,977	\$ 34,904,885	\$ 81,055,401
Dept. stores (4 tenants)	7,317,000	7,850,250	8,383,500	8,916,750	9,450,000	41,917,500	9,733,500	10,025,505	10,328,270	10,636,058	10,955,140	51,678,473	10,955,140	10,955,140	10,955,140	10,955,140	10,955,140	10,955,140	54,775,700	148,368,673
Theater (1 tenant)	875,000	702,000	730,030	759,283	789,855	3,656,018	821,241	854,020	886,254	923,784	960,735	4,448,105	960,735	960,735	960,735	960,735	960,735	960,735	4,833,677	12,807,000
	\$ 12,042,000	\$ 13,277,250	\$ 14,094,780	\$ 14,885,346	\$ 15,709,633	\$ 69,988,859	\$ 16,298,008	\$ 16,910,026	\$ 17,546,476	\$ 18,208,392	\$ 18,856,852	\$ 67,659,754	\$ 18,856,852	\$ 18,856,852	\$ 18,856,852	\$ 18,856,852	\$ 18,856,852	\$ 18,856,852	\$ 4,484,262	\$ 252,332,874
SPOL Tax (b)																				
GLA (148 tenants)	\$ 150,400	\$ 180,400	\$ 190,900	\$ 201,925	\$ 213,501	\$ 937,126	\$ 225,856	\$ 238,419	\$ 251,820	\$ 265,891	\$ 280,666	\$ 1,262,452	\$ 280,666	\$ 280,666	\$ 280,666	\$ 280,666	\$ 280,666	\$ 280,666	\$ 1,403,328	\$ 3,802,907
Dept. stores (4 tenants)	324,400	348,100	371,800	395,500	419,200	1,859,000	431,800	444,778	458,145	471,914	486,095	2,292,732	486,095	486,095	486,095	486,095	486,095	486,095	2,430,478	6,362,208
Theater (1 tenant)	29,000	31,000	32,248	33,646	34,896	161,490	36,300	37,760	39,278	40,857	42,499	198,634	42,499	42,499	42,499	42,499	42,499	42,499	212,637	570,880
	\$ 504,600	\$ 559,500	\$ 594,948	\$ 630,971	\$ 667,597	\$ 2,957,616	\$ 693,756	\$ 720,957	\$ 749,743	\$ 778,662	\$ 809,260	\$ 3,751,678	\$ 809,260	\$ 809,260	\$ 809,260	\$ 809,260	\$ 809,260	\$ 809,260	\$ 4,046,500	\$ 10,753,994
Sales Tax (1% for county) (c)																				
GLA (148 tenants)	900,000	1,050,000	1,102,500	1,157,825	1,215,508	5,425,631	1,278,282	1,340,050	1,407,100	1,477,453	1,551,328	7,052,261	1,551,328	1,551,328	1,551,328	1,551,328	1,551,328	1,551,328	7,756,841	20,234,534
Dept. stores (4 tenants)	1,628,000	1,744,500	1,863,000	1,981,500	2,100,000	8,315,000	2,163,000	2,227,890	2,294,727	2,363,589	2,434,478	11,483,681	2,434,478	2,434,478	2,434,478	2,434,478	2,434,478	2,434,478	12,172,378	32,871,038
Theater (1 tenant)	150,000	156,000	162,240	168,730	175,479	812,448	182,498	189,798	197,290	205,285	213,497	968,468	213,497	213,497	213,497	213,497	213,497	213,497	1,057,484	2,865,400
	\$ 2,678,000	\$ 2,950,500	\$ 3,127,740	\$ 3,307,855	\$ 3,490,987	\$ 14,553,080	\$ 3,621,779	\$ 3,757,743	\$ 3,899,217	\$ 4,046,309	\$ 4,199,301	\$ 18,524,350	\$ 4,199,301	\$ 4,199,301	\$ 4,199,301	\$ 4,199,301	\$ 4,199,301	\$ 4,199,301	\$ 20,966,503	\$ 56,073,972
Real Estate Tax (d)																				
GLA	881,212	881,212	881,212	881,212	881,212	4,406,062	881,212	881,212	881,212	881,212	881,212	4,406,062	881,212	881,212	881,212	881,212	881,212	881,212	4,406,062	13,216,186
Dept. stores	725,802	725,802	725,802	725,802	725,802	3,629,011	725,802	725,802	725,802	725,802	725,802	3,629,011	725,802	725,802	725,802	725,802	725,802	725,802	3,629,011	10,887,033
Theater	183,200	183,200	183,200	183,200	183,200	946,000	183,200	183,200	183,200	183,200	183,200	946,000	183,200	183,200	183,200	183,200	183,200	183,200	946,000	2,536,000
	\$ 1,776,215	\$ 1,776,215	\$ 1,776,215	\$ 1,776,215	\$ 1,776,215	\$ 8,981,073	\$ 1,776,215	\$ 1,776,215	\$ 1,776,215	\$ 1,776,215	\$ 1,776,215	\$ 8,981,073	\$ 1,776,215	\$ 1,776,215	\$ 1,776,215	\$ 1,776,215	\$ 1,776,215	\$ 1,776,215	\$ 8,981,073	\$ 26,643,219
Business Personal Property Tax (e)																				
GLA																				
Dept. stores	1,290,380	1,290,380	1,290,380	1,290,380	1,290,380	6,451,900	1,290,380	1,290,380	1,290,380	1,290,380	1,290,380	6,451,900	1,290,380	1,290,380	1,290,380	1,290,380	1,290,380	1,290,380	6,451,900	19,355,700
Theater																				
	\$ 1,290,380	\$ 1,290,380	\$ 1,290,380	\$ 1,290,380	\$ 1,290,380	\$ 6,451,900	\$ 1,290,380	\$ 1,290,380	\$ 1,290,380	\$ 1,290,380	\$ 1,290,380	\$ 6,451,900	\$ 1,290,380	\$ 1,290,380	\$ 1,290,380	\$ 1,290,380	\$ 1,290,380	\$ 1,290,380	\$ 6,451,900	\$ 19,355,700
Total Taxes	\$ 6,247,185	\$ 6,516,595	\$ 6,789,263	\$ 7,066,420	\$ 7,225,177	\$ 33,843,669	\$ 7,382,130	\$ 7,545,335	\$ 7,718,045	\$ 7,891,566	\$ 8,075,155	\$ 36,609,241	\$ 8,075,155	\$ 8,075,155	\$ 8,075,155	\$ 8,075,155	\$ 8,075,155	\$ 8,075,155	\$ 40,375,976	\$ 112,628,885

- a) For informational purposes only; not included in total taxes.
b) Retailers pay \$2 per \$1000 of gross annual receipts (above the first \$100,000, which is exempt).
c) Retailers collect 4.5% on gross sales, 1% of which is returned to the county.
d) A retail store would pay the county's standard rate of 94 cents per \$100 of assessed value.
e) This is paid on furniture, fixtures, and equipment (but not inventory). The rate is \$3.50 per \$100 of assessed value.

997

BOS01845

SHORT PUMP TOWN CENTER
SALES

ATTACHMENT A

	Year 1	Year 2	Year 3	Year 4	Year 5	Subtotal Years 1-5	Year 6	Year 7	Year 8	Year 9	Year 10	Subtotal Years 6-10	Year 11	Year 12	Year 13	Year 14	Year 15	Subtotal Years 11-15	Grand Total Years 1-15
GLA																			
All	\$ 90,000,000	\$105,000,000	\$110,250,000	\$115,762,500	\$121,550,625	\$ 542,563,125	\$127,626,156	\$134,009,564	\$140,710,042	\$147,745,544	\$155,132,822	\$ 705,226,129	\$155,132,822	\$155,132,822	\$155,132,822	\$155,132,822	\$155,132,822	\$ 775,864,106	\$2,023,453,362
300,000 sq. ft. @ rate	300	350	368	386	405		425	447	469	492	517		517	517	517	517	517		
Department Stores																			
Mey Company	40,000,000	43,750,000	47,500,000	51,250,000	55,000,000	237,500,000	56,650,000	58,349,500	60,099,985	61,902,985	63,760,074	300,762,544	63,760,074	63,760,074	63,760,074	63,760,074	63,760,074	318,600,370	857,082,914
240,000 sq. ft. @ rate	187	182	198	214	229		236	243	250	258	266		266	266	266	266	266		
Lord & Taylor	25,000,000	26,250,000	27,500,000	28,750,000	30,000,000	137,500,000	30,900,000	31,827,000	32,761,810	33,765,264	34,778,222	164,052,297	34,778,222	34,778,222	34,778,222	34,778,222	34,778,222	173,691,111	475,443,408
125,000 sq. ft. @ rate	200	210	220	230	240		247	255	262	270	278		278	278	278	278	278		
Hordstroms	57,500,000	60,700,000	63,800,000	66,900,000	70,000,000	318,000,000	72,100,000	74,263,000	76,490,890	78,785,617	81,149,185	382,788,692	81,149,185	81,149,185	81,149,185	81,149,185	81,149,185	405,745,826	1,107,534,618
144,000 sq. ft. @ rate	400	422	443	465	486		501	518	531	547	564		564	564	564	564	564		
Offords	40,000,000	43,750,000	47,500,000	51,250,000	55,000,000	237,500,000	56,650,000	58,349,500	60,099,985	61,902,985	63,760,074	300,762,544	63,760,074	63,760,074	63,760,074	63,760,074	63,760,074	318,600,370	857,082,914
200,000 sq. ft. @ rate	200	219	238	256	275		283	292	300	310	319		319	319	319	319	319		
Total Dept. Stores	162,500,000	174,450,000	186,300,000	198,150,000	210,000,000	901,500,000	216,300,000	222,789,000	229,472,670	236,356,850	243,447,356	1,148,368,076	243,447,356	243,447,356	243,447,356	243,447,356	243,447,356	1,217,237,778	3,297,103,654
708,000 sq. ft. @ rate	229	246	263	279	296		305	314	324	333	343		343	343	343	343	343		
Total GLA & Dept. Stores	252,500,000	278,450,000	298,550,000	313,912,500	331,550,625	1,474,053,125	343,928,156	356,798,564	370,182,712	384,102,394	398,580,377	1,653,592,204	398,580,377	398,580,377	398,580,377	398,580,377	398,580,377	1,992,901,886	5,320,557,315
1,000,000 sq. ft. @ rate	250	277	294	311	329		341	354	367	381	395		395	395	395	395	395		
Restaurants																			
Edward's Chems	15,000,000	15,600,000	16,224,000	16,872,960	17,547,878	81,244,838	18,249,794	18,979,785	19,730,877	20,520,536	21,349,877	86,848,768	21,349,877	21,349,877	21,349,877	21,349,877	21,349,877	106,748,385	286,839,993
120,000 sq. ft. @ rate	125	130	135	141	146		152	158	164	171	178		178	178	178	178	178		
Grand Total	\$267,500,000	\$295,050,000	\$312,774,000	\$330,785,460	\$349,098,503	\$1,555,307,963	\$362,177,950	\$375,778,349	\$389,921,689	\$404,630,930	\$419,930,054	\$1,932,438,073	\$419,930,054	\$419,930,054	\$419,930,054	\$419,930,054	\$419,930,054	\$2,099,650,272	\$5,607,397,208
1,128,000 sq. ft. @ rate	237	261	277	293	309		321	333	345	358	372		372	372	372	372	372		

Cost		Land:	
LA		104,830 acres total	17,043,000
Land	\$ 15,693,000	Allocated to dept. stores	(1,350,000)
Construction	40,812,000	Allocated to GLA + theater	15,693,000
A & E	2,041,000		
Tenant Allowance	35,200,000		
Total GLA	93,748,000		

Department Stores	
Land 10 acres @ \$135,000/acre	1,350,000
Construction @ \$104/sq. ft.	73,736,000
FF @ \$32/sq. ft.	36,868,000
On-site work @ \$3/sq. ft.	2,127,000
Total Dept. Stores	114,081,000

Restaurants	
Construction @ \$150/sq. ft.	18,000,000
Grand Total	\$225,627,000

938

BOS01844



COMMONWEALTH OF VIRGINIA
COUNTY OF HENRICO

July 13, 1999

7/27 -
Not yet sent!

I believe this
will be printed
soon on the
Editorial Page.
T.P.

Admitted

Wigil R. Hazleton, P.E.
County Manager

Mr. William Millsaps, Jr., Executive Editor
Richmond Times-Dispatch
Post Office Box 85333
Richmond, Virginia 23293

Dear Mr. Millsaps:

This is in reference to a July 2, 1999 article and a subsequent editorial that appeared on July 8, 1999 in the *Richmond Times-Dispatch*. Both items dealt with local government incentives to attract major retail developments. We in Henrico felt it would be helpful to offer our perspective.

Traditionally we in Henrico have not provided financial incentives for retail developments, large or small. More specific to the present competition between Taubman Centers at Stony Point and Forest City at Short Pump, we have declined to offer such incentives. We do not anticipate varying from this course for several reasons.

First, as noted, we have no precedent for doing so. Our reasoning is similar to that outlined in your editorial, especially the idea that if localities provide a favorable retail environment, that itself should be sufficient incentive for developers to invest. We know we have that kind of environment in Henrico and that its long-term prospects are excellent. Putting it another way, we do not feel we need to pay to create a market. The market — and a very good one — is already here.

That market has been built over many years, through careful planning, building of public infrastructure and the attraction and growth of residential communities. The population of the entire metropolitan Richmond area and the development that attracts citizens and industrial development also attracts retail development. Our retail corporate citizens are doing extremely well for the most part and we see no reason to offer monetary incentives when we have thriving retail businesses and an economic base that will support more retailers.

In addition, we should not forget our present retail corporate citizens. If we were to consider incentives, we should look to our existing citizens first, rather than use tax dollars to create additional competition which would affect corporate and private citizens throughout our County.

A second consideration is that we would likely fund these incentives through bonds. In assessing that option, we were concerned that our debt capacity would be adversely affected. As time goes on, our growing community will generate considerable demands for expanded public services and infrastructure.

BOS01191

Mr. William Millsaps, Jr.
July 13, 1999
Page Two

Tax dollars should be used to provide the services, buildings, and other infrastructure to meet the demands of our citizens. I do not believe we should offer incentives to enhance retail development in lieu of school facilities, public safety needs or even roadway improvements to name a few which would have to be provided by local government.

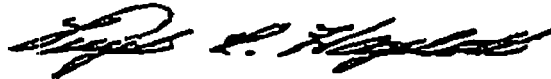
That, plus our desire to jealously guard our Triple-A bond rating, dictate that we exercise great care in deciding how to commit major resources. Successful large retail centers are certainly attractive investments, especially in terms of the revenues they can generate for local and State governments. For Henrico, however, it becomes more a question of priorities viewed against a background of confidence. That confidence tells us we do not really need to stretch our resources at this time, for this purpose. Finally, I am reminded of a statement made by a person familiar with the retail development field. That person noted that if a major retail developer really wants to come in to your community, you can't stop them. If they don't want to come in, there's nothing you can do to force them.

There is no war between Henrico County and the City of Richmond for this major retail development. Each locality must consider the advantages and disadvantages, the cost of such an effort and the return, along with the precedence and the impact of our existing citizens and the needs of all of our citizens.

Leadership is making the right decisions for the right reasons. We believe our economic base, our ability to attract development, and our present citizen population necessitates that we not provide incentives to new retail development. The City of Richmond will make its own decisions based upon its own needs and evaluation.

In this particular case, we concur with the *Richmond Times-Dispatch* that "the best incentive is a business environment that encourages all." From a retailing perspective, we in Henrico think we offer exactly that kind of incentive.

Sincerely,



Virgil R. Hazelen, P.E.
County Manager

BOS01192

Criteria For Economic Development Incentives

Henrico County, Virginia

*Submitted
9/26/00*

1. **Performance Based** - Incentives should be performance based and funded only with actual incremental County revenue generated by new projects.
2. **Project Size** - Projects which will increase the tax base significantly (including those which represent at least one percent of the tax base) are appropriate for consideration.
3. **Revenue Allocation** - More revenue should flow to the County over time than to funding incentives. The project will then generate funding capacity for other County projects in an equal or greater amount using resources which otherwise may have been unavailable.
4. **Incentive Limits** - Incentives generally should not exceed the incremental County revenue expected to be generated in the five years following completion of the project, or the long-term equivalent thereof.
5. **Debt Limits** - Construction funded from incentive-related debt (whether direct debt or over-lapping debt), if any, should not exceed 10% of the value of the project. It is desirable to avoid any direct debt of the County amortized over more than 5 years. Overlapping debt should not amortize more slowly than a 15-year level debt service structure.
6. **Credit Rating** - Incentives and related financial arrangements will not adversely impact the credit rating of the County.
7. **Impact on Services** - The project will not have a substantial impact on County services.

BOS01127

1001

**Draft letter to the City of Richmond from The Taubman
Realty Group dated ~~July~~ August __, 1999**

Ashton
1/31/2003

Indicates initial agreement of August 28, 1996

Cite Richmond City Council action of September 11, 1995 establishing
requirement of regional shopping mall at Stoney Point

\$300,000,000   Investment

2002   Completion Date

City of Richmond to provide \$33,385,000 incentive effort

By December 31, 1999

Would sign 4 department stores

One anchor be to NORDSTROM

CONFIDENTIAL DRAFT DATED 7/14/99 8/9/99July August __, 1999

City of Richmond
900 East Broad Street, Room 300
Richmond, VA 23219
Attention: John A. Rupp, City Attorney

Industrial Development Authority
of the City of Richmond
c/o Christian & Barton, L.L.P.
909 East Main Street, Suite 1200
Richmond, Virginia 23219
Attention: Ronald R. Wesley, Esquire

Gentlemen:

The Taubman Realty Group Limited Partnership ("Taubman") is the optionee under and pursuant to a certain Option for Purchase of Land ("Taubman's Option Agreement") entered into in March 1994, with Stony Point Limited Partnership II ("Stony Point") as the optionor with regard to approximately one hundred forty-six (146) acres of land being a part of the Park at Stony Point, located in the City of Richmond, Virginia (the "Property").

This letter revises, restates and supercedes in all respects the letter to the addressees from the undersigned dated August 28, 1996, with respect to the matters addressed herein.

101
20
30 PM

Taubman has been discussing with the City of Richmond, Virginia, a municipal corporation established under the laws of the Commonwealth of Virginia (the "City"), its plans for the construction upon the Property of an upscale regional retail shopping center in accordance with Ordinance 95-241-211 adopted by the City Council on September 11, 1995 establishing the 1995 Community Unit Plan for the Park at Stony Point (the "1995 Development Plan"), of approximately one million two hundred thousand (1,200,000) square feet of gross leasable area with four (4) anchor department stores, in-line stores and possibly a life-style component unit, featuring ~~at least five (5) high end~~ restaurants (in lieu of a food-court component) accessible directly from the parking area, as a part thereof (the "Project"). It is the desire of the City that the Project be a unique, state-of-the-art facility to benefit the City and its inhabitants. To that end, the Project will ~~endeavor to~~ feature stores, restaurants and other public amenities not otherwise currently located or available in the Richmond metropolitan area. It is anticipated that the Project would be open for business by late 2002. Taubman currently anticipates that buildout of the Project would require an aggregate investment of approximately Three Hundred Million Dollars (\$300,000,000.00). Taubman has also discussed with the City its belief that in order for the Project to be feasible at this time there is the need for the City or the Industrial Development Authority of the City of Richmond, a political subdivision of the Commonwealth of Virginia (the "Authority"), to provide certain benefits and public improvements in respect of the Project.

City of Richmond
Industrial Development Authority
of the City of Richmond
August __, 1999
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The City and the Authority have analyzed the substantial benefits to the welfare of the City and its inhabitants to be received in the event the Project is constructed and completed in the City, including, but not limited to, the real estate taxes to be received by the City; the sales tax benefits to be received by the City; the BPOL tax benefits to be received by the City; the utility tax benefits to be received by the City; the employment benefits, both during construction and on an ongoing basis; and the jobs and job programs that will be created for the benefit of residents of the City. In light of these benefits, it is the City's desire to cooperate with the Authority to facilitate provision of Thirty Three Million Three Hundred Eight Five Thousand Dollars (\$33,385,000) for the purchase of land and the construction of certain public improvements in respect of the Project so as to encourage development of the Project, in accordance with the 1995 Development Plan, according to the following schedule and details:

1. By December 31, 1999, Taubman shall have secured, and provided evidence satisfactory to the City and the Authority of detailed letters of intent from the four (4) department stores to construct and operate anchor department stores as a part of the Project, one of which shall be Nordstrom and the others of which shall be Hechts, Dillard, Macy, Bloomingdale's, Saks Fifth Avenue, Neiman Marcus, Lord & Taylor or such other department store companies of comparable type and quality as are acceptable to the City and the Authority. The letter of intent from Nordstrom shall provide that Nordstrom shall operate a full line Nordstrom anchor department store containing at least 165,000 square feet gross leaseable area as a part of the Project for a period of twenty (20) years. fifteen (15) years or longer if Nordstrom will agree to a longer period. OK
2. Once detailed letters of intent have been obtained by Taubman (as described in No. 1 above) to the reasonable satisfaction of the Authority and the City, Taubman will use its best efforts to cause final and binding documents to be completed with the anchor department stores within six (6) months after obtaining the fourth such letter of intent so as to be able to proceed with the Project. Taubman has indicated to the City and the Authority that it might take longer to complete such documents and, accordingly, Taubman will have the right to extend such six (6) month period by an additional six (6) months, after which any further extensions shall be only upon mutual agreement of Taubman, the Authority and the City. In the event that one or more of the four (4) department stores requires that it be conveyed a fee interest to the pad on which its store will be built then the City and the Authority agree that such portions of the Property will not be conveyed to the City or the Authority but that the consideration for the pad, if any, paid by any such stores will be paid over to the City or the Authority. The Authority will not have any obligation to advance for the benefit of the Project any part of the Thirty Three Million Three Hundred Eighty Five Thousand Dollars (\$33,385,000) until such time as (a) such final and binding documentation with the four (4) department stores (as described in No. 1 above) have been executed, (b) upon reasonable notice to the City and the Authority, Taubman deems it is necessary to purchase the land (as described in No. 5 (a) below) and (c) successful conclusion of the proceedings described in No. 3c below and any appeal therefrom. OK

City of Richmond
Industrial Development Authority
of the City of Richmond
August ____; 1999
Page 3

3. Once detailed letters of intent have been obtained by Taubman (as described in No. 1 above) to the reasonable satisfaction of the Authority and the City:
  - a. Taubman, the Authority and the City will execute formal and complete documentation (the "Cooperation Agreement") in form and substance mutually acceptable to such parties, including the form of the lease to be executed by the Authority and Taubman (the basic terms of which are set forth as Exhibit A), committing each party to perform as herein contemplated, including the agreement of the City to assist the Authority in meeting its obligations as described in No. 5 below with respect to the Project, including, subject to annual appropriation, providing credit enhancement if necessary. Taubman, the Authority, and the City shall take all steps reasonably necessary to cause such Cooperation Agreement to be executed within seventy-five (75) days after the City is notified that the fourth detailed letter of intent has been obtained by Taubman so that the validation proceeding described in paragraph No. 3c hereof may be instituted and completed as soon thereafter as possible.
  - b. The Authority and the City will prepare documentation necessary to allow the Authority to issue bonds or other form of debt instrument, the interest on which is anticipated to be taxable for purposes of federal income taxation (the "Bonds"), without burden to or secured by the Project, to finance the Thirty Three Million Three Hundred Eighty Five Thousand Dollars (\$33,385,000) to be used as described in No. 5 below. In that regard, the Authority, with the help of the City, will obtain all authorizations (excluding completion of the validation described in No. 3c below) necessary to provide for issuance of the Bonds and to provide, if required, the City's backing for the Bonds or other credit enhancement within seventy-five (75) days after the City is notified that the fourth detailed letter of intent has been obtained by Taubman in accordance with No. 1 above.
  - c. Within thirty (30) days after the Cooperation Agreement described in No. 3a above has been executed, the Authority, with the help of the City, will institute a validation proceeding with respect to the Bonds pursuant to Section 15.1-227.52, et seq., of the Code of Virginia of 1950, as amended. Taubman acknowledges that neither the City nor the Authority can control when a judge rules on such validation proceeding, what such ruling will be, whether such ruling is appealed and, if appealed, when such appeal will be concluded. The City and the Authority agree, however, to take all steps and actions reasonably necessary to obtain such validation.
4. The Authority, with the help of the City, will provide the Thirty Three Million Three Hundred Eighty Five Thousand Dollars (\$33,385,000) through the issuance of the Bonds by the Authority, for use as described in No. 5 below only after validation of the Bonds upon successful conclusion of the proceeding described in No. 3c above and any appeal therefrom.

City of Richmond
Industrial Development Authority
of the City of Richmond
August __, 1999
Page 4

5. The Thirty Three Million Three Hundred Eighty Five Thousand Dollars (\$33,385,000) of benefit to be provided by the Authority to the Project will take the following forms:
- a. Taubman will proceed with the development of the Project in accordance with the 1995 Development Plan and will direct Stony Point to convey the Property to the Authority acres and any department stores (see No. 2 above) and the Authority will pay the purchase price therefor on the basis set forth in Taubman's Option Agreement.
  - b. The Authority, with the help of the City, will provide pay/credit or reimburse Taubman for such site work with respect to the Property and infrastructure improvements to the Property, including without limitation roadway improvements, utility and parking improvements and extensions, tap-in fee credits with construction of the requisite parts thereof to be done by Taubman; and the like as are necessary for the development of the Project contemplated herein, and which costs aggregate an amount not to exceed the difference between Thirty Three Million Three Hundred Eighty Five Thousand Dollars (\$33,385,000) and the amount paid by the Authority to Stony Point for the Property as described in No. 5a. An exact list of improvements to be provided and the plans and specifications therefor, will be agreed upon by Taubman, the Authority and the City, and the cost of such improvements to be provided by the Authority, with the help of the City, shall be payable as required by an agreed upon development schedule, as shall be more particularly described in the Cooperation Agreement. Improvements ~~for the benefit of~~ at the Project in excess of those paid for with the remainder of the Thirty Three Million Three Hundred Eighty Five Thousand Dollars \$33,385,000) after purchasing the Property will not be the responsibility of the Authority or the City but will be the responsibility of Taubman, its affiliates and agents, or tenants of the Project.
6. Simultaneously with the acquisition by the Authority of the Property as aforesaid, the Authority and Taubman will enter into a lease of the Property to Taubman upon the basic terms set forth on Exhibit A attached hereto.

This letter is not intended as a contract but rather as a letter of intent establishing an outline of the basis upon which Taubman, the Authority and the City will proceed in good faith with the undertaking of the Project and the financial commitments with regard thereto.

The City and the Authority have executed this letter to indicate their agreement to the outline terms set forth herein.

Very truly yours,

THE TAUBMAN REALTY GROUP
LIMITED PARTNERSHIP

City of Richmond
Industrial Development Authority
of the City of Richmond
August __, 1999
Page 5

By: _____

CITY OF RICHMOND, VIRGINIA,
a municipal corporation established under the
laws of the Commonwealth of Virginia

By: _____

Its: _____

Date: _____, 1999

THE INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE CITY OF RICHMOND,
a political subdivision of the Commonwealth of Virginia

By: _____

Its: _____

Date: _____, 1999

Seen and agreed to:

STONY POINT LIMITED PARTNERSHIP II,
a Virginia limited partnership
By: Charter Properties, Inc., its Managing General Partner

By: _____

Mark A. Putney
Its: Vice President

Date: _____, 1999

EXHIBIT A

BASIC LEASE TERMS

Section 1. Parties:

Lessor: Industrial Development Authority of the City of Richmond

Lessee: The Taubman Realty Group Limited Partnership, or its affiliated entities (in accordance with Section 9 below)

Section 2. Demised Premises:

Approximately one hundred forty-six (146) acres, being all of the land covered by Taubman's Option Agreement, to be used by the Lessee for an upscale regional retail shopping center.

Section 3. Lease Term and Purchase Options:

The Lease term will be ninety-nine (99) years. Title to improvements vests in the Lessor upon expiration of the term, provided, the Lessee shall have a continuing purchase option for the Lessor's fee simple interest in the land, as more particularly described in and subject to the Lease, exercisable at any time, at a price equal to the fair market value of the land to be determined by appraisal at the time of exercise as shall be more particularly described in the Lease, provided that if such option is exercised while the Bonds (or any debt issued to refund the Bonds which principal amount of refunded Bonds will in no event be more than the original principal amount of the Bonds) are outstanding such price shall in no event be less than the amount necessary to retire or defease the Bonds or any indebtedness issued to refund the Bonds.

Section 4. Commencement Date:

The Lease will be executed at closing on the purchase by the Authority of the Property.

Section 5. Rent:

Capitalized Interest. Prior to ~~the grand opening of the department stores in the Project and for up to one year after such opening as described in the Lease,~~ rent equal to any net capitalized interest with respect to the Bonds, as described in the Lease, shall be payable monthly in advance from proceeds of the Bonds.

Annual Rent. Annual rent is payable monthly (one-twelfth thereof) in advance commencing upon the ~~later of the grand opening of the Project or the end of the capitalized interest period.~~ The annual rent until the final stated maturity of the Bonds shall be ~~in the lesser of (i)~~ an amount computed by multiplying the principal amount of the Bonds by the difference in interest rate between a taxable and non-taxable public bond issue of the Authority with comparable security provisions as of the date of sale of the Bonds, ~~payable in monthly installments of one-twelfth thereof each, such difference to be agreed to by the Lessor and the~~

Lessee prior to the issuance or (ii) (S) After
the final stated maturity of the Bonds the annual rent shall be one dollar (\$1.00).

Section 6. Permitted Use:

For the initial twenty (20) years of the Lease, for the development and operation
of an upscale regional retail shopping center and uses related thereto.

Section 7. Taxes, Maintenance and Insurance, etc.:

The Lessee shall pay all real estate taxes, assessments, and levies, and all costs of maintenance, repair and improvements to the land and all insurance, including coverage of the Authority and the City as additional insureds, on the lease premises from and after the closing date of the Lease.

Section 8. Sublease:

The Lessor's consent shall be required for any sublease of the lease premises,
except for Lessee shall have the right to enter into subleases of for portions of the
lease premises to approved anchor department stores to assure their parking and
access rights with anchor stores and other tenants. The Lease shall provide for
and Lessor shall agree to enter into Non-Disturbance and Attornment Agreements
in form satisfactory to Lessee and any such sublessee; provided any such sublease
is an arms-length transaction and in the case of a subtenant other than an anchor
tenant is for a term of at least five (5) years and is at a rental reflective of market
conditions.

Section 9. Assignment or Sale:

Assignment or sale of Lessee's interest is permitted to an affiliate of Taubman that acquires Taubman's interest in the Project. Assignment or sale of Lessee's interest to any other party at any time is permissible with the City's consent. Assignment is permitted to any party that acquires Taubman's interest in the Project without restriction at least five (5) years after the grand opening of the fourth department store in the Project, provided that such assignment is to a reputable entity (a) experienced in the management and operation of upscale regional retail shopping centers or to an entity that, in connection with such assignment, employs a management company to manage the upscale regional retail shopping center that is experienced in the operation and management of upscale regional retail shopping centers and (b) the City is reasonably satisfied that any such entity meets the qualification requirement set forth in (a) above. Any such assignee or transferee of Lessee's interest shall be bound by, and subject to, all terms of the Lease.

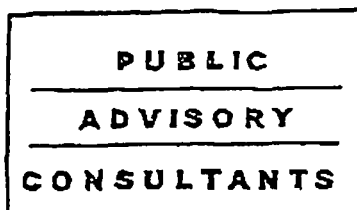
Section 10. Rights of Mortgagees:

The Lessee shall have rights to mortgage its leasehold interest with the Lessor to provide normal and usual, adequate and reasonable leasehold mortgage protective provisions including leasehold non-disturbance and subordination.

Section 11. No Subordination:

The Authority shall not be required to subject its fee ownership or its rights as lessor hereunder to any such mortgage. The Lessee shall have the right to subject or subordinate its interest in the leasehold estate to any institutional mortgage obtained by the Lessee in connection with the development, construction, furnishing and opening of the Project.

~~347048.11~~ 347048.12



MEMORANDUM

Date: August 18, 1999
 From: Max Bohnstedt
 To: George, John, Sharon, Ron, Eric
 Subject: Stony Point Project Evaluation Meeting - August 17, 1999

The Attached spreadsheets reflect the ROI for 20 and 15 year bond issue cases given a Subsidy of \$32,275,000 with a project life 20 years. The Rent Subsidy is computed @ \$250,000-per year discounted at 9% for the 15 years of the Nordstrom lease. I did both 20 and 15 year issues to see if there was any material advantage or disadvantage to matching bonds to the life of the Nordstrom lease.

The shorter issue gives up current income for the security of the match with the lease while it costs only 00.01% in ROI. The choice is a policy question, not an economic issue.

Per our discussion I used a subsidy of \$33,850,000 with \$1,575,000 covering the rent prepayment. I used an annual rent of \$250,000 for the full life of the project which I discounted @ 9.0% for 15 years to determine the PV.

Per our previous discussions I have continued to discounted the Revenue projections to 90% and have added 0.25% to the interest rates to protect a very conservative estimate of the returns to the City.

Alternative:	<u>20 Year Bonds</u>	<u>15 Year Bonds</u>
Annual Lease Pmt.	250,000	250,000
Bond Issue:	40,425,000	40,155,000
Subsidy:	32,275,000	32,275,000
Rent Subsidy:	1,575,000	1,575,000
Total:	33,850,000	33,850,000
ROI:	10.08%	10.07%
20 Year Rev: — <i>discounted @ 10% (VA)</i>	192,769,332	192,769,332
Debt Service:	77,315,598	65,859,443
Net 20 Year Rev:	115,453,735	126,909,890

...

John A. Rupp
8/31/96

August 28, 1996

City of Richmond
900 East Broad Street, Room 300
Richmond, VA 23219
Attention: John A. Rupp, City Attorney

Industrial Development Authority
of the City of Richmond
c/o Christian & Barton, L.L.P.
909 East Main Street, Suite 1200
Richmond, Virginia 23219
Attention: Ronald R. Wesley, Esquire

Gentlemen:

The Taubman Realty Group Limited Partnership ("Taubman") is the optionee under and pursuant to a certain Option for Purchase of Land ("Taubman's Option Agreement") entered into in March 1994, with Stony Point Limited Partnership II ("Stony Point") as the optionor with regard to approximately one hundred forty-six (146) acres of land being a part of the Park at Stony Point, located in the City of Richmond, Virginia (the "Property").

Taubman has been discussing with the City of Richmond, Virginia, a municipal corporation established under the laws of the Commonwealth of Virginia ("City"), its plans for the construction upon the Property of an upscale regional retail shopping center in accordance with Ordinance 95-241-211 adopted by the City Council on September 11, 1995 establishing the 1995 Community Unit Plan for the Park at Stony Point (the "1995 Development Plan"), of approximately one million two hundred thousand (1,200,000) square feet of gross leasable area with up to four (4) anchor department stores as a part thereof, the first phase estimated to contain approximately eight hundred forty thousand (840,000) square feet of gross leasable area but in no event less than seven hundred eighty thousand (780,000) square feet of gross leasable area, including at least two (2) anchor department stores (the "Project"). Taubman understands that it is the City's preference that the first phase consist of three (3) anchor department stores to facilitate securing the Project's desired position in the Richmond market area. It is anticipated that the first phase of the Project would be open for business by late 1999. Taubman currently anticipates that buildout of the entire Project would require an aggregate investment of approximately Three Hundred Million Dollars (\$300,000,000.00). Taubman has also discussed with the City its belief that in order for the Project to be feasible at this time there is the need for

600205

the City or the Industrial Development Authority of the City of Richmond, a political subdivision of the Commonwealth of Virginia (the "Authority"), to provide certain benefits for the Project.

The City and the Authority have analyzed the substantial benefits to the welfare of the City and its inhabitants to be received in the event the Project is constructed and completed in the City, including, but not limited to, the real estate taxes to be received by the City; the net sales tax benefits to be received by the City; the employment benefits, both during construction and on an ongoing basis; and the jobs and job programs that will be created for the benefit of residents of the City. In light of these benefits, it is the City's desire to cooperate with the Authority to facilitate provision of the Twenty Million Dollars (\$20,000,000.00) for the purchase of land and the construction of public improvements of benefit to the Project to encourage development of the Project, in accordance with the 1995 Development Plan, according to the following schedule and details:

1. By December 31, 1996, Taubman shall have secured, and provided evidence satisfactory to the City and the Authority of, detailed letters of intent from at least two (2) department stores to construct and operate anchor department or specialty department stores as a part of the Project, one of which shall be Nordstrom and the other of which shall be Dillard, Macy, Bloomingdale's, Saks Fifth Avenue, Neiman Marcus, Lord & Taylor or such other department store companies of comparable type and quality as are acceptable to the City and the Authority. The letter of intent from Nordstrom shall provide that Nordstrom shall operate a Nordstrom anchor department store as a part of the Project for a period of twenty (20) years.
2. Once detailed letters of intent have been obtained by Taubman (as described in 1 above) to the reasonable satisfaction of the Authority and the City, Taubman will use its best efforts to cause final and binding documents to be completed with at least two (2) of such anchor department stores within one (1) year after obtaining the second such letter of intent so as to be able to proceed with the Project. Taubman has indicated to the City and the Authority that it might take longer to complete such documents and, accordingly, Taubman will have the right to extend such one (1) year period by an additional six (6) months, after which any further extensions shall be only upon mutual agreement of Taubman, the Authority and the City. The Authority will not have any obligation to advance for the benefit of the Project any part of the Twenty Million Dollars (\$20,000,000.00) until such time as (a) such final and binding documentation with at least two (2) department stores (as described in 1 above) have been executed, (b) upon reasonable notice to the City and the Authority, Taubman deems it is necessary to purchase the land (as described in 5 (a) below) and (c) successful conclusion of the proceedings described in 3c below and any appeal therefrom.
3. Once detailed letters of intent have been obtained by Taubman (as described in 1 above) to the reasonable satisfaction of the Authority and the City:

600206

- a. Taubman, the Authority and the City will execute formal and complete documentation (the "Cooperation Agreement") in form and substance mutually acceptable to such parties, including the form of the lease to be executed by the Authority and Taubman (the basic terms of which are set forth as Exhibit A), committing each party to perform as herein contemplated, including the agreement of the City to assist the Authority in meeting its obligations as described in 5 below with respect to the Project, including, subject to annual appropriation, providing credit enhancement if necessary. Taubman, the Authority, and the City shall take all steps reasonably necessary to cause such Cooperation Agreement to be executed within seventy-five (75) days after the City is notified that the second detailed letter of intent has been obtained by Taubman so that the validation proceeding described in paragraph 3c hereof may be instituted and completed as soon thereafter as possible.
  - b. The Authority and the City will prepare documentation necessary to allow the Authority to issue bonds or other form of debt instrument, the interest on which is anticipated to be taxable for proposed federal income taxation (the "Bonds"), without burden to or secured by the Project, to finance the Twenty Million Dollars (\$20,000,000.00) to be used as described in 5 below. In that regard, the Authority, with the help of the City, will obtain all authorizations (excluding completion of the validation described in 3c below) necessary to provide for issuance of the Bonds and to provide, if required, the City's backing for the Bonds or other credit enhancement within seventy-five (75) days after the City is notified that the second detailed letter of intent has been obtained by Taubman in accordance with 1 above.
  - c. Within thirty (30) days after the Cooperation Agreement described in 3a above has been executed, the Authority, with the help of the City, will institute a validation proceeding with respect to the Bonds pursuant to Section 15.1-227.52, et seq., of the Code of Virginia of 1950, as amended. Taubman acknowledges that neither the City nor the Authority can control when a judge rules on such validation proceeding, what such ruling will be, whether such ruling is appealed and, if appealed, when such appeal will be concluded. The City and the Authority agree, however, to take all steps and actions reasonably necessary to obtain such validation.
4. The Authority, with the help of the City, will provide the Twenty Million Dollars (\$20,000,000.00) through the issuance of the Bonds by the Authority, for use as described in 5 below only after validation of the Bonds upon successful conclusion of the proceeding described in 3c above and any appeal therefrom.
  5. The Twenty Million Dollars (\$20,000,000.00) of benefit to be provided by the Authority to the Project will take the following forms:

600207

- a. Taubman will proceed with the development of the Project in accordance with the 1995 Development Plan and will direct Stony Point to convey to the Authority that portion of the Property which is not to be included within the actual building site of the regional shopping center (i.e., the area from the curb line of the inner ring road adjacent to the retail buildings to the exterior of the site) such that the Authority will take fee title to approximately one hundred twenty-one (121) acres and pay therefor the allocated portion of the purchase price therefor on the basis set forth in Taubman's Option Agreement. The conveyance to the Authority will be subject to perpetual easements, in form and substance satisfactory to the City, for the benefit of the remaining approximately twenty-five (25) acres of the Property for parking, access, drainage, construction staging, landscaping and general utility purposes reasonably necessary to implement the 1995 Development Plan.
  - b. The Authority, with the help of the City, will provide for the benefit of the Project such roadway improvements, whether on-site or off-site; utility and parking improvements and extensions; tap-in fee credits; and the like as are necessary for the development of the Project contemplated herein and which costs aggregate an amount not to exceed the difference between Twenty Million Dollars (\$20,000,000.00) and the amount paid by the Authority to Stony Point for the approximately one hundred twenty-one (121) acres to be conveyed to the Authority as described in 5a. An exact list of improvements to be provided and the plans and specifications therefor, to the extent any such improvements are on the Property, will be agreed upon by Taubman, the Authority and the City, and the cost of such improvements to be provided by the Authority, with the help of the City, shall be payable as required by an agreed upon development schedule, as shall be more particularly described in the Cooperation Agreement. Improvements for the benefit of the Project in excess of those paid for with the remainder of the Twenty Million Dollars (\$20,000,000.00) after purchasing the approximately one hundred twenty-one (121) acres will not be the responsibility of the Authority or the City but will be the responsibility of Taubman, its affiliates and agents, or tenants of the Project.
6. Simultaneously with the acquisition by the Authority of the approximately one hundred twenty-one (121) acres as aforesaid, Authority and Taubman will enter into a lease of such land to Taubman upon the basic terms set forth on Exhibit A attached hereto.

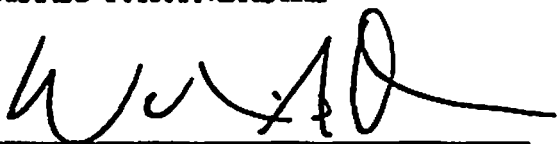
This letter is not intended as a contract but rather as a letter of intent establishing an outline of the basis upon which Taubman, the Authority and the City will proceed in good faith with the Project and the financial commitments with regard thereto.

600208

The City and the Authority have executed this letter to indicate their agreement to the outline terms set forth herein.

Very truly yours,

**THE TAUBMAN REALTY GROUP
LIMITED PARTNERSHIP**

By: 
William S. Taubman

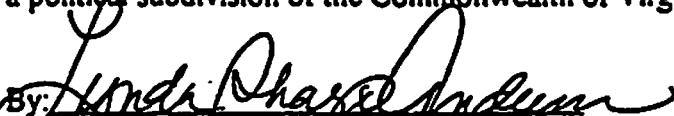
CITY OF RICHMOND, VIRGINIA,
a municipal corporation established under the
laws of the Commonwealth of Virginia

By: 

Its: 

Date: 9/4, 1996

**THE INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE CITY OF RICHMOND,**
a political subdivision of the Commonwealth of Virginia

By: 

Its: 

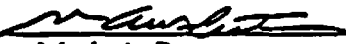
Date: 9/9, 1996

600209

City of Richmond
Industrial Development Authority
of the City of Richmond
August 28, 1996
Page 6

Seen and agreed to:

STONY POINT LIMITED PARTNERSHIP II,
a Virginia limited partnership
By: Charter Properties, Inc., its Managing General Partner

By: 
Mark A. Putney
Its: Vice President

Date: August 28, 1996

600210

EXHIBIT A

BASIC LEASE TERMS

Section 1. Parties:

Lessor: Industrial Development Authority of the City of Richmond

Lessee: The Taubman Realty Group Limited Partnership, or its affiliated entities

Section 2. Demised Premises:

Approximately one hundred twenty-one (121) acres, being all of the land covered by Taubman's Option Agreement with Stony Point other than the approximately twenty-five (25) acres of land to be used by Taubman for an upscale regional retail shopping center.

Section 3. Lease Term and Purchase Options:

The Lease term will be ninety-nine (99) years. Title to improvements vests in Lessor upon expiration of the term, provided, Lessee shall have a continuing purchase option for the Lessor's fee simple interest in the land, as more particularly described in and subject to the Lease, exercisable at any time, at a price equal to the fair market value of the land to be determined by appraisal at the time of exercise as shall be more particularly described in the Lease, provided that if such option is exercised while the Bonds (or any debt issued to refund the Bonds which principal amount of refunded Bonds will in no event be more than the original principal amount of the Bonds) are outstanding such price shall in no event be less than the amount necessary to retire or defease the Bonds or any debts issued to refund the Bonds.

Section 4. Commencement Date:

Lease will be executed at closing on the purchase by the Authority of the approximately one hundred twenty-one (121) acres.

Section 5. Rent:

Capitalized Interest. Prior to opening of the Project, rent equal to any net capitalized interest with respect to the Bonds, as described in the Lease, shall be payable monthly in advance.

600211

Annual Rent. Annual rent is payable monthly in advance commencing upon the opening of the Project. The annual rent shall be in an amount computed by multiplying the principal amount of the Bonds by the difference in interest rate between a taxable and non-taxable public bond issue of the Authority with comparable security provisions as of the date of sale of the Bonds, payable in monthly installments of one-twelfth thereof each, such difference to be agreed to by the Lessor and the Lessee prior to the issuance of the Bonds.

Section 6. Permitted Use:

For the initial twenty (20) years of the Lease, for development and operation of parking and other common area improvements for the benefit of an upscale regional retail shopping center and uses related thereto.

Section 7. Taxes, Maintenance and Insurance, etc.:

Lessee to pay all real estate taxes, assessments, and levies, and all costs of maintenance, repair and improvements to the land and all insurance, including coverage of the Authority and the City as additional insureds, on the lease premises from and after the closing date of the Lease.

Section 8. Sublease:

Lessor's consent shall be required for any sublease of the lease premises, except for subleases of portions of the lease premises to approved anchor department stores to assure their parking and access rights.

Section 9. Assignment or Sale:

Assignment or sale of Lessee's interest is permitted to an Affiliate of Taubman that acquires Taubman's interest in the Project. Assignment or sale of Lessee's interest to any party at any time is permissible with the City's consent. Assignment is permitted to any party that acquires Taubman's interest in the Project without restriction five (5) years after substantial completion of the first phase of the upscale regional retail shopping center and opening for business of the first phase of the Project including two anchor department stores, provided that such assignment is to a reputable entity (a) experienced in the management and operation of upscale regional retail shopping centers or to an entity that, in connection with such assignment, employs a management company to manage the upscale regional retail shopping center that is experienced in the operation and management of upscale regional retail shopping centers and (b) the City is reasonably satisfied that any such entity meets the qualification requirement set forth in (a) above. Any such assignee or transferee of Lessee's interest shall be bound by, and subject to, all terms of the lease.

600212

Section 10. Rights of Mortgagees:

Lessee to have rights to mortgage its leasehold interest with Lessor to provide normal and usual, adequate and reasonable leasehold mortgage protective provisions.

Section 11. No Subordination:

The Authority shall not be required to subject its fee ownership or its rights as Lessor hereunder to any such mortgage. Lessee shall have the right to subject or subordinate its interest in the leasehold estate to any institutional mortgage obtained by Lessee in connection with the development, construction, furnishing and opening of the regional retail shopping center.

Section 12. Right of First Offer:

During term of lease, Lessor shall have right of first offer to purchase, as shall be more fully described in the Lease, the approximately twenty-five (25) acres to be developed as a regional shopping center if Lessee desires to sell such land.

600213

Taubman

200 East Long Lake Road
P.O. Box 200
Bloomfield Hills, MI 48303-0200
(313) 258-6800

December 19, 1996

[Handwritten signature]
1/31/97

City of Richmond
900 East Broad Street
Richmond, VA 23219
Attention: John A. Rupp, City Attorney

Industrial Development Authority
of the City of Richmond
900 East Broad Street, Room 305
Richmond, VA 23219
Attention: Ronald R. Wesley, Esquire

Gentlemen:

Reference is made to that certain letter dated August 28, 1996, from The Taubman Realty Group Limited Partnership to the City of Richmond and the Industrial Development Authority of the City of Richmond, which letter was signed by the City of Richmond on September 4, 1996, and by the Industrial Development Authority of the City of Richmond on September 9, 1996.

This letter will confirm our agreement that the December 31, 1996, date set forth in Paragraph 1 on page 2 of the letter is changed to March 31, 1997.

Please indicate your agreement to the foregoing by signing the enclosed copy of this letter and returning same to the undersigned.

Very truly yours,

**THE TAUBMAN REALTY GROUP
LIMITED PARTNERSHIP**

By:

[Handwritten signature]
_____
William S. Taubman

600257



The Taubman Company
200 East Long Lake Road
P.O. Box 200
Bloomfield Hills, MI 48303-0200
(313) 258-6800

March 27, 1997

1/31/97

City of Richmond
900 East Broad Street
Richmond, VA 23219
Attention: John A. Rupp, City Attorney

Industrial Development Authority
of the City of Richmond
900 East Broad Street, Room 305
Richmond, VA 23219
Attention: Ronald R. Wesley, Esquire

Gentlemen:

Reference is made to that certain letter dated August 28, 1996, from The Taubman Realty Group Limited Partnership to the City of Richmond and the Industrial Development Authority of the City of Richmond, which letter was signed by the City of Richmond on September 4, 1996, and by the Industrial Development Authority of the City of Richmond on September 9, 1996. Such letter was amended by letter dated December 19, 1996.

This letter will confirm our agreement that the March 31, 1996, date set forth in Paragraph 1 on page 2 of the letter, as amended, is changed to June 30, 1997.

Please indicate your agreement to the foregoing by signing the enclosed copy of this letter and returning same to the undersigned.

Very truly yours,

**THE TAUBMAN REALTY GROUP
LIMITED PARTNERSHIP**

By:

William S. Taubman

600255

City of Richmond
Industrial Development Authority
of the City of Richmond
March 27, 1997
Page 2

Accepted and agreed:

CITY OF RICHMOND, VIRGINIA,
a municipal corporation established under the
laws of the Commonwealth of Virginia

By: Robert C. Bebb

Its: City Manager

Date: April 1, 1997

**THE INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE CITY OF RICHMOND,**
a political subdivision of the Commonwealth of Virginia

By: [Signature]

Its: Chairman

Date: April 9, 1997

Seen and agreed to:

STONY POINT LIMITED PARTNERSHIP II,
a Virginia limited partnership

By: Charter Properties, Inc.
its Managing General Partner

By: [Signature]

Its: Vice President
General Partner

Date: April 1, 1997

DET05/145026.1

600256



(CITY FINANCING)

The Taubman Company
200 East Long Lake Road
P.O. Box 200
Bloomfield Hills, MI 48303-0200
(313) 258-6800

September 5, 1997

Handwritten signature
11/3/97

City of Richmond
900 East Broad Street
Richmond, VA 23219
Attention: John A. Rupp, City Attorney

Industrial Development Authority
of the City of Richmond
900 East Broad Street, Room 305
Richmond, VA 23219
Attention: Ronald R. Wesley, Esquire

Gentlemen:

Reference is made to that certain letter dated August 28, 1996, from The Taubman Realty Group Limited Partnership to the City of Richmond and the Industrial Development Authority of the City of Richmond, which letter was signed by the City of Richmond on September 4, 1996, and by the Industrial Development Authority of the City of Richmond on September 9, 1996. Such letter was amended by letters dated December 19, 1996, and March 27, 1997.

This letter will confirm our agreement that the June 30, 1997, date set forth in paragraph 1 on page 2 of the letter, as amended, is changed to December 31, 1997.

Please indicate your agreement to the foregoing by signing the enclosed copy of this letter and returning same to the undersigned.

Very truly yours,

**THE TAUBMAN REALTY GROUP
LIMITED PARTNERSHIP**

By:

Handwritten signature of William S. Taubman
_____
William S. Taubman

600253

City of Richmond
Industrial Development Authority
of the City of Richmond
September 5, 1997
Page 2

Accepted and agreed:

CITY OF RICHMOND, VIRGINIA,
a municipal corporation established under the
laws of the Commonwealth of Virginia

By: Robert K. Bell
Its: City Manager
Date: 9/29/97, 1997

**THE INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE CITY OF RICHMOND,**
a political subdivision of the Commonwealth of Virginia

By: [Signature]
Its: Chairman
Date: 10/1, 1997

600254

Taubman

The Taubman Company
200 East Long Lake Road
Bloomfield Hills, MI 48304
248/258-8800

June 28, 1999

City of Richmond
900 East Broad Street
Richmond, VA 23219
Attention: John A. Rupp, City Attorney

Industrial Development Authority
of the City of Richmond
900 East Broad Street, Room 305
Richmond, VA 23219
Attention: Ronald R. Wesley, Esquire

Gentlemen:

Reference is made to that certain letter dated August 28, 1996, from The Taubman Realty Group Limited Partnership to the City of Richmond and the Industrial Development Authority of the City of Richmond, which letter was signed by the City of Richmond on September 4, 1996, and by the Industrial Development Authority of the City of Richmond on September 9, 1996. Such letter was amended by letters dated December 19, 1996; March 27, 1997; September 5, 1997; and December 22, 1997.

This letter will confirm our agreement that the June 30, 1999, date set forth in paragraph 1 on page 2 of the letter, as amended, is changed to December 31, 1999.

Please indicate your agreement to the foregoing by signing the enclosed copy of this letter and returning same to the undersigned.

Very truly yours,

**THE TAUBMAN REALTY GROUP
LIMITED PARTNERSHIP**

By:

Esther R. Blum
AUTHORIZED SIGNATORY

DET_C/268410.1

Richmond, Virginia - The Park at Stony Point

600245

City of Richmond
Industrial Development Authority
of the City of Richmond
June 28, 1999
Page 2

Accepted and agreed:

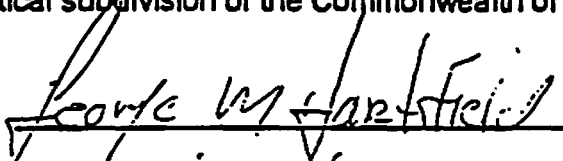
CITY OF RICHMOND, VIRGINIA,
a municipal corporation established under the
laws of the Commonwealth of Virginia

By: 

Its: City Manager

Date: June 30, 1999

**THE INDUSTRIAL DEVELOPMENT AUTHORITY,
OF THE CITY OF RICHMOND,**
a political subdivision of the Commonwealth of Virginia

By: 

Its: Vice-Chairman

Date: June 30, 1999

City of Richmond
Industrial Development Authority
of the City of Richmond
June 28, 1999
Page 3

Seen and agreed to:

STONY POINT LIMITED PARTNERSHIP II,
a Virginia limited partnership

By: Charter Properties, Inc.
Its: Managing Partner

By: Thorne A. Hunter
Its: President

Date: June 30, 1999



The Taubman Company
200 East Long Lake Rd Suite 3
P.O. Box 200
Bloomfield Hills MI 48303-0200
(248) 258-6800

December 7, 1999

City of Richmond
900 East Broad Street
Richmond, Virginia 23219
Attn: John A. Rupp, City Attorney

Industrial Development Authority
of the City of Richmond
900 East Broad Street, Room 305
Richmond, Virginia 23219
Attn: Ronald R. Wesley, Esquire

Gentlemen:

Reference is made to that certain letter dated August 28, 1996, from The Taubman Realty Group Limited Partnership of the City of Richmond and the Industrial Development Authority of the City of Richmond, which letter was signed by the City of Richmond on September 4, 1996, and by the Industrial Development Authority of the City of Richmond on September 9, 1996. Such letter was amended by letters dated December 19, 1996; March 27, 1997; September 5, 1997; December 22, 1997; and June 28, 1999.

This letter will confirm our agreement that the December 31, 1999 date set forth in paragraph 1 on page 2 of the letter, as amended, is changed to June 30, 2000.

Please indicate your agreement to the foregoing by signing the enclosed copy of this letter and returning same to the undersigned.

Very truly yours,

THE TAUBMAN REALTY GROUP
LIMITED PARTNERSHIP

By: Esther R. Blum

Its: Authorized Signatory

600200

December 7, 1999

Page Two

Accepted and agreed:

CITY OF RICHMOND, VIRGINIA

a municipal corporation established under
the laws of the Commonwealth of Virginia

By: Calvin J. ...

Its: City Manager

Date: December 21, 1999

THE INDUSTRIAL DEVELOPMENT AUTHORITY

OF THE CITY OF RICHMOND

a political subdivision of the Commonwealth of Virginia

By: W. G. ...

Its: Chairman

Date: December 14, 1999

600201

Seen and agreed to:

STONY POINT LIMITED PARTNERSHIP, II,
a Virginia limited partnership

By: Charter Properties, Inc.
Its: Managing Partner

By: Thomas A. Hunter, Jr.
Its: President

Date: December 29, 1999

600202

CHRISTIAN & BARTON, L.L.P.

ATTORNEYS AT LAW

809 EAST MAIN STREET, SUITE 1200 • RICHMOND, VIRGINIA 23219-3085
TELEPHONE (804) 697-4100 • FACSIMILE (804) 697-4112

July 14, 1999

BY HAND Philip J. Bagley, Jr., Esquire
Mays & Valentine, L.L.P.
1111 E. Main Street
Richmond, Virginia 23219**The Park at Stony Point**

Dear Phil:

Enclosed are clean and marked drafts of a revised and restated City/Authority Letter of Intent regarding the Park at Stony Point project. The marked draft reflects changes from the executed letter dated August 28, 1996. We believe the enclosed drafts address the issues raised at the recent meeting with you and Steve Kieras of Taubman.

The marked revisions have not been reviewed or approved by the City Council or the Industrial Development Authority board. Our goal is to have the enclosed draft in final form for presentation to the City Council later this month. To that end, we ask all parties to comment on and be in a position to sign-off on the letter before the City Council meeting on July 26.

Earlier today George Kolb requested certain information on comparable projects from Mark Putney to facilitate review by City Council. Mark Putney will be in touch with Taubman in that regard, but we want to emphasize the necessity of having the requested information provided by you to Ron Wesley, as counsel to the Authority, at the earliest possible time to allow for examination and review prior to July 26. While Mark Putney has the details, in general the requested information is (1) revenue generation experience of other comparable up-scale mall developments serving comparable geographic and economic markets, and (2) demographic information concerning the anticipated market or customer base on which the projections provided by Taubman were based.

Please circulate the enclosed draft to the appropriate Taubman representatives and provide comments to my partners Ron Wesley or Eric Ballou (as I will be out of the office from July 16 through July 31) at your earliest convenience to facilitate finalizing the documents prior to July 26.

Very truly yours,

Charles P. Shimer

500224

CHRISTIAN & BARTON, LLP.

Philip J. Bagley, Jr., Esquire

July 14, 1999

Page 2

**cc: George R. Kolb, Deputy City Manager
John A. Rupp, Esquire
Ronald R. Wesley, Esquire
Eric E. Ballou, Esquire**

486753

600225

CONFIDENTIAL DRAFT DATED 7/14/99 July, 1999August 28, 1996

City of Richmond
900 East Broad Street, Room 300
Richmond, VA 23219
Attention: John A. Rupp, City Attorney

Industrial Development Authority
of the City of Richmond
c/o Christian & Barton, L.L.P.
909 East Main Street, Suite 1200
Richmond, Virginia 23219
Attention: Ronald R. Wesley, Esquire

Gentlemen:

The Taubman Realty Group Limited Partnership ("Taubman") is the optionee under and pursuant to a certain Option for Purchase of Land ("Taubman's Option Agreement") entered into in March 1994, with Stony Point Limited Partnership II ("Stony Point") as the optionor with regard to approximately one hundred forty-six (146) acres of land being a part of the Park at Stony Point, located in the City of Richmond, Virginia (the "Property").

This letter revises, restates and supercedes in all respects the letter to the addressees from the undersigned dated August 28, 1996, with respect to the matters addressed herein.

Taubman has been discussing with the City of Richmond, Virginia, a municipal corporation established under the laws of the Commonwealth of Virginia (the "City"), its plans for the construction upon the Property of an upscale regional retail shopping center in accordance with Ordinance 95-241-211 adopted by the City Council on September 11, 1995 establishing the 1995 Community Unit Plan for the Park at Stony Point (the "1995 Development Plan"), of approximately one million two hundred thousand (1,200,000) square feet of gross leasable area with up to four (4) anchor department stores, in-line stores and a life-style component unit, featuring at least five (5) high-end restaurants (in lieu of a food-court component) accessible directly from the parking area, as a part thereof, the first phase estimated to contain approximately eight hundred forty thousand (840,000) square feet of gross leasable area but in no

600226

City of Richmond
Industrial Development Authority
of the City of Richmond
July __, 1999
Page 2

event less than seven hundred eighty thousand (780,000) square feet of gross leasable area, including at least two (2) anchor department stores (the "Project"). Taubman understands that it is the City's preference It is the desire of the City that the first phase consist of three (3) anchor department stores to facilitate securing the Project's desired position Project be a unique, state-of-the-art facility to benefit the City and its inhabitants. To that end, the Project will feature stores, restaurants and other public amenities not otherwise currently located or available in the Richmond market metropolitan area. It is anticipated that the first phase of the Project would be open for business by late 1999 2002. Taubman currently anticipates that buildout of the entire Project would require an aggregate investment of approximately Three Hundred Million Dollars (\$300,000,000.00). Taubman has also discussed with the City its belief that in order for the Project to be feasible at this time there is the need for the City or the Industrial Development Authority of the City of Richmond, a political subdivision of the Commonwealth of Virginia (the "Authority"), to provide certain benefits for and public improvements in respect of the Project.

The City and the Authority have analyzed the substantial benefits to the welfare of the City and its inhabitants to be received in the event the Project is constructed and completed in the City, including, but not limited to, the real estate taxes to be received by the City; the net sales sales tax benefits to be received by the City; the BPOL tax benefits to be received by the City; the utility tax benefits to be received by the City; the employment benefits, both during construction and on an ongoing basis; and the jobs and job programs that will be created for the benefit of residents of the City. In light of these benefits, it is the City's desire to cooperate with the Authority to facilitate provision of the Twenty Three Million Three Hundred Eight Five Thousand Dollars (\$20,000,000.00) (\$33,385,000) for the purchase of land and the construction of certain public improvements of benefit to in respect of the Project so as to encourage development of the Project, in accordance with the 1995 Development Plan, according to the following schedule and details:

1. By December 31, 1996 1999, Taubman shall have secured, and provided evidence satisfactory to the City and the Authority of; detailed letters of intent from at least two (2) the four (4) department stores to construct and operate anchor department or specialty department stores as a part of the Project, one of which shall be Nordstrom and the other others of which shall be Dillard, Macy, Bloomingdale's, Saks Fifth Avenue, Neiman Marcus, Lord & Taylor or such other department store companies of comparable type and quality as are acceptable to the City and the Authority. The letter of intent from Nordstrom shall provide that Nordstrom shall operate a Nordstrom anchor department store containing at least 165,000 square feet gross leasable area as a part of the Project for a period of twenty (20) years. 15
2. Once detailed letters of intent have been obtained by Taubman (as described in No. 1 above) to the reasonable satisfaction of the Authority and the City, Taubman will use its best efforts to cause final and binding documents to be completed with at least two (2) of such the anchor department stores within one (1) year six (6) months after obtaining the second fourth such letter of intent so as to be able to proceed with the Project. Taubman has indicated to the City and the Authority that it might take longer to complete such documents and, accordingly, Taubman will have the right to extend such one (1) year six (6) month period by an additional six (6) months, after which any further extensions shall be only upon

600227

City of Richmond
 Industrial Development Authority
 of the City of Richmond
 July __, 1999
 Page 3

mutual agreement of Taubman, the Authority and the City. The Authority will not have any obligation to advance for the benefit of the Project any part of the ~~Twenty Three Million Three Hundred Eighty Five Thousand Dollars (\$20,000,000.00)~~ (\$33,385,000) until such time as (a) such final and binding documentation with at least two ~~(2)~~ (4) department stores (as described in No. 1 above) have been executed, (b) upon reasonable notice to the City and the Authority, Taubman deems it is necessary to purchase the land (as described in No. 5 (a) below) and (c) successful conclusion of the proceedings described in No. 3c below and any appeal therefrom.

3. Once detailed letters of intent have been obtained by Taubman (as described in No. 1 above) to the reasonable satisfaction of the Authority and the City:
  - a. Taubman, the Authority and the City will execute formal and complete documentation (the "Cooperation Agreement") in form and substance mutually acceptable to such parties, including the form of the lease to be executed by the Authority and Taubman (the basic terms of which are set forth as Exhibit A), committing each party to perform as herein contemplated, including the agreement of the City to assist the Authority in meeting its obligations as described in No. 5 below with respect to the Project, including, subject to annual appropriation, providing credit enhancement if necessary. Taubman, the Authority, and the City shall take all steps reasonably necessary to cause such Cooperation Agreement to be executed within seventy-five (75) days after the City is notified that the ~~second fourth~~ detailed letter of intent has been obtained by Taubman so that the validation proceeding described in paragraph No. 3c hereof may be instituted and completed as soon thereafter as possible.
  - b. The Authority and the City will prepare documentation necessary to allow the Authority to issue bonds or other form of debt instrument, the interest on which is anticipated to be taxable for ~~proposed purposes of~~ federal income taxation (the "Bonds"), without burden to or secured by the Project, to finance the ~~Twenty Three Million Three Hundred Eighty Five Thousand Dollars (\$20,000,000.00)~~ (\$33,385,000) to be used as described in No. 5 below. In that regard, the Authority, with the help of the City, will obtain all authorizations (excluding completion of the validation described in No. 3c below) necessary to provide for issuance of the Bonds and to provide, if required, the City's backing for the Bonds or other credit enhancement within seventy-five (75) days after the City is notified that the ~~second fourth~~ detailed letter of intent has been obtained by Taubman in accordance with No. 1 above.
  - c. Within thirty (30) days after the Cooperation Agreement described in No. 3a above has been executed, the Authority, with the help of the City, will institute a validation proceeding with respect to the Bonds pursuant to Section 15.1-227.52, ~~et seq.~~, of the Code of Virginia of 1950, as amended. Taubman acknowledges that neither the City nor the Authority can control when a judge rules on such validation proceeding, what such ruling will

600228

City of Richmond
Industrial Development Authority
of the City of Richmond
July 1999
Page 4

be, whether such ruling is appealed and, if appealed, when such appeal will be concluded. The City and the Authority agree, however, to take all steps and actions reasonably necessary to obtain such validation.

4. The Authority, with the help of the City, will provide the Twenty Thirty Three Million Three Hundred Eighty Five Thousand Dollars (\$20,000,000.00) (\$33,385,000) through the issuance of the Bonds by the Authority, for use as described in 5 below only after validation of the Bonds upon successful conclusion of the proceeding described in 3c above and any appeal therefrom.
5. The Twenty Thirty Three Million Three Hundred Eighty Five Thousand Dollars (\$20,000,000.00) (\$33,385,000) of benefit to be provided by the Authority to the Project will take the following forms:
  - a. Taubman will proceed with the development of the Project in accordance with the 1995 Development Plan and will direct Stony Point to convey the Property to the Authority that portion of the Property which is not to be included within the actual building site of the regional shopping center (i.e., the area from the curb line of the inner ring road adjacent to the retail buildings to the exterior of the site) such that acres and the Authority will take fee title to approximately one hundred twenty one (121) acres and pay therefor the allocated portion of pay the purchase price therefor on the basis set forth in Taubman's Option Agreement. The conveyance to the Authority will be subject to perpetual easements, in form and substance satisfactory to the City, for the benefit of the remaining approximately twenty five (25) acres of the Property for parking, access, drainage, construction staging, landscaping and general utility purposes reasonably necessary to implement the 1995 Development Plan.
  - b. The Authority, with the help of the City, will provide for the benefit of the Project such such site work with respect to the Property and infrastructure improvements to the Property, including without limitation roadway improvements, whether on-site or off-site; utility and parking improvements and extensions; tap-in fee credits; and the like as are necessary for the development of the Project contemplated herein, and which costs aggregate an amount not to exceed the difference between Twenty Thirty Three Million Three Hundred Eighty Five Thousand Dollars (\$20,000,000.00) (\$33,385,000) and the amount paid by the Authority to Stony Point for the approximately one hundred twenty one (121) acres to be conveyed to the Authority Property as described in No. 5a. An exact list of improvements to be provided and the plans and specifications therefor, to the extent any such improvements are on the Property, will be agreed upon by Taubman, the Authority and the City, and the cost of such improvements to be provided by the Authority, with the help of the City, shall be payable as required by an agreed upon development schedule, as shall be more particularly described in the Cooperation Agreement. Improvements for the benefit of the Project in excess of those paid for with the remainder of the Twenty Thirty Three

600229

City of Richmond
Industrial Development Authority
of the City of Richmond
July __, 1999
Page 5

Million Three Hundred Eighty Five Thousand Dollars (\$20,000,000.00)
\$33,385,000) after purchasing the approximately one hundred twenty one
(121) acres Property will not be the responsibility of the Authority or the
City but will be the responsibility of Taubman, its affiliates and agents, or
tenants of the Project.

6. Simultaneously with the acquisition by the Authority of the approximately one
hundred twenty one (121) acres Property as aforesaid, the Authority and Taubman
will enter into a lease of such land the Property to Taubman upon the basic terms
set forth on Exhibit A attached hereto.

This letter is not intended as a contract but rather as a letter of intent establishing an
outline of the basis upon which Taubman, the Authority and the City will proceed in good faith
with the undertaking of the Project and the financial commitments with regard thereto.

The City and the Authority have executed this letter to indicate their agreement to the
outline terms set forth herein.

Very truly yours,

**THE TAUBMAN REALTY GROUP
LIMITED PARTNERSHIP**

By: _____

600230

City of Richmond
Industrial Development Authority
of the City of Richmond
July __, 1999
Page 6

CITY OF RICHMOND, VIRGINIA,
a municipal corporation established under the
laws of the Commonwealth of Virginia

By: _____

Its: _____

Date: _____, 1996 1999

**THE INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE CITY OF RICHMOND,**
a political subdivision of the Commonwealth of Virginia

By: _____

Its: _____

Date: _____, 1996 1999

Seen and agreed to:

STONY POINT LIMITED PARTNERSHIP II,
a Virginia limited partnership
By: Charter Properties, Inc., its Managing General Partner Partner

By: _____

Mark A. Pumey
Its: Vice President

Date: _____, 1996 1999

600231

EXHIBIT A

BASIC LEASE TERMS

Section 1. Parties:

Lessor: Industrial Development Authority of the City of Richmond

Lessee: The Taubman Realty Group Limited Partnership, or its affiliated entities (in accordance with Section 9 below)

Section 2. Demised Premises:

Approximately one hundred ~~twenty-one (121)~~ forty-six (146) acres, being all of the land covered by Taubman's Option Agreement with ~~Stony Point~~ other than the ~~approximately twenty-five (25) acres of land~~, to be used by Taubman Lessee for an upscale regional retail shopping center.

Section 3. Lease Term and Purchase Options:

The Lease term will be ninety-nine (99) years. Title to improvements vests in the Lessor upon expiration of the term, provided, ~~the~~ Lessee shall have a continuing purchase option for the Lessor's fee simple interest in the land, as more particularly described in and subject to the Lease, exercisable at any time, at a price equal to the fair market value of the land to be determined by appraisal at the time of exercise as shall be more particularly described in the Lease, provided that if such option is exercised while the Bonds (or any debt issued to refund the Bonds which principal amount of refunded Bonds will in no event be more than the original principal amount of the Bonds) are outstanding such price shall in no event be less than the amount necessary to retire or defease the Bonds or any debts indebtedness issued to refund the Bonds.

Section 4. Commencement Date:

The Lease will be executed at closing on the purchase by the Authority of the ~~approximately one hundred twenty-one (121) acres~~ Property.

Section 5. Rent:

Capitalized Interest. Prior to opening of the department stores in the Project and for up to one year after such opening as described in the Lease, rent equal to any net capitalized interest with respect to the Bonds, as described in the Lease, shall be payable monthly in advance from proceeds of the Bonds. *To correct 5, 333.*

debt?
Annual Rent. Annual rent is payable monthly in advance commencing upon the later of the opening of the Project or the end of the capitalized interest period. The annual rent shall be in an amount computed by multiplying the principal amount of the Bonds by the difference in interest rate between a taxable and non-taxable public bond issue of the Authority with comparable security provisions as of the date of sale of the Bonds, payable in monthly installments of one-twelfth thereof each, such difference to be agreed to by the Lessor and the Lessee prior to the issuance of the Bonds.

*Debt
fix at
100%*

Section 6. Permitted Use:

For the initial twenty (20) years of the Lease, for ~~development and operation of parking and other common area improvements for the benefit of an upscale regional retail shopping center and uses related thereto.~~

Section 7. Taxes, Maintenance and Insurance, etc.:

~~The Lessee to shall~~ pay all real estate taxes, assessments, and levies, and all costs of maintenance, repair and improvements to the land and all insurance, including coverage of the Authority and the City as additional insureds, on the lease premises from and after the closing date of the Lease.

Section 8. Sublease:

~~The~~ Lessor's consent shall be required for any sublease of the lease premises, except for subleases of portions of the lease premises to approved anchor department stores to assure their parking and access rights.

Section 9. Assignment or Sale:

Assignment or sale of Lessee's interest is permitted to an ~~Affiliate~~ affiliate of Taubman that acquires Taubman's interest in the Project. Assignment or sale of Lessee's interest to any party at any time is permissible with the City's consent. Assignment is permitted to any party that acquires Taubman's interest in the Project without restriction ~~at least five (5) years after substantial completion of the first phase of the upscale regional retail shopping center and opening for business of the first phase of the Project including two anchor department stores opening of the fourth department store in the Project,~~ provided that such assignment is to a reputable entity (a) experienced in the management and operation of upscale regional retail shopping centers or to an entity that, in connection with such assignment, employs a management company to manage the upscale regional retail shopping center that is experienced in the operation and management of upscale regional retail shopping centers and (b) the City is reasonably satisfied that any such entity meets the qualification requirement set forth in (a) above. Any such assignee or transferee of Lessee's interest shall be bound by, and subject to, all terms of the ~~lease~~ Lease.

Section 10. Rights of Mortgagees:

~~The Lessee to shall~~ have rights to mortgage its leasehold interest with ~~the~~ Lessor to provide normal and usual, adequate and reasonable leasehold mortgage protective provisions.

Section 11. No Subordination:

The Authority shall not be required to subject its fee ownership or its rights as ~~Lessor~~ lessor hereunder to any such mortgage. The Lessee shall have the right to subject or subordinate its interest in the leasehold estate to any institutional mortgage obtained by the Lessee in connection with the development, construction, furnishing and opening of the ~~regional retail shopping center~~. Project.

Section 12. Right of First Offer:

During term of lease, Lessor shall have right of first offer to purchase, as shall be more fully described in the Lease, the approximately twenty-five (25) acres to be developed as a regional shopping center if Lessor desires to sell such land.
347048.10 347048.11

CONFIDENTIAL DRAFT DATED 7/14/99

July __, 1999

City of Richmond
900 East Broad Street, Room 300
Richmond, VA 23219
Attention: John A. Rupp, City Attorney

Industrial Development Authority
of the City of Richmond
c/o Christian & Barton, L.L.P.
909 East Main Street, Suite 1200
Richmond, Virginia 23219
Attention: Ronald R. Wesley, Esquire

Gentlemen:

The Taubman Realty Group Limited Partnership ("Taubman") is the optionee under and pursuant to a certain Option for Purchase of Land ("Taubman's Option Agreement") entered into in March 1994, with Stony Point Limited Partnership II ("Stony Point") as the optionor with regard to approximately one hundred forty-six (146) acres of land being a part of the Park at Stony Point, located in the City of Richmond, Virginia (the "Property").

This letter revises, restates and supercedes in all respects the letter to the addressees from the undersigned dated August 28, 1996, with respect to the matters addressed herein.

Taubman has been discussing with the City of Richmond, Virginia, a municipal corporation established under the laws of the Commonwealth of Virginia (the "City"), its plans for the construction upon the Property of an upscale regional retail shopping center in accordance with Ordinance 95-241-211 adopted by the City Council on September 11, 1995 establishing the 1995 Community Unit Plan for the Park at Stony Point (the "1995 Development Plan"), of approximately one million two hundred thousand (1,200,000) square feet of gross leasable area with four (4) anchor department stores, in-line stores and a life-style component unit, featuring at least five (5) high-end restaurants (in lieu of a food-court component) accessible directly from the parking area, as a part thereof (the "Project"). It is the desire of the City that the Project be a unique, state-of-the-art facility to benefit the City and its inhabitants. To that end, the Project will feature stores, restaurants and other public amenities not otherwise currently located or available in the Richmond metropolitan area. It is anticipated that the Project would be open for business by late 2002. Taubman currently anticipates that buildout of the Project would require an aggregate investment of approximately Three Hundred Million Dollars (\$300,000,000.00). Taubman has also discussed with the City its belief that in order for the Project to be feasible at this time there is the need for the City or the Industrial Development Authority of the City of Richmond, a political subdivision of the Commonwealth of Virginia (the "Authority"), to provide certain benefits and public improvements in respect of the Project.

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City of Richmond
Industrial Development Authority
of the City of Richmond
July __, 1999
Page 2

The City and the Authority have analyzed the substantial benefits to the welfare of the City and its inhabitants to be received in the event the Project is constructed and completed in the City, including, but not limited to, the real estate taxes to be received by the City; the sales tax benefits to be received by the City; the BPOL tax benefits to be received by the City; the utility tax benefits to be received by the City; the employment benefits, both during construction and on an ongoing basis; and the jobs and job programs that will be created for the benefit of residents of the City. In light of these benefits, it is the City's desire to cooperate with the Authority to facilitate provision of Thirty Three Million Three Hundred Eight Five Thousand Dollars (\$33,385,000) for the purchase of land and the construction of certain public improvements in respect of the Project so as to encourage development of the Project, in accordance with the 1995 Development Plan, according to the following schedule and details:

1. By December 31, 1999, Taubman shall have secured, and provided evidence satisfactory to the City and the Authority of detailed letters of intent from the four (4) department stores to construct and operate anchor department stores as a part of the Project, one of which shall be Nordstrom and the others of which shall be Dillard, Macy, Bloomingdale's, Saks Fifth Avenue, Neiman Marcus, Lord & Taylor or such other department store companies of comparable type and quality as are acceptable to the City and the Authority. The letter of intent from Nordstrom shall provide that Nordstrom shall operate a Nordstrom anchor department store containing at least 165,000 square feet gross leaseable area as a part of the Project for a period of twenty (20) years.
2. Once detailed letters of intent have been obtained by Taubman (as described in No. 1 above) to the reasonable satisfaction of the Authority and the City, Taubman will use its best efforts to cause final and binding documents to be completed with the anchor department stores within six (6) months after obtaining the fourth such letter of intent so as to be able to proceed with the Project. Taubman has indicated to the City and the Authority that it might take longer to complete such documents and, accordingly, Taubman will have the right to extend such six (6) month period by an additional six (6) months, after which any further extensions shall be only upon mutual agreement of Taubman, the Authority and the City. The Authority will not have any obligation to advance for the benefit of the Project any part of the Thirty Three Million Three Hundred Eighty Five Thousand Dollars (\$33,385,000) until such time as (a) such final and binding documentation with the four (4) department stores (as described in No. 1 above) have been executed, (b) upon reasonable notice to the City and the Authority, Taubman deems it is necessary to purchase the land (as described in No. 5 (a) below) and (c) successful conclusion of the proceedings described in No. 3c below and any appeal therefrom.
3. Once detailed letters of intent have been obtained by Taubman (as described in No. 1 above) to the reasonable satisfaction of the Authority and the City:
  - a. Taubman, the Authority and the City will execute formal and complete documentation (the "Cooperation Agreement") in form and substance mutually acceptable to such parties, including the form of the lease to be executed by the Authority and Taubman (the basic terms of which are set

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City of Richmond
Industrial Development Authority
of the City of Richmond
July __, 1999
Page 3

forth as Exhibit A), committing each party to perform as herein contemplated, including the agreement of the City to assist the Authority in meeting its obligations as described in No. 5 below with respect to the Project, including, subject to annual appropriation, providing credit enhancement if necessary. Taubman, the Authority, and the City shall take all steps reasonably necessary to cause such Cooperation Agreement to be executed within seventy-five (75) days after the City is notified that the fourth detailed letter of intent has been obtained by Taubman so that the validation proceeding described in paragraph No. 3c hereof may be instituted and completed as soon thereafter as possible.

- b. The Authority and the City will prepare documentation necessary to allow the Authority to issue bonds or other form of debt instrument, the interest on which is anticipated to be taxable for purposes of federal income taxation (the "Bonds"), without burden to or secured by the Project, to finance the Thirty Three Million Three Hundred Eighty Five Thousand Dollars (\$33,385,000) to be used as described in No. 5 below. In that regard, the Authority, with the help of the City, will obtain all authorizations (excluding completion of the validation described in No. 3c below) necessary to provide for issuance of the Bonds and to provide, if required, the City's backing for the Bonds or other credit enhancement within seventy-five (75) days after the City is notified that the fourth detailed letter of intent has been obtained by Taubman in accordance with No. 1 above.
- c. Within thirty (30) days after the Cooperation Agreement described in No. 3a above has been executed, the Authority, with the help of the City, will institute a validation proceeding with respect to the Bonds pursuant to Section 15.1-227.52, et seq., of the Code of Virginia of 1950, as amended. Taubman acknowledges that neither the City nor the Authority can control when a judge rules on such validation proceeding, what such ruling will be, whether such ruling is appealed and, if appealed, when such appeal will be concluded. The City and the Authority agree, however, to take all steps and actions reasonably necessary to obtain such validation.
4. The Authority, with the help of the City, will provide the Thirty Three Million Three Hundred Eighty Five Thousand Dollars (\$33,385,000) through the issuance of the Bonds by the Authority, for use as described in 5 below only after validation of the Bonds upon successful conclusion of the proceeding described in 3c above and any appeal therefrom.
5. The Thirty Three Million Three Hundred Eighty Five Thousand Dollars (\$33,385,000) of benefit to be provided by the Authority to the Project will take the following forms:
  - a. Taubman will proceed with the development of the Project in accordance with the 1995 Development Plan and will direct Stony Point to convey the

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- Property to the Authority acres and the Authority will pay the purchase price therefor on the basis set forth in Taubman's Option Agreement.
- b. The Authority, with the help of the City, will provide such site work with respect to the Property and infrastructure improvements to the Property, including without limitation roadway improvements, utility and parking improvements and extensions, tap-in fee credits; and the like as are necessary for the development of the Project contemplated herein, and which costs aggregate an amount not to exceed the difference between Thirty Three Million Three Hundred Eighty Five Thousand Dollars (\$33,385,000) and the amount paid by the Authority to Stony Point for the Property as described in No. 5a. An exact list of improvements to be provided and the plans and specifications therefor, will be agreed upon by Taubman, the Authority and the City, and the cost of such improvements to be provided by the Authority, with the help of the City, shall be payable as required by an agreed upon development schedule, as shall be more particularly described in the Cooperation Agreement. Improvements for the benefit of the Project in excess of those paid for with the remainder of the Thirty Three Million Three Hundred Eighty Five Thousand Dollars (\$33,385,000) after purchasing the Property will not be the responsibility of the Authority or the City but will be the responsibility of Taubman, its affiliates and agents, or tenants of the Project.
6. Simultaneously with the acquisition by the Authority of the Property as aforesaid, the Authority and Taubman will enter into a lease of the Property to Taubman upon the basic terms set forth on Exhibit A attached hereto.

This letter is not intended as a contract but rather as a letter of intent establishing an outline of the basis upon which Taubman, the Authority and the City will proceed in good faith with the undertaking of the Project and the financial commitments with regard thereto.

The City and the Authority have executed this letter to indicate their agreement to the outline terms set forth herein.

Very truly yours,

**THE TAUBMAN REALTY GROUP
LIMITED PARTNERSHIP**

By: _____

600239

City of Richmond
Industrial Development Authority
of the City of Richmond
July __, 1999
Page 5

CITY OF RICHMOND, VIRGINIA,
a municipal corporation established under the
laws of the Commonwealth of Virginia

By: _____

Its: _____

Date: _____, 1999

**THE INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE CITY OF RICHMOND,**
a political subdivision of the Commonwealth of Virginia

By: _____

Its: _____

Date: _____, 1999

Seen and agreed to:

STONY POINT LIMITED PARTNERSHIP II,
a Virginia limited partnership
By: Charter Properties, Inc., its Managing General Partner

By: _____

Mark A. Putney
Its: Vice President

Date: _____, 1999

600240

EXHIBIT A
BASIC LEASE TERMS

Section 1. Parties:

Lessor: Industrial Development Authority of the City of Richmond

Lessee: The Taubman Realty Group Limited Partnership, or its affiliated entities (in accordance with Section 9 below)

Section 2. Demised Premises:

Approximately one hundred forty-six (146) acres, being all of the land covered by Taubman's Option Agreement, to be used by Lessee for an upscale regional retail shopping center.

Section 3. Lease Term and Purchase Options:

The Lease term will be ninety-nine (99) years. Title to improvements vests in the Lessor upon expiration of the term, provided, the Lessee shall have a continuing purchase option for the Lessor's fee simple interest in the land, as more particularly described in and subject to the Lease, exercisable at any time, at a price equal to the fair market value of the land to be determined by appraisal at the time of exercise as shall be more particularly described in the Lease, provided that if such option is exercised while the Bonds (or any debt issued to refund the Bonds which principal amount of refunded Bonds will in no event be more than the original principal amount of the Bonds) are outstanding such price shall in no event be less than the amount necessary to retire or defease the Bonds or any indebtedness issued to refund the Bonds.

Section 4. Commencement Date:

The Lease will be executed at closing on the purchase by the Authority of the Property.

Section 5. Rent:

Capitalized Interest. Prior to opening of the department stores in the Project and for up to one year after such opening as described in the Lease, rent equal to any net capitalized interest with respect to the Bonds, as described in the Lease, shall be payable monthly in advance from proceeds of the Bonds.

Annual Rent. Annual rent is payable monthly in advance commencing upon the later of the opening of the Project or the end of the capitalized interest period. The annual rent shall be in an amount computed by multiplying the principal amount of the Bonds by the difference in interest rate between a taxable and non-taxable public bond issue of the Authority with comparable security provisions as of the date of sale of the Bonds, payable in monthly installments of one-twelfth thereof each, such difference to be agreed to by the Lessor and the Lessee prior to the issuance of the Bonds.

Section 6. Permitted Use:

For the initial twenty (20) years of the Lease, for an upscale regional retail shopping center and uses related thereto.

Section 7. Taxes, Maintenance and Insurance, etc.:

The Lessee shall pay all real estate taxes, assessments, and levies, and all costs of maintenance, repair and improvements to the land and all insurance, including coverage of the Authority and the City as additional insureds, on the lease premises from and after the closing date of the Lease.

Section 8. Sublease:

The Lessor's consent shall be required for any sublease of the lease premises, except for subleases of portions of the lease premises to approved anchor department stores to assure their parking and access rights.

Section 9. Assignment or Sale:

Assignment or sale of Lessee's interest is permitted to an affiliate of Taubman that acquires Taubman's interest in the Project. Assignment or sale of Lessee's interest to any party at any time is permissible with the City's consent. Assignment is permitted to any party that acquires Taubman's interest in the Project without restriction at least five (5) years after opening of the fourth department store in the Project, provided that such assignment is to a reputable entity (a) experienced in the management and operation of upscale regional retail shopping centers or to an entity that, in connection with such assignment, employs a management company to manage the upscale regional retail shopping center that is experienced in the operation and management of upscale regional retail shopping centers and (b) the City is reasonably satisfied that any such entity meets the qualification requirement set forth in (a) above. Any such assignee or transferee of Lessee's interest shall be bound by, and subject to, all terms of the Lease.

Section 10. Rights of Mortgagees:

The Lessee shall have rights to mortgage its leasehold interest with the Lessor to provide normal and usual, adequate and reasonable leasehold mortgage protective provisions.

Section 11. No Subordination:

The Authority shall not be required to subject its fee ownership or its rights as lessor hereunder to any such mortgage. The Lessee shall have the right to subject or subordinate its interest in the leasehold estate to any institutional mortgage

obtained by the Lessee in connection with the development, construction,
furnishing and opening of the Project.

MAYS & VALENTINE
LLP

8201 GREENSBORO DRIVE
SUITE 800, TYSONS CORNER
MCLEAN, VIRGINIA 22102-3805
TELEPHONE: (703) 734-4334
FAX: (703) 734-4340

500 LIBBIE AVENUE
SUITE 2A
RICHMOND, VIRGINIA 23226
TELEPHONE: (804) 697-1200
FAX: (804) 288-8368

1111 EAST MAIN STREET
RICHMOND, VIRGINIA 23219

(804) 697-1200
FAX: (804) 697-1339
HTTP://WWW.MAYSVAL.COM

MAILING ADDRESS
P.O. Box 1122
RICHMOND, VIRGINIA 23218-1122

DIRECT MAIL: pbagley@maysval.com
(804) 697-1444

DOMINION TOWER
899 WATERSIDE DRIVE, SUITE 2525
NORFOLK, VIRGINIA 23514-3670
TELEPHONE: (757) 627-5500
FAX: (757) 627-5200

4429 CORPORATION LANE, SUITE 420
P.O. Box 61185
VIRGINIA BEACH, VIRGINIA 23466-1185
TELEPHONE: (757) 518-3200
FAX: (757) 518-3210

FILE NO.

September 1, 1999

Ronald R. Wesley, Esquire
Christian & Barton, L.L.P.
909 E. Main Street, Suite 1200
Richmond, Virginia 23219-3095

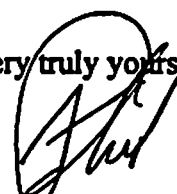
Re: The Park at Stony Point

Dear Ron:

I discussed the subject of the Letter of Intent with officials of the Taubman Company after you and I spoke yesterday and since you were not of a mind to do the revised Letter of Intent yourself, they asked if I would put it together so that there would be something in writing that would be signable when the matters with the department stores are reconciled. Thus, I include your latest draft, which I have inputted onto our computer to which I added the changes that I sent you previously, marked with appropriate symbols. I also enclose a "clean" version of the same document. I would appreciate it if you would look it over and see that it is acceptable to you. If it is, then we are in a position to have a document that is ready to go when things "pop". The resolution of the rent after the 15 year period is, to me, the only open item at this point. I hope you agree with that.

Best regards.

Very truly yours,


Philip J. Bagley, III

41/410/669617

Enclosure

cc: Stephen J. Kieras (w/encl.)
Richard J. Burstein, Esquire (w/encl.)

600214

September __, 1999

DRAFT

NOT EXECUTED

City of Richmond
900 East Broad Street, Room 300
Richmond, VA 23219
Attention: John A. Rupp, City Attorney

Industrial Development Authority
of the City of Richmond
c/o Christian & Barton, L.L.P.
909 East Main Street, Suite 1200
Richmond, Virginia 23219
Attention: Ronald R. Wesley, Esquire

Gentlemen:

The Taubman Realty Group Limited Partnership ("Taubman") is the optionee under and pursuant to a certain Option for Purchase of Land ("Taubman's Option Agreement") entered into in March 1994, with Stony Point Limited Partnership II ("Stony Point") as the optionor with regard to approximately one hundred forty-six (146) acres of land being a part of the Park at Stony Point, located in the City of Richmond, Virginia (the "Property").

This letter revises, restates and supercedes in all respects the letter to the addressees from the undersigned dated August 28, 1996, with respect to the matters addressed herein.

Taubman has been discussing with the City of Richmond, Virginia, a municipal corporation established under the laws of the Commonwealth of Virginia (the "City"), its plans for the construction upon the Property of an upscale regional retail shopping center in accordance with Ordinance 95-241-211 adopted by the City Council on September 11, 1995 establishing the 1995 Community Unit Plan for the Park at Stony Point (the "1995 Development Plan"), of approximately one million two hundred thousand (1,200,000) square feet of gross leasable area with four (4) anchor department stores, in-line stores and possibly a life-style component unit, featuring restaurants (in lieu of a food-court component) accessible directly from the parking area, as a part thereof (the "Project"). It is the desire of the City that the Project be a unique, state-of-the-art facility to benefit the City and its inhabitants. To that end, the Project will endeavor to feature stores, restaurants and other public amenities not otherwise currently located or available in the Richmond metropolitan area. It is anticipated that the Project would be open for business by late 2002. Taubman currently anticipates that buildout of the Project would require an aggregate investment of approximately Three Hundred Million Dollars (\$300,000,000.00), Taubman has also discussed with the City its belief that in order for the Project to be feasible at this time there is the need for the City or the Industrial Development Authority of the City of Richmond, a political subdivision of the Commonwealth of Virginia (the "Authority"), to provide certain benefits and public improvements in respect of the Project.

600215

The City and the Authority have analyzed the substantial benefits to the welfare of the City and its inhabitants to be received in the event the Project is constructed and completed in the City, including, but not limited to, the real estate taxes to be received by the City; the sale tax benefits to be received by the City; the BPOL tax benefits to be received by the City; the utility tax benefits to be received by the City; the employment benefits, both during construction and on an ongoing basis; and the jobs and job programs that will be created for the benefit of residents of the City. In light of these benefits, it is the City's desire to cooperate with the Authority to facilitate provision of the Thirty Three Million Eight Hundred Fifty Thousand Dollars (\$33,850,000) for the purchase of land and the construction of certain public improvements in respect of the Project so as to encourage development of the Project, in accordance with the 1995 Development Plan, according to the following schedule and details:

1. By December 31, 1999, Taubman shall have secured, and provided evidence satisfactory to the City and the Authority of detailed letters of intent from the four (4) department stores to construct and operate anchor department stores as a part of the Project, one of which shall be Nordstrom and the others of which shall be Hechts, Dillard, Macy, Bloomingdale's, Saks Fifth Avenue, Neiman Marcus, Lord & Taylor or such other department store companies of comparable type and quality as are acceptable to the city and the Authority. The letter of intent from Nordstrom shall provide that Nordstrom shall operate a full line Nordstrom anchor department store as a part of the Project for a period of fifteen (15) years or longer if Nordstrom will agree to a longer period..
2. Once detailed letters of intent have been obtained by Taubman (as described in No. 1 above) to the reasonable satisfaction of the Authority and the City, Taubman will use its best efforts to cause final and binding documents to be completed with the anchor department stores within six (6) months after obtaining the fourth such letter of intent so as to be able to proceed with the Project. Taubman has indicated to the city and the Authority that it might take longer to complete such documents and, accordingly, Taubman will have the right to extend such six (6) month period by an additional six (6) months, after which any further extensions shall be only upon mutual agreement of Taubman, the Authority and the City. In the event that one or more of the four (4) department stores require that it be conveyed a fee interest to the pad, on which its store will be built, then the City and the Authority agree that such portions of the Property will not be conveyed to the City or the Authority but that the consideration for the pad, if any, paid by any such stores will be paid over to the City or the Authority. The Authority will not have any obligation to advance for the benefit of the Project any part of the Thirty Three Million Eight Hundred Fifty Thousand Dollars (\$33,850,000) until such time as (a) such final and binding documentation with the four (4) department stores (as described in No. 1 above) have been executed, (b) upon reasonable notice to the City and the

Authority, Taubman deems it is necessary to purchase the land (as described in No. 5 (a) below) and (c) successful conclusion of the proceedings described in No. 3c below and any appeal therefrom.

3. Once detailed letters of intent have been obtained by Taubman (as described in No. 1 above) to the reasonable satisfaction of the Authority and the City:
  - a. Taubman, the Authority and the City will execute formal and complete documentation (the "Cooperation Agreement") in form and substance mutually acceptable to such parties, including the form of the lease to be executed by the Authority and Taubman (the basic terms of which are set forth as Exhibit A), committing each party to perform as herein contemplated, including the agreement of the City to assist the Authority in meeting its obligations as described in No. 5 below with respect to the Project, including, subject to annual appropriation, providing credit enhancement ~~is~~ necessary. Taubman, the Authority, and the City shall take all steps reasonably necessary to cause such Cooperation Agreement to be executed within seventy-five (75) days after the City is notified that the fourth detailed letter of intent has been obtained by Taubman so that the validation proceeding described in paragraph No. 3c hereof may be instituted and completed as soon thereafter as possible.
  - b. The Authority and the City will prepare documentation necessary to allow the Authority to issue bonds or other form of debt instrument, the interest on which is anticipated to be taxable for purposes of federal income taxation (the "Bonds"), without burden to or secured by the Project, to finance the Thirty Three Million Eight Hundred Fifty Thousand Dollars (\$33,850,000) to be used as described in No. 5 below. In that regard, the Authority, with the help of the City, will obtain all authorizations (excluding completion of the validation described in No. 3c below) necessary to provide for issuance of the Bonds and to provide, if required, the City's backing for the Bonds or other credit enhancement within seventy-five (75) days after the City is notified that the fourth detailed letter of intent has been obtained by Taubman in accordance with No. 1 above.
  - c. Within thirty (30) days after the Cooperation Agreement described in No. 3a above has been executed, the Authority, with the help of the City, will institute a validation proceeding with respect to the Bonds pursuant to Section 15.1-227.52, et seq., of the Code of Virginia of 1950, as amended. Taubman acknowledges that neither the City nor the Authority can control when a judge rules on such validation proceeding, what such ruling will

be, whether such ruling is appealed and, if appealed, when such appeal will be concluded. The City and the Authority agree, however, to take all steps and actions reasonably necessary to obtain such validation.

4. The Authority, with the help of the City, will provide the Thirty Three Million Eight Hundred Fifty Thousand Dollars (\$33,850,000) through the issuance of the Bonds by the Authority, for use as described in No. 5 below only after validation of the Bonds upon successful conclusion of the proceeding described in No. 3c above and any appeal therefrom.
5. The Thirty Three Million Eight Hundred Fifty Thousand Dollars (\$33,850,000) of benefit to be provided by the Authority to the Project will take the following forms:
  - a. Taubman will proceed with the development of the Project in accordance with the 1995 Development Plan and will direct Stony Point to convey the Property to the Authority (and any department stores (See No. 2 above)) and the Authority will pay the purchase price for the Property on the basis set forth in Taubman's Option Agreement.
  - b. The Authority, with the help of the City, will pay, credit or reimburse Taubman for such site work with respect to the Property and infrastructure improvements to the Property, including without limitation roadway improvements, utility and parking improvements and extensions, tap-in fee credits, with construction of the requisite parts thereof to be done by Taubman, and the like as are necessary for the development of the Project contemplated herein, and which costs aggregate an amount not to exceed the difference between Thirty Three Million Eight Hundred Fifty Thousand Dollars (\$33,850,000) and the amount paid by the Authority to Stony Point for the Property as described in No. 5a. An exact list of improvements to be provided and the plans and specifications therefor, will be agreed upon by Taubman, the Authority and the City, and the cost of such improvements to be provided by the Authority, with the help of the City, shall be payable as required by an agreed upon development schedule, as shall be more particularly described in the Cooperation Agreement. Improvements at the Project in excess of those paid for with the remainder of the Thirty Three Million Eight Hundred Fifty Thousand Dollars (\$33,850,000) after purchasing the Property will not be the responsibility of the Authority or the City but will be the responsibility of Taubman, its affiliates and agents, or tenants of the Project.

600218

6. Simultaneously with the acquisition by the Authority of the Property as aforesaid, the Authority and Taubman will enter into a lease of the Property to Taubman upon the basic terms set forth on Exhibit A attached hereto.

This letter is not intended as a contract but rather as a letter of intent establishing an outline of the basis upon which Taubman, the Authority and the City will proceed in good faith with the undertaking of the project and the financial commitments with regard thereto.

The City and the Authority have executed this letter to indicate their agreement to the outline terms set forth herein.

Very truly yours,

**THE TAUBMAN REALTY GROUP
LIMITED PARTNERSHIP**

By: _____

CITY OF RICHMOND, VIRGINIA
a municipal corporation established under the
laws of the Commonwealth of Virginia

By: _____

Its: _____

Date: _____, 1999

**THE INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE CITY OF RICHMOND,**
a political subdivision of the Commonwealth of Virginia

By: _____

Its: _____

Date: _____, 1999

600219

City of Richmond
Industrial Development Authority
of the City of Richmond
September ____, 1999
Page 6

Seen and agreed to:

STONY POINT LIMITED PARTNERSHIP II,
a Virginia limited partnership

By: Charter Properties, Inc., its Managing General Partner

By: _____

_____
Its: Vice President

Date: _____, 1999

600220

EXHIBIT A

BASIC LEASE TERMS

Section 1. Parties:

Lessor: Industrial Development Authority of the City of Richmond

Lessee: The Taubman Realty Group Limited Partnership, or its affiliated entities (in accordance with Section 9 below)

Section 2. Demised Premises:

Approximately one hundred forty-six (146) acres, being all of the land covered by Taubman's Option Agreement, to be used by the Lessee for an upscale regional retail shopping center.

Section 3. Lease Term and Purchase Options:

The Lease term will be ninety-nine (99) years. Title to improvements vests in the Lessor upon expiration of the term, provided, the Lessee shall have a continuing purchase option for the Lessor's fee simple interest in the land, as more particularly described in and subject to the Lease, exercisable at any time, at a price equal to the fair market value of the land to be determined by appraisal at the time of exercise as shall be more particularly described in the Lease, provided that if such option is exercised while the Bonds (or any debt issued to refund the Bonds which principal amount of refunded Bonds will in no event be more than the original principal amount of the Bonds) are outstanding such price shall in no event be less than the amount necessary to retire or defease the Bonds or any indebtedness issued to refund the Bonds.

Section 4. Commencement Date:

The Lease will be executed at closing on the purchase by the Authority of the Property.

Section 5. Rent:

One-twelfth of the annual rent is payable monthly in advance commencing upon the grand opening of the Project. The annual rent shall be Two Hundred Fifty Thousand Dollars (\$250,000.00) for the fifteen (15) year period beginning on the date of the grand opening and continuing for a fifteen (15) year period thereafter. The rent for the remainder of the Lease Term shall be One Dollar (\$1.00) per year.

600221

Section 6. Permitted Use:

For the initial twenty (20) years of the Lease, the development and operation of an upscale regional retail shopping center and uses related thereto.

Section 7. Taxes, Maintenance and Insurance, etc.:

The Lessee shall pay all real estate taxes, assessments, and levies, and all costs of maintenance, repair and improvements to the land and all insurance, including coverage of the Authority and the City as additional insureds, on the lease premises from and after the closing date of the Lease.

Section 8. Sublease, Non-Disturbance and Attornment Agreements

Less shall have the right to enter into subleases for portions of the lease premises with anchor stores and other tenants. The lease shall provide for and Lessor shall agree to enter into Non-Disturbance and Attornment Agreements in form satisfactory to Lessee and any such sublessee; provided any such sublease is an arms-length transaction and in the case of a subtenant other than an anchor tenant is for a term of at least five (5) years and is at a rental reflective of market conditions.

Section 9. Assignment or Sale:

Assignment or sale of Lessee's interest is permitted to an affiliate of Taubman that acquires Taubman's interest in the Project. Assignment or sale of Lessee's interest to any other party at any time is permissible with the City's consent. Assignment is permitted to any party that acquires Taubman's interest in the Project without restriction at least five (5) years after the grand opening of the Project, provided that such assignment is to a reputable entity (a) experienced in the management and operation of upscale regional retail shopping centers or to an entity that, in connection with such assignment, employs a management company to manage the upscale regional retail shopping center that is experienced in the operation and management of upscale regional retail shopping centers and (b) the City is reasonably satisfied that any such entity meets the qualification requirement set forth in (a) above. Any such assignee or transferee of Lessee's interest shall be bound by, and subject to, all terms of the Lease.

Section 10. Rights of Mortgagees:

The Lessee shall have rights to mortgage its leasehold interest with the Lessor to provide normal and usual, adequate and reasonable leasehold mortgage protective provisions including leasehold non-disturbance and subordination.

Section 11.   No Subordination:

The Authority shall not be required to subject its fee ownership or its rights as lessor hereunder to any such mortgage. The Lessee shall have the right to subject or subordinate its interest in the leasehold estate to any institutional mortgage obtained by the Lessee in connection with the development, construction, furnishing and opening of the Project.

669290v2

600223

CJ. ATT1
2/4/00

[Handwritten signature]
1/21/00

Short Pump Town Center

Presentation To:
**Henrico County
Board of Supervisors**

Davenport & Company LLC
February 8, 2000

Short Pump Town Center

- Location - West Broad at Lauderdale
- Developers:
  - Forest City Enterprises
  - Pruitt Associates, LLC
- Assessed Value: \$236 Million
- Schedule - Jan. 2001 - July 2002
- Fourth Largest County Taxpayer
- Competitive Impact

Major Tenants

- Nordstrom - *not a FS*
- FS* • Lord & Taylor
- FS* • Hecht's
- FS* • Dillard's
- Edward's Cinema

Criteria For Economic Development Incentives

Criteria for Economic Incentives

1. Funded With Project Revenue
2. Minimum Size 1% Tax Base
3. County Revenue Exceeds Incentives
4. Max. Incentive = 5 Years' Revenue
5. Debt Limited to 10% of Project Value
6. No Impact on County Credit Rating
7. Limited Impact on Services

Project Cost

In Millions

Developer	\$118.2
Department Stores	60.0
Theatre/Out-lots	36.4
County Incentive	<u>22.0</u>
Total	\$236.6

BOS01793

Cost Breakdown

<i>In Millions</i>	
• Utilities	\$ 3.2
• Roads	4.1
• Parking	5.7
• Public Space	7.5
• Other	<u>1.5</u>
Total	\$ 22.0

Community Development Authority

- Completed Financings
  - Loudoun Co. - Dulles Town Center
  - Prince William County
  - Incentives
- Fredericksburg
- Farmville

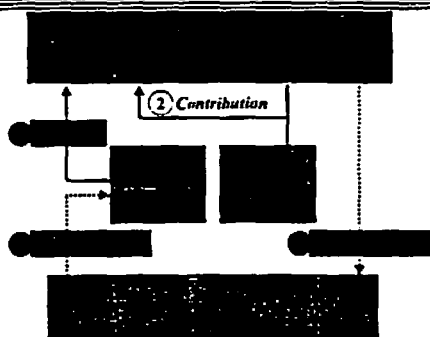
Community Development Authority

- Promote Economic Development
- Requires Petition of Property Owners
- CDA Board Appointed By Supervisors
- Authorized to ...
  - Fund Improvements
  - Issue Bonds
  - Levy Special Assessments

Incentive Funding Plan

1. CDA Bonds Construction \$20.5
2. County Contribution 1.5
Total Construction Incentive \$22.0
3. CDA Assessments = Debt Service
4. Reimburse Debt Service From ^{total} Project Tax Revenue

Funding Plan

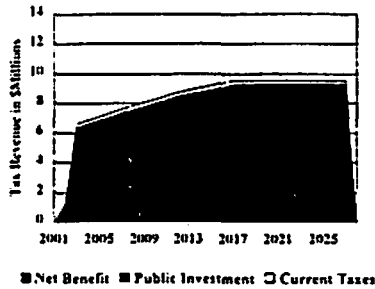


Bond Issue Details

- Total C.D.A. Issue Size: \$23.7 Million
- Includes Reserves & Capitalized Interest
- Final Maturity - 2007
- Tax-Exempt/Taxable
- Secured By Special Assessments
- Non-Rated

BOS01794

Tax Revenue



Tax Revenue 2001 To 2027

- \$ 1.5 Million To Construction
- \$ 28.2 Million To Reimburse Debt Service
- \$184.1 Million To County
- \$ 75.2 Million P.V. County Benefit
- \$ 6.6 - \$9.3 Million Annually

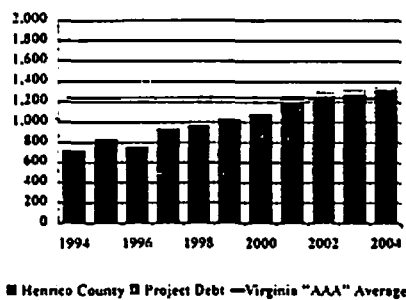
Analysis of Potential Risks

- Construction Not Completed
- Developer Fails to Pay Special Assessments
- Tax Revenue Fails to Meet Forecast
- Department Stores Close
- Mall Closes

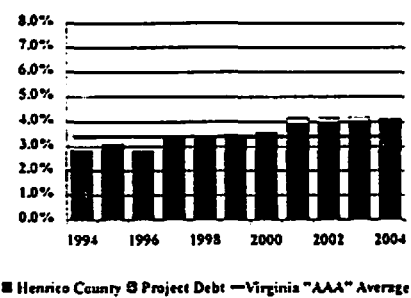
Credit Impact

- C.D.A. Debt Considered Overlapping Debt
- Rapid Payoff of Bonds
- No Material Impact on Debt Ratios
- Expansion of Tax Base
- No County Pledge to Bondholders

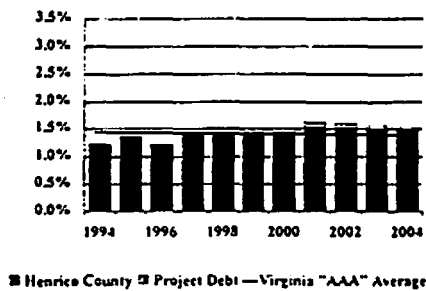
Debt Per Capita



Debt vs. Total Personal Income



Debt vs. Taxable Property



Step 1 - Formation of CDA

- Landowner Submits Petition to Form CDA
- Public Hearing on Creation of CDA
- Board Adopts Ordinance or Resolution
- CDA Board Appointed By Supervisors

Step 2 - Approve Financing

- CDA Requests Special Assessment
- Supervisors
  - Levy Special Assessment
  - Approve Reimbursement Agreement
  - Memorandum of Understanding
- CDA Issues Bonds
- EDA Approves Incentive Agreement

Short Pump Town Center

Additional Slides
For Support Purposes

Criteria

1. Performance Based

Incentives should be performance based and funded only with actual incremental County revenue generated by the project.

Criteria

---

2. Project Size

Projects which will increase the tax base significantly (including those which represent at least one percent of the tax base) are appropriate for consideration.

Criteria

---

3. Revenue Allocation

More revenue should flow to the County over time than to funding incentives. The project will then generate funding capacity for other County projects in an equal or greater amount using resources which otherwise may have been unavailable.

Criteria

---

4. Incentive Limits

Incentives generally should not exceed the incremental County revenue expected to be generated in the five years following completion of the project, or the long-term equivalent thereof.

Criteria

---

5. Debt Limits

Incentive-related debt (whether direct debt or overlapping debt), if any, should not exceed 10% of the value of the project. It is desirable to avoid any direct debt of the County amortized over more than 5 years. Overlapping debt should not amortize more slowly than a 15-year level debt service structure.

Criteria

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6. Credit Rating

Incentives and related financial arrangements will not adversely impact the credit rating of the County.

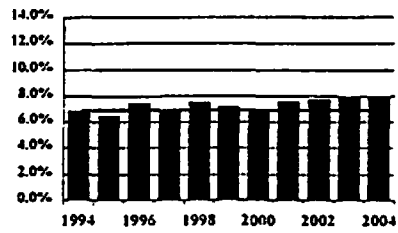
Criteria

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7. Impact on Services

The project will not have a substantial impact on County services.

Debt Service as a % of Expenditures



■ Henrico County ■ Project Debt—Virginia "AAA" Average

Short Pump Town Center

Presentation To:

**Henrico County
Board of Supervisors**

*Davenport & Company LLC
February 8, 2000*

BOS01799

Short Pump Town Center

- **Location - West Broad at Lauderdale**
- **Developers:**
  - **Forest City Enterprises**
  - **Pruitt Associates, LLC**
- **Assessed Value: \$236 Million**
- **Schedule - Jan. 2001 - July 2002**
- **Fourth Largest County Taxpayer**
- **Competitive Impact**

Major Tenants

- Nordstrom
- Lord & Taylor
- Hecht's
- Dillard's
- Edward's Cinema

Criteria For Economic Development Incentives

BOS01802

Criteria for Economic Incentives

---

1. Funded With Project Revenue
2. Minimum Size 1% Tax Base
3. County Revenue Exceeds Incentives
4. Max. Incentive = 5 Years' Revenue
5. Debt Limited to 10% of Project Value
6. No Impact on County Credit Rating
7. Limited Impact on Services

Project Cost

In Millions

Developer	\$118.2
Department Stores	60.0
Theatre/Out-lots	36.4
County Incentive	<u>22.0</u>
Total	\$236.6

1073

BOS01804

Community Development Authority

- Completed Financings
  - Loudoun Co. - Dulles Town Center
  - Prince William County
- Fredericksburg
- Farmville

Community Development Authority

- **Promote Economic Development**
- **Requires Petition of Property Owners**
- **CDA Board Appointed By Supervisors**
- **Authorized to ...**
  - **Fund Improvements**
  - **Issue Bonds**
  - **Levy Special Assessments**

Incentive Funding Plan

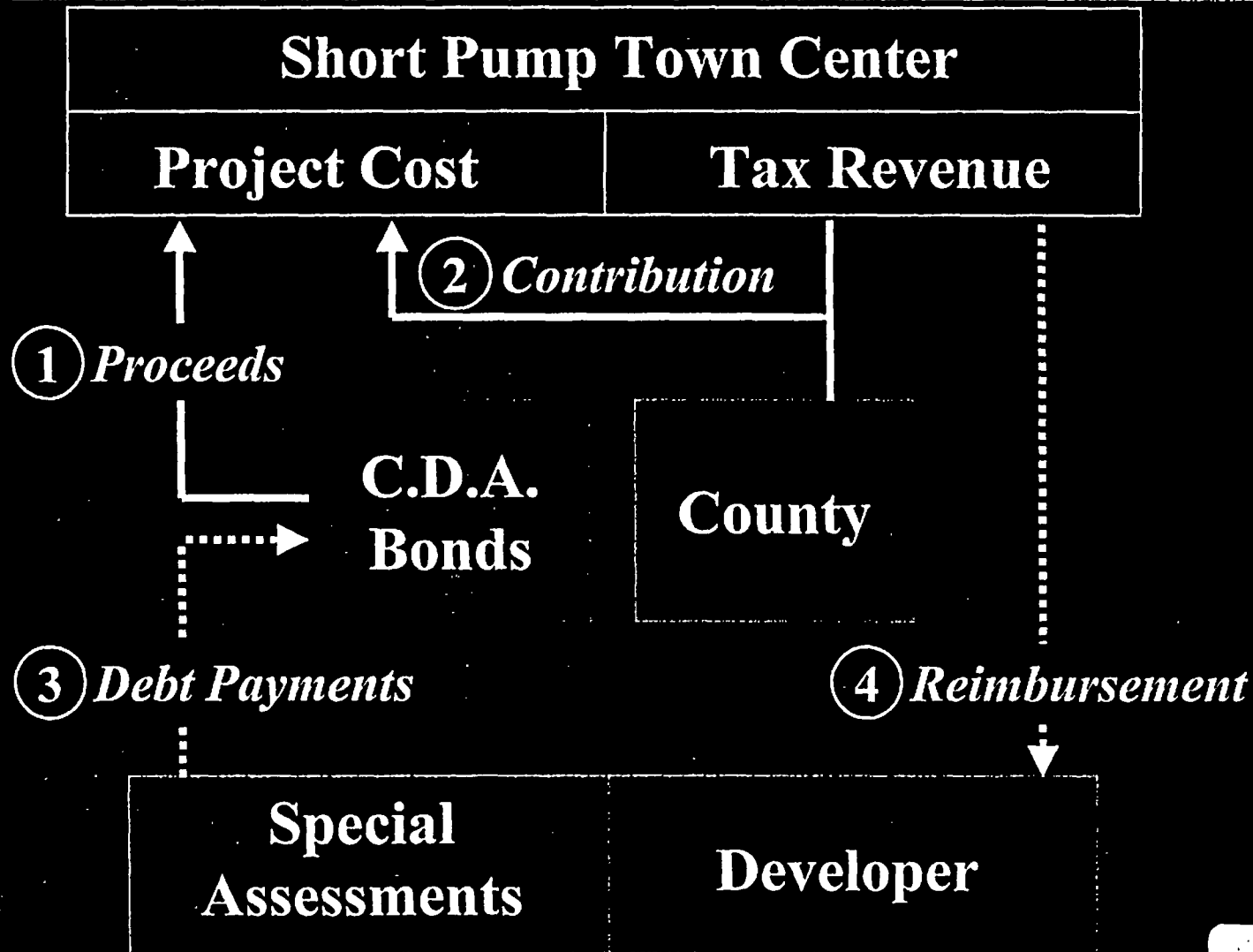
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1. CDA Bonds Construction	\$20.5
2. County Contribution	<u>1.5</u>
Total Construction Incentive	\$22.0

3. CDA Assessments = Debt Service

4. Reimburse Debt Service From
Project Tax Revenue

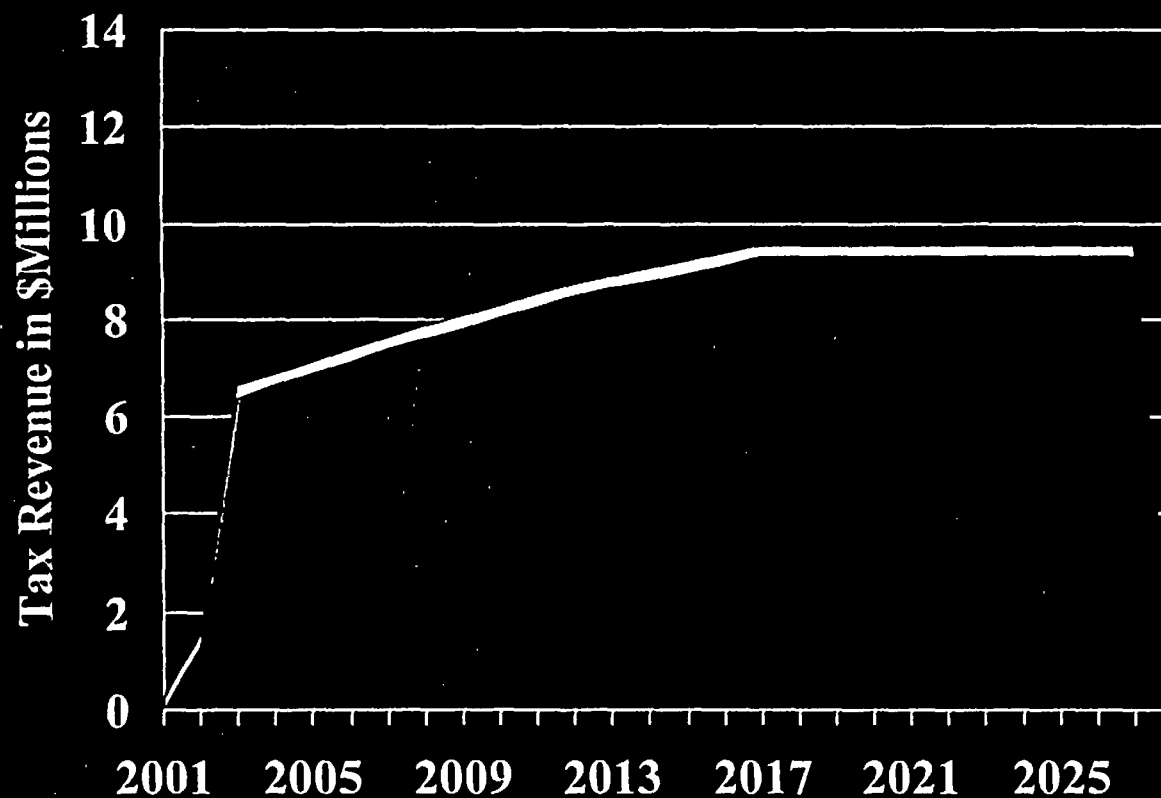
Funding Plan



Bond Issue Details

- **Total C.D.A. Issue Size: \$23.7 Million**
- **Includes Reserves & Capitalized Interest**
- **Final Maturity - 2007**
- **Tax-Exempt/Taxable**
- **Secured By Special Assessments**
- **Non-Rated**

Tax Revenue



Net Benefit   Public Investment   Current Taxes

BOS01810

Tax Revenue 2001 To 2027

- \$ 1.5 Million To Construction
  - \$ 28.2 Million To Reimburse Debt Service
  - \$184.1 Million To County
-
- \$ 75.2 P.V. of County Benefit
  - \$ 6.6 - \$9.3 Million Annually

Analysis of Potential Risks

- **Construction Not Completed**
- **Developer Fails to Pay Special Assessments**
- **Tax Revenue Fails to Meet Forecast**
- **Department Stores Close**
- **Mall Closes**

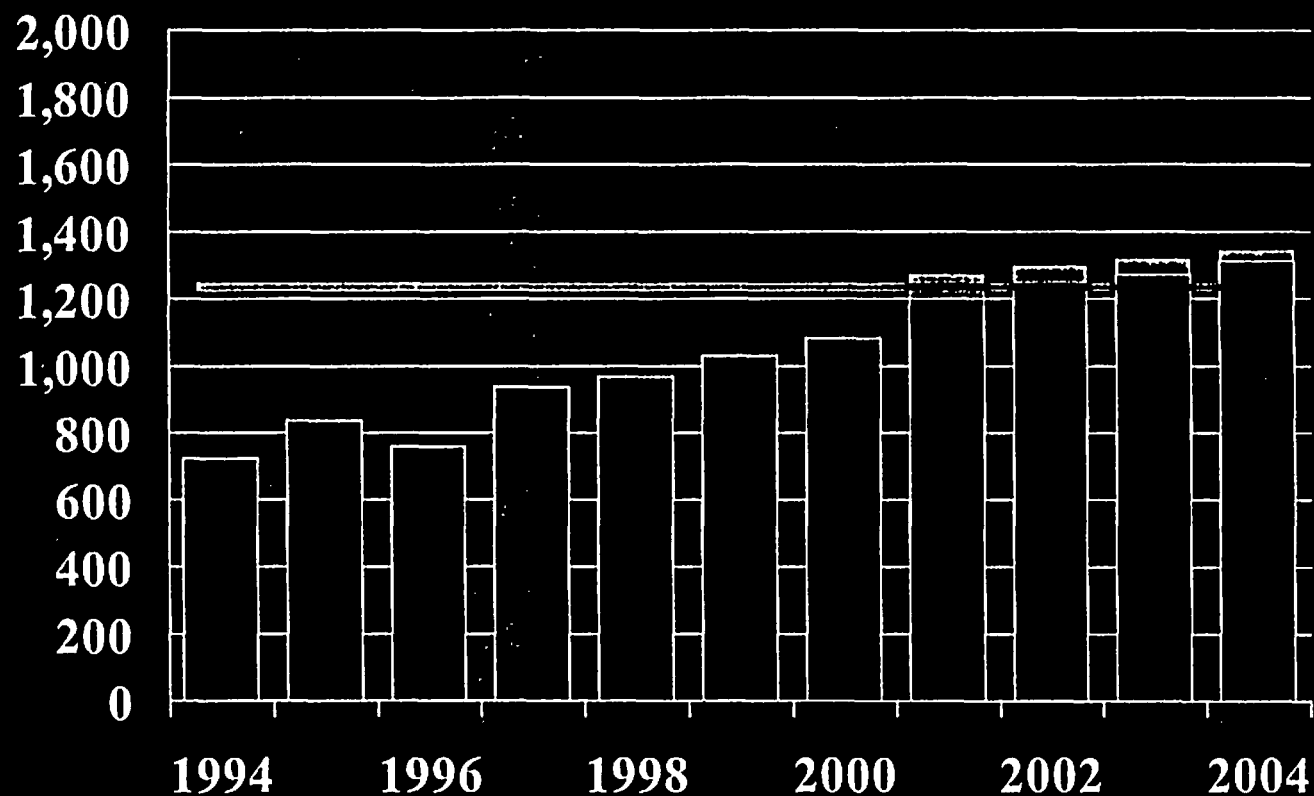
BOS01812

Credit Impact

- **C.D.A. Debt Considered Overlapping Debt**
- **Rapid Payoff of Bonds**
- **No Material Impact on Debt Ratios**
- **Expansion of Tax Base**
- **No County Pledge to Bondholders**

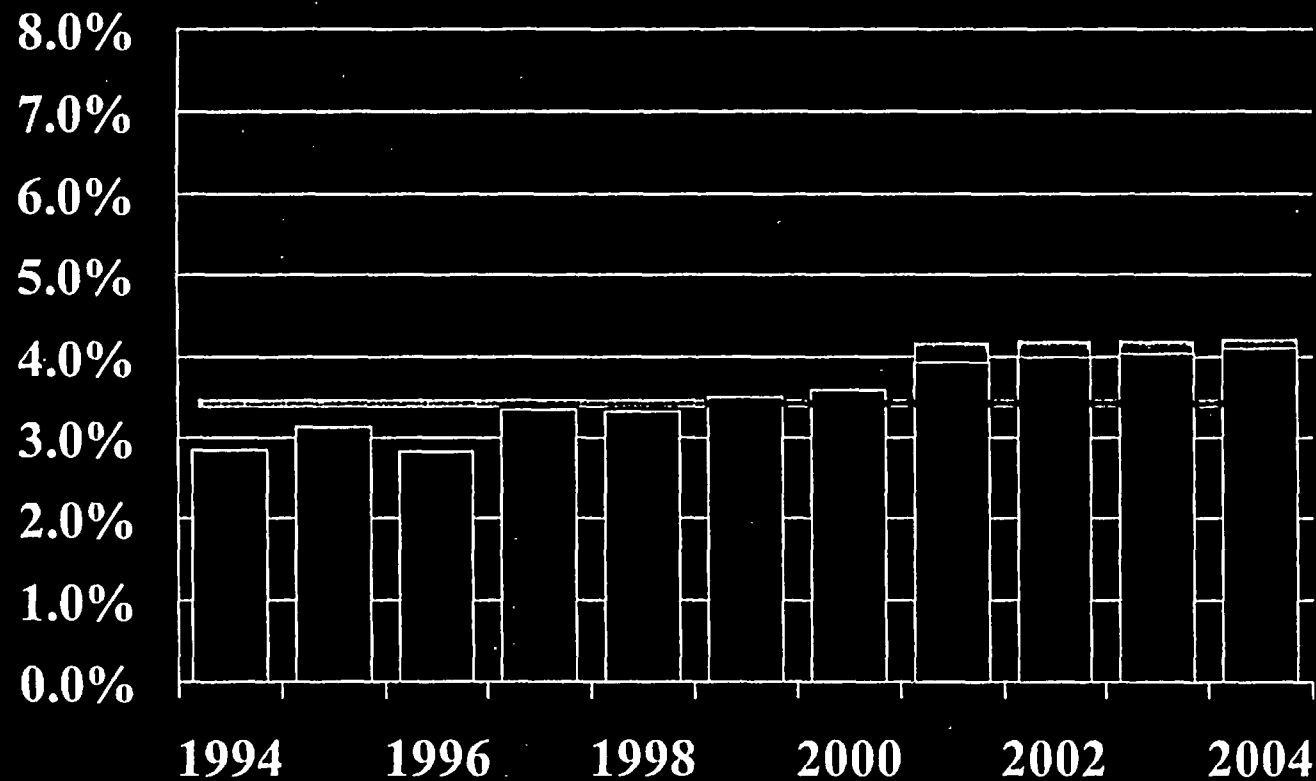
BOS01813

Debt Per Capita



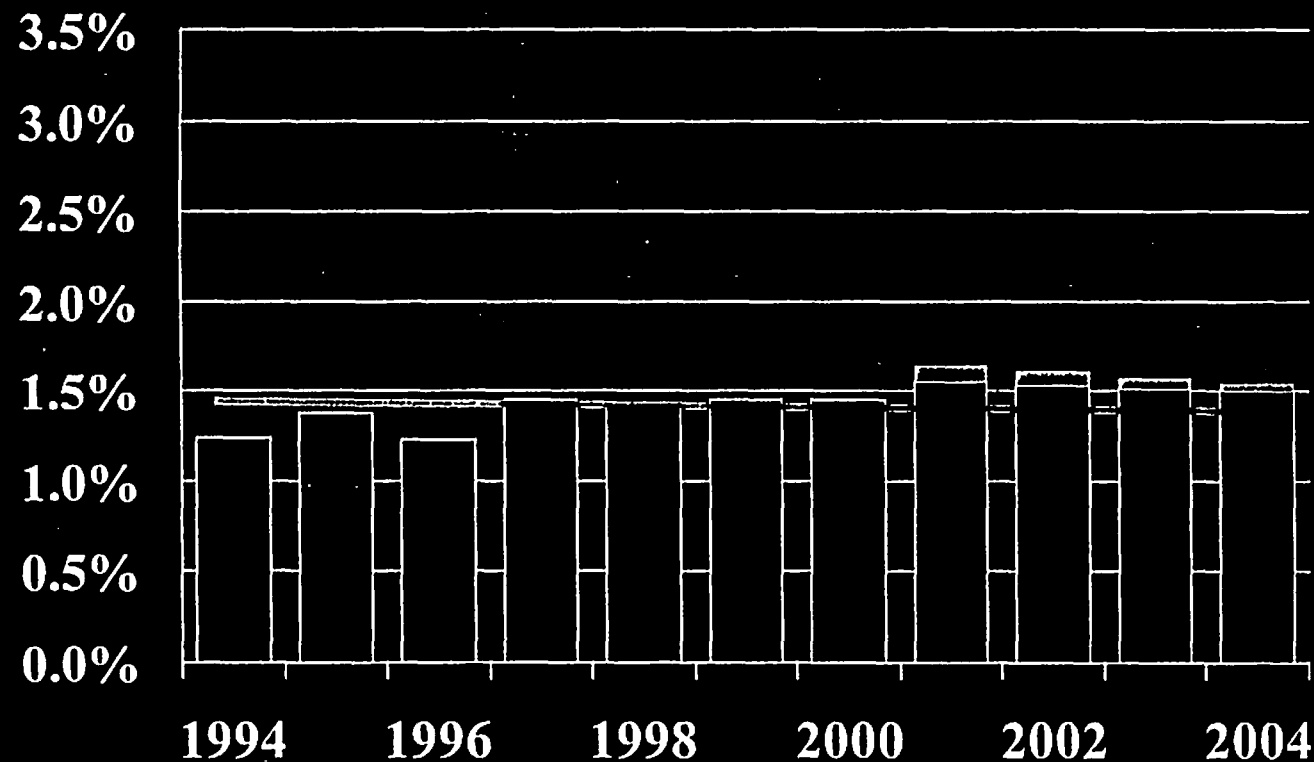
■ Henrico County ■ Project Debt — Virginia "AAA" Average

Debt vs. Total Personal Income



■ Henrico County ■ Project Debt — Virginia "AAA" Average

Debt vs. Taxable Property



■ Henrico County ■ Project Debt — Virginia "AAA" Average

Step 1 - Formation of CDA

- Landowner Submits Petition to Form CDA
- Public Hearing on Creation of CDA
- Board Adopts Ordinance or Resolution
- CDA Board Appointed By Supervisors

Step 2 - Approve Financing

- CDA Requests Special Assessment
- Supervisors
  - Levy Special Assessment
  - Approve Reimbursement Agreement
- CDA Issues Bonds
- EDA Approves Incentive Agreement

Short Pump Town Center

BOS01819

Additional Slides For Support Purposes

Criteria

---

1. Performance Based

Incentives should be performance based and funded only with actual incremental County revenue generated by the project.

Criteria

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2. Project Size

Projects which will increase the tax base significantly (including those which represent at least one percent of the tax base) are appropriate for consideration.

BOS01822

Criteria

3. Revenue Allocation

More revenue should flow to the County over time than to funding incentives. The project will then generate funding capacity for other County projects in an equal or greater amount using resources which otherwise may have been unavailable.

Criteria

---

4. Incentive Limits

Incentives generally should not exceed the incremental County revenue expected to be generated in the five years following completion of the project, or the long-term equivalent thereof.

Criteria

---

5. Debt Limits

Incentive-related debt (whether direct debt or over-lapping debt), if any, should not exceed 10% of the value of the project. It is desirable to avoid any direct debt of the County amortized over more than 5 years.

Overlapping debt should not amortize more slowly than a 15-year level debt service structure.

Criteria

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6. Credit Rating

Incentives and related financial arrangements will not adversely impact the credit rating of the County.

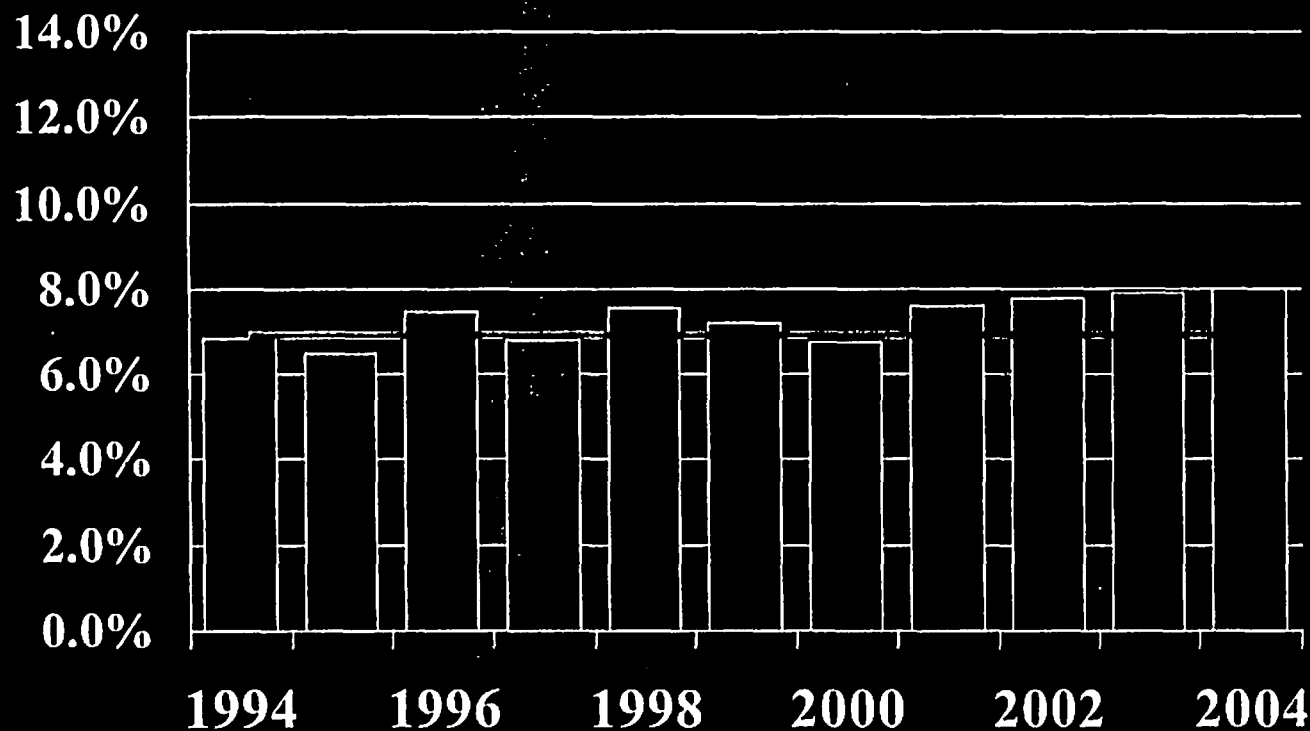
Criteria

7. Impact on Services

The project will not have a substantial impact on County services.

BOS01827

Debt Service as a % of Expenditures



□ Henrico County   □ Project Debt   — Virginia "AAA" Average

BOS01828

**ECONOMIC DEVELOPMENT AUTHORITY
HENRICO COUNTY, VIRGINIA**

[Handwritten signature]
1/7/01

To wit:

A regular meeting of the Board of Directors of the Economic Development Authority of Henrico County, Virginia was held on Thursday, July 20, 2000 in the conference room of its offices located at Villa Park, 8011 Villa Park Drive, Suite 160-B, Richmond (Henrico County), Virginia 23228.

DIRECTORS PRESENT:

John F. Hastings, Vice Chairman
S. Floyd Mays, Jr., Secretary
Raymond M. Garrett, Treasurer
J. Frank Alspaugh
Sam Kornblau

DIRECTORS ABSENT:

John M. Steele, Chairman
Julian N. Holland, Jr.

OTHERS PRESENT:

John L. Knight, Esquire, Counsel to EDA
Frederick T. Agostino, Executive Director
Leonard C. Cake, Jr., Administrative Director
B. Anthony Hall, Director of Marketing
Carol L. Terry, Administrative Assistant
Christopher G. Kulp, Esquire, Hunton & Williams
R. Hart Lee, Esquire, Williams, Mullen, Clark & Dobbins

*****

The meeting was called to order by the Vice Chairman.

*****

APPROVAL OF MINUTES

EDA00068

Mr. Knight, counsel to the Authority, distributed revised copies of the draft minutes of the June 15, 2000 meeting. Mr. Knight noted that pages two and three should be amended as follows: on page two, under Inducement Resolution, in the fourth line "Maryland" should be changed to "Maryview"; there should be a comma following the word "lease" in line ten; and the word "provided" in line twelve should be changed to "provides." On page three, under Closed Meeting – Discussion of Personnel Matters Pertaining to Performance Appraisal of Each Authority Employee Pursuant to Section 2.1-344(A)(3) of the Code of Virginia, 1950, As Amended, in the paragraph heading and in the third line, the Code section should be changed to 2.1-344(A)(1).

Mr. Kornblau moved that the minutes of the June 15, 2000 meeting be approved as amended. The motion was seconded by Mr. Garrett and unanimously approved.

*****

INDUCEMENT RESOLUTION

Mr. R. Hart Lee, an attorney with Williams, Mullen, Clark & Dobbins, bond counsel, presented a final resolution in connection with the proposed issuance of bonds for the benefit of Colonial Mechanical Corporation. Among other things, the resolution authorized the issuance of the Authority's \$5,300,000 Tax-Exempt Adjustable Mode Industrial Development Revenue Bonds (Colonial Mechanical Corporation Project), Series 2000 (the "Bonds"), the sale of the Bonds to Wachovia Securities, Inc. pursuant to a bond purchase agreement, and the loan of the proceeds to Colonial Mechanical pursuant to a loan agreement.

Mr. Lee entertained questions from the directors.

Mr. Knight noted that he found the resolution to be in order.

EDA00069

JUL 20 2000

1099

On motion of Mr. Kornblau, seconded by Mr. Mays, the resolution was unanimously approved, with Messrs. Alspaugh, Garrett, Hastings, Kornblau, and Mays all voting "aye."

A copy of the resolution is attached to and made a part of these minutes.

*****

PUBLIC HEARING - RESOLUTION

Mr. Christopher G. Kulp, an attorney with Hunton & Williams, bond counsel, presented a final resolution in connection with the proposed issuance of limited payment obligations for the benefit of Bon Secours Health System, Inc. and related entities (together "BSHSI"). Among other things, the resolution authorized the execution of a lease among Fleet Healthcare Finance, the Authority, and BSHSI, with the terms of the limited payment obligations as set forth in the lease including the principal amount of \$5,272,621.58.

This being a public hearing, the Vice Chairman asked whether anyone wished to speak to the resolution. No one spoke.

Mr. Knight advised the directors that he found the resolution to be in order.

On motion of Mr. Kornblau, seconded by Mr. Alspaugh, the resolution was unanimously approved, with Messrs. Alspaugh, Garrett, Hastings, Kornblau, and Mays all voting "aye."

A copy of the resolution is attached to and made a part of these minutes.

*****

EDA00070

REPORT OF RELOCATION COMMITTEE

Mr. Garrett, a member of the Relocation Committee, reported that the committee had met recently to discuss the future relocation of the Authority's offices. A lengthy discussion ensued and Mr. Garrett and the Executive Director responded to directors' questions.

Discussion turned to the June 28, 2000 memorandum from Mr. Knight regarding the "Use of Tax-Exempt Bonds to Finance Henrico EDA Building." It was the recommendation of the committee and the informal consensus of the directors that if the decision to buy or build were made, if practical, the Authority should pursue tax-exempt financing or paying cash.

Mr. Garrett commended staff for developing information for the committee's use. Mr. Garrett also promised that the Relocation Committee would keep the other Authority directors apprised of its progress.

*****

STAFF SUMMARY REPORT

The attached "Staff Written Summary Report" was submitted to the directors for their review and consideration prior to the meeting.

*****

The Executive Director reminded the directors that a demonstration of the Authority's web site had been arranged for Wednesday, August 30, 2000 at 10:00 a.m. in the County Manager's conference room on the third floor of the County's administration building.

*****

The Administrative Director reported that the appreciation luncheon for the volunteers who serve on the EDA/Chamber existing business committee was held on June 21, 2000. Messrs. Garrett, Holland, and Mays represented the Authority's Board of Directors at the

EDA00071

JUL 20 2000

1101

luncheon and found the volunteers very enthusiastic. The goal for the number of company visits for this past year was 200, and the actual number of visits made was 256. Of the 256 companies visited, 91 requested assistance. Twenty-six companies currently located in Henrico County will expand in the next twelve to eighteen months. The Administrative Director invited the directors to serve as volunteers on the committee.

*****

Each director was provided a copy of a press release from Mr. Ralph L. "Bill" Axselle, Jr., an attorney with Williams, Mullen, Clark & Dobbins law firm, regarding Short Pump Town Center, a proposed mall to be built in western Henrico County. The Executive Director indicated that the Authority will be asked to act as a conduit for one portion of a complex financial plan. The Authority will be briefed in detail on the proposal by a County representative.

*****

The Executive Director distributed a memorandum outlining travel plans for the Director of Marketing and himself for the second half of calendar year 2000.

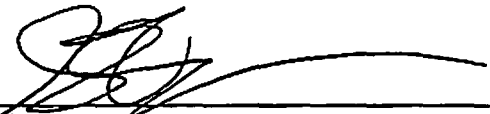
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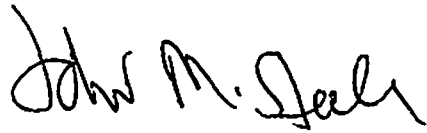
Mr. Alspaugh discussed the SEUS-Japan meeting to be held in Norfolk, Virginia on October 1-3, 2000. He explained that this year is the twenty-fifth anniversary of the organization. Mr. Alspaugh asked whether the other directors would be interested in attending if additional invitations were to become available. Messrs. Mays and Garrett expressed an interest in attending.

*****

There being no further business, the meeting was adjourned at 7:40 p.m.

EDA00072


S. Floyd Mays, Jr.
Secretary


John M. Steele
Chairman

August 17, 2000
Date

EDA00073

JUL 20 2000

0178
RECEIVED JUN 29 2000
....

MEMORANDUM

By Hand

TO: Virgil R. Hazelett

FROM: Ralph L. "Bill" Axselle, Jr.

CC: Honorable James B. Donati, Jr.
Honorable Richard W. Glover
Honorable David A. Kaechele
Honorable Patricia S. O'Bannon
Honorable Frank J. Thornton
Leon T. Johnson
Robert K. Pinkerton
Harvey L. Hinson
Coral C. Gills
Joseph P. Rapisarda, Jr., Esquire
John L. Knight, Esquire
Bonnie France, Esquire
James M. Traudt
Peter L. Boisseau
Forest City Enterprises
Pruitt Associates
Phillip deB. Rome, Esquire

DATE: June 27, 2000

RE: Short Pump Town Center

Accompanying this memo is a copy of the press release and various documents to be used in our discussions with the press today, Tuesday, June 27. I am also forwarding a copy to the other appropriate County officials. As you can tell, the press release and information is for release on Friday, June 30th. I basically wanted you and everyone else to have an opportunity to familiarize yourself with this document before that time.

RLA

ENWMCDLIB\BILLAXS0633879.01

EDA00074

Short Pump Town Center LLC

June 27, 2000

HOLD FOR RELEASE ON FRIDAY, June 30, 2000

Contacts:	Nancy McCann	Ross Richardson
	Forest City Enterprises	McKenzie•Owen Public Relations
	(216) 416-3004	(804) 344-8282

Short Pump mall developer to ask Henrico supervisors
for \$22 million in performance-based financing for infrastructure

Community Development Authority would issue bonds;
Developer, not county, would be responsible for debt

RICHMOND--June 30, 2000--Forest City Enterprises Inc., the national developer that plans to build an upscale fashion mall in western Henrico, will ask the county's Board of Supervisors to provide \$22 million in financial assistance for public infrastructure improvements by creating a Community Development Authority (CDA).

This new CDA would issue bonds, which would be secured solely by a special assessment levied on the property. Henrico would have no obligation to repay bond investors.

Forest City will also ask, however, that Henrico agree to offset the bond costs if the center performs as expected. The county's new tax revenue from the shopping center would be used to provide an incentive up to the amount of the bond payments.

Henrico will net about \$185 million in new tax revenue in the 25 years after the mall opens. That figure excludes the \$22 million for the public improvements and debt service, according to an analysis of anticipated tax revenue.

(more)

EDA00075

A petition by the landowners is expected to be on the Board of Supervisors' agenda for its July 25 meeting. Under the state law, supervisors must hold a public hearing before creating a CDA. If authorized by the board, this hearing is expected to be September 12.

Forest City Enterprises announced plans on April 11th to develop the open-air mall on West Broad Street at Lauderdale Road. It will include the first Nordstrom and Lord & Taylor's department stores in central Virginia. The project will also feature "flagship" Dillard's and Hecht's stores. It is scheduled to open in September, 2002.

The CDA financing structure is designed to eliminate any county funds "at risk" through its investment in such a project. By using a CDA to issue the bonds, mall owners--not the county--would be obligated to repay the bonds.

The project would pay any special CDA assessment billed by the county above its real estate tax rate, which would be sufficient to pay off the CDA bonds within five years.

"In light of the realities involved in developing new shopping malls, this request is superior because no county money would be at risk," said Ralph L. "Bill" Axselle Jr., an attorney representing Short Pump Town Center LLC. Axselle explained that almost no new fashion malls are being built today without public financing incentives.

"All the requested incentives will be offset by increased tax revenue and the county will still net at least \$185 million in new tax revenue," Axselle noted. "Henrico stands to enjoy a significant return on its investment, averaging more than \$8.5 million a year after the bonds are retired. That's a tremendous amount of additional revenue that can be used for schools, law enforcement and other governmental purposes."

The performance-based financial plan uses conservative sales and tax revenue projections, which provide additional protection for the county's taxpayers, he added.

(more)

EDA00076

Other safeguards for the county include guarantees by Forest City that construction will be completed in full in accordance with the project's amended plan of development (POD), as approved by the county.

Projected tax revenue is based on conservative sales projections for the mall. For example, projections for Short Pump Town Center are based on a sales-per-square-foot of only \$300 during the year 2003, its first full year of operation. Regency Square's sales were \$378 per-square-foot in 1997.

The developer's proposal assumes the project will be assessed at the initial \$236 million investment, but that figure does not anticipate any tax revenue from parts of the property that will be developed in the future. The proposal also assumes that current real estate property and other tax rates will remain unchanged during the 25 years following the center's opening.

Finally, the projected additional revenue for the county does not include the portion of the state's sales tax that is returned to the county for education.

Forest City has letters of intent from the four major department stores to operate for a minimum of 15 years. The remaining more than 400,000 square feet will be occupied by more than 100 nationally recognized boutiques and specialty stores, many new to this area. Details about those stores will be announced as rental agreements are completed.

Forest City Enterprises Inc. is a \$3.6 billion (NYSE: FCEA and FCEB) real estate company based in Cleveland principally engaged in the ownership, development, and management of commercial and residential real estate throughout the United States. The company's portfolio of property investments includes interests in 16.8 million square feet

(more)

EDA00077

of retail space in 41 shopping centers; 33,700 residential units in 114 apartment communities; 7.1 million square feet in 24 office buildings, and 3,000 rooms in nine hotels. This diversified portfolio is operated by regional offices in New York, Los Angeles, Boston, Tucson, Denver, Washington D.C. and San Francisco.

# # #

EDA00078

SHORT PUMP TOWN CENTER

PROJECT SUMMARY

Concept: High-end, upscale retail shopping at a two-story, "open-air" pedestrian mall

Major Anchor Department Stores:

- Lord & Taylor--a 140,000-square-foot store. Lord & Taylor, a division of The May Department Stores Company (NYSE: MAY), operates 79 stores in 18 states throughout the country and the District of Columbia. The chain currently does not have a location in central Virginia.
- Hecht's--a 205,000-square-foot space, which will be a "flagship" store for the chain. Hecht's, also a division of The May Department Stores Company, operates 74 stores in six states and the District of Columbia. Hecht's currently operates four stores in the Richmond market.
- Dillard's (NYSE: DDS)--a 205,000-square-foot flagship store. Dillard's currently operates three stores in the Richmond market. The company has more than 340 stores in 29 states.
- Nordstrom (NYSE: JSN)--a 144,000-square-foot store. Seattle-based Nordstrom operates 104 stores throughout the country. The company's three Virginia stores are located in Norfolk, Tyson's Corner and Pentagon City.

Location: West Broad at Lauderdale, (between Broad and I-64, across from Lauderdale; west of Pump Road/Pouncey Tract Road)

Size of Project: More than 1.1 million square feet of premiere shopping on 147 acres

Project Investment: \$236 million.

Developer:

- Forest City Enterprises (or its affiliate), a NYSE-listed real estate company, based in Cleveland with retail, office, hotel and residential developments across America.

EDA00079

Additional owner:

- MJGT Associates, a local development firm owned by the Pruitt family, which has numerous retail, office and residential developments in the Richmond area.

Schedule: Begin construction in early 2001; open in September, 2002.

Development Activities: Property is properly zoned with approved plan of development (POD), which will be amended due to expansion of the mall from two to four department stores.

Other Tenants: Approximately 350,000 square feet of upscale retailers and restaurants; formal announcements of such tenants to be made as leasing progresses. Anticipate more than 100 additional retailers and restaurants. Illustrative of the type of potential retailers: Galyan's Trading Company, Crate & Barrel, Restoration Hardware and Pottery Barn. Illustrative of restaurants likely to be in the center: P. F. Chang's China Bistro, Napa Valley Grill, Morton's Steakhouse and Il Forno.

EDA00080

SHORT PUMP TOWN CENTER

NON-REVENUE BENEFITS

Higher Quality Shops: Provide higher quality shopping opportunities for Richmond area residents and other Virginians who will visit area to shop.

Quality of Life: Enhancement to quality of life of area residents by providing shopping opportunity for which they now must travel to Tyson's, etc. Unlike those distant shopping sites, Short Pump Town Center will have real community involvement and activities of interest to the entire Greater Richmond community.

Destination for Visitors: Provide appealing option for area tourists and especially those visiting new expanded Convention Center.

Reputation: Enhance reputation of greater Richmond area.

Employment Opportunities: Create an estimated 4,000 permanent jobs; 3,000 with Short Pump Town Center and an additional 1,000 in the future.

Standard: Establish a higher standard for future retail development along Broad Street, moving from the big box/strip center users to higher quality development.

Access to I-64: Provide additional justification for another access to I-64 at Gayton Road extended.

Future: Set the stage for a potential conference center/hotel in western Henrico.

EDA00081

JUL 20 2000

1111

SHORT PUMP TOWN CENTER

COUNTY FINANCIAL ASSISTANCE STRUCTURED SO IT:

- ❖ Does not adversely impact Henrico's current Triple-A bonded indebtedness rating.
- ❖ Does not have any negative impact on the county's debt capacity.
- ❖ Is not debt of the county.

PRE-CONDITIONS TO ANY COUNTY FINANCIAL ASSISTANCE

- ✓ The parent company of Forest City Enterprises will provide a construction guarantee of the completion of Short Pump Town Center as approved by the county in the plan of development (POD).
- ✓ All four major retailers must commit to the center--Nordstrom, Lord & Taylor, Dillard's and Hecht's.
- ✓ All four major retailers must execute agreements to operate at the Short Pump Town Center in those names for 15 years.
- ✓ There will be no county reimbursement for debt service incurred by the property owner in the Community Development Authority (CDA) unless and until such amounts shall have been received by the county as incremental tax revenues from the property.

EDA00082

JUL 20 2000

SHORT PUMP TOWN CENTER

HENRICO COUNTY FINANCIAL INVOLVEMENT

Community Development Authority

- ✓ Community Development Authority (CDA) requested by property owner for property in project.
- ✓ CDA must be approved and appointed by Henrico Board of Supervisors.
- ✓ CDA issues bonds for public infrastructure improvements.
- ✓ Bonds are secured by a special assessment on real estate within the CDA.
- ✓ CDA assesses property owners in an amount equal to the debt service payments on CDA bonds, likely over a five year period.
- ✓ Property owners obligated to pay special assessment to CDA for it to pay bond investors.
- ✓ Henrico agrees to pay the bond costs instead from, *and conditioned on*, its receipt of *net incremental tax revenue* generated from this project.

Henrico's only obligation is to pay from the county's increased tax revenue from the project an amount not to exceed the bond payments.

EDA00083

JUL 20 2000

1113

SHORT PUMP TOWN CENTER

COMMUNITY DEVELOPMENT AUTHORITY

- **State law--**Virginia law allows property owners to ask their county (or city) to create a Community Development Authority (CDA) to provide improvements and infrastructure. A CDA is created upon the petition of the property owners, with the Board of Supervisors approving creation of the CDA, appointing the members of the CDA Board, and levying the assessments in the CDA.
- **Authority of CDA--**The CDA is authorized to fund improvements, issue bonds and request the Board of Supervisors to levy special assessments on the property owners.
- **Other Virginia CDAs--**The concept has been used on several occasions in Virginia, including the Reston Town Center in Fairfax County and Dulles Town Center in Loudoun County. At least seven other projects are under development in the state.
- **CDA debt is NOT debt of the locality--**Any debt issued by a CDA is not a liability of the locality. Thus, the debt of this proposed CDA would not be considered debt of Henrico County.

EDA00084

JUL 20 2000

SHORT PUMP TOWN CENTER**CONSERVATIVE TAX REVENUE ASSUMPTIONS**

- **Sales Per Square Foot:** The proposal assumes \$300 in sales per square foot of retail space in the year 2003, the first full year the mall will operate; Regency Square had \$378 in sales per square foot in 1997.
- **Real Property Assessments:** The proposal assumes the project will be assessed at the initial \$236 million project investment.
- **No Increase in Real Property Tax Rates:** The proposal assumes that the current real property tax rate of \$.94 per \$100 will remain unchanged for the next 25 years.
- **No Increase in Other Tax Rates:** The proposal assumes that there will be no increase in the rates for personal property tax, BPOL tax and sales tax during the next 25 years.
- **No Revenues From Sales Tax For Education:** The proposal does not include in its analysis tax revenues from that portion of the state sales tax that comes back to Henrico for education.
- **No Revenue From Future Development:** The proposal does not assume tax revenues from that part of the property to be developed in the future that lies "outside the loop" of Short Pump Town Center and not along Broad Street. In other words, there are additional land/improvements that will generate additional revenues that were not assumed in the proposal.

EDA00085

JUL 20 2000

1115

SHORT PUMP TOWN CENTER

FINANCIAL BENEFITS

Fourth Largest Tax Revenue Generator in Henrico: Project will be the fourth largest tax revenue generator in Henrico, after White Oak Semiconductor, Virginia Power and BellAtlantic.

Sources of Revenue: Primarily tax revenues through the one percent local sales tax and that portion of state sales tax returnable to localities for education; real property tax; personal property tax; BPOL.

General Purpose Revenue to Henrico (25 operating years):

- More than \$210 million of incremental tax revenues to County. ("Incremental" means increase in tax revenues over what would otherwise be available from property.)
- Henrico is projected to receive approximately \$8.5 million a year on average in incremental tax revenue over a 25 year period, after allowing for the county to use incremental tax revenue to cover the \$22 million in bonds for infrastructure.

EDA00086

SHORT PUMP TOWN CENTER

PUBLIC FINANCING INCENTIVES FOR RETAIL/OFFICE CENTERS

- **Local Government Participation in Financial Aspects of Development:** Because of the cost associated with development of desired office and retail shopping centers, local government financial participation is both necessary and the norm today to remain competitive for desired specialized facilities.
- **Local Government Responsibility for Participation in Development-Related Debt:** While the participation by local government is often sizable and is often a direct legal obligation of such jurisdiction, the proposal before Henrico County is neither relatively sizable nor would it be a debt of the County.
- **Examples of Existing or Proposed Virginia Local Government Participation:**

LOCALITY	PROJECT	TOTAL COST OF PROJECT	AMOUNT* OF LOCALITY'S PARTICIPATION	LOCALITY LIABLE FOR DEBT?
Norfolk	MacArthur Center	\$300,000,000	\$103,000,000	Yes
Virginia Beach	The Town Center	\$167,000,000	\$52,000,000	Yes
Newport News	Oyster Point TC	\$300,000,000	\$40,500,000	Yes
Richmond	Park at Stony Point	\$300,000,000	\$33,385,000**	Yes
County of Henrico	Short Pump TC	\$236,000,000	\$22,000,000	No

* Excludes debt service and expenses

**Competing proposal for comparable project

EDA00087

JUL 20 2000

1117

Short Pump Town Center

Presentation To:

**Henrico County
Board of Supervisors**

*Davenport & Company LLC
July 25, 2000*

BOS01780

Submitted 1/21/00

1118

Short Pump Town Center

- **Location - West Broad at Lauderdale**
- **Developers:**
  - **Forest City Enterprises, Inc.**
  - **MJGT Associates, LLC**
- **Assessed Value: \$236 Million**
- **Schedule - Jan. 2001 - July 2002**
- **Fourth Largest County Taxpayer**
- **Competitive Impact**

Major Tenants

- **Nordstrom - High End**
- **Hecht's - Flagship Store**
- **Dillard's - Flagship Store**
- **Lord & Taylor - Specialty Retail**

Proposal

Creation of a Community Development Authority to Provide Financing for a Portion of the Project

1121

Criteria For Economic Development Incentives

Criteria for Economic Incentives

1. **Funded With New Project Revenue**
2. **Minimum Size 1% Tax Base**
3. **County Revenue Exceeds Incentives**
4. **Max. Incentive = 5 Years' Revenue**
5. **Debt Limited to 10% of Project Value**
6. **No Impact on County Credit Rating**
7. **Limited Impact on Services**

Project Cost Breakdown

In Millions

Developer	\$ 118.2
Department Stores	60.0
Out-parcels	36.4
County Incentive	<u>22.0</u>
Total	\$ 236.6

Incentive Cost Breakdown

In Millions

• Utilities	\$ 3.2
• Roads	4.1
• Parking	5.7
• Public Space	7.6
• Other	<u>1.4</u>
Total	\$ 22.0

BOS01787

Community Development Authority

- **Completed Financings**
  - **Loudoun Co. - Dulles Town Center**
  - **Prince William County (2 Projects)**
  - **Incentives**
- **Fredericksburg**
- **Farmville**

BOS01788

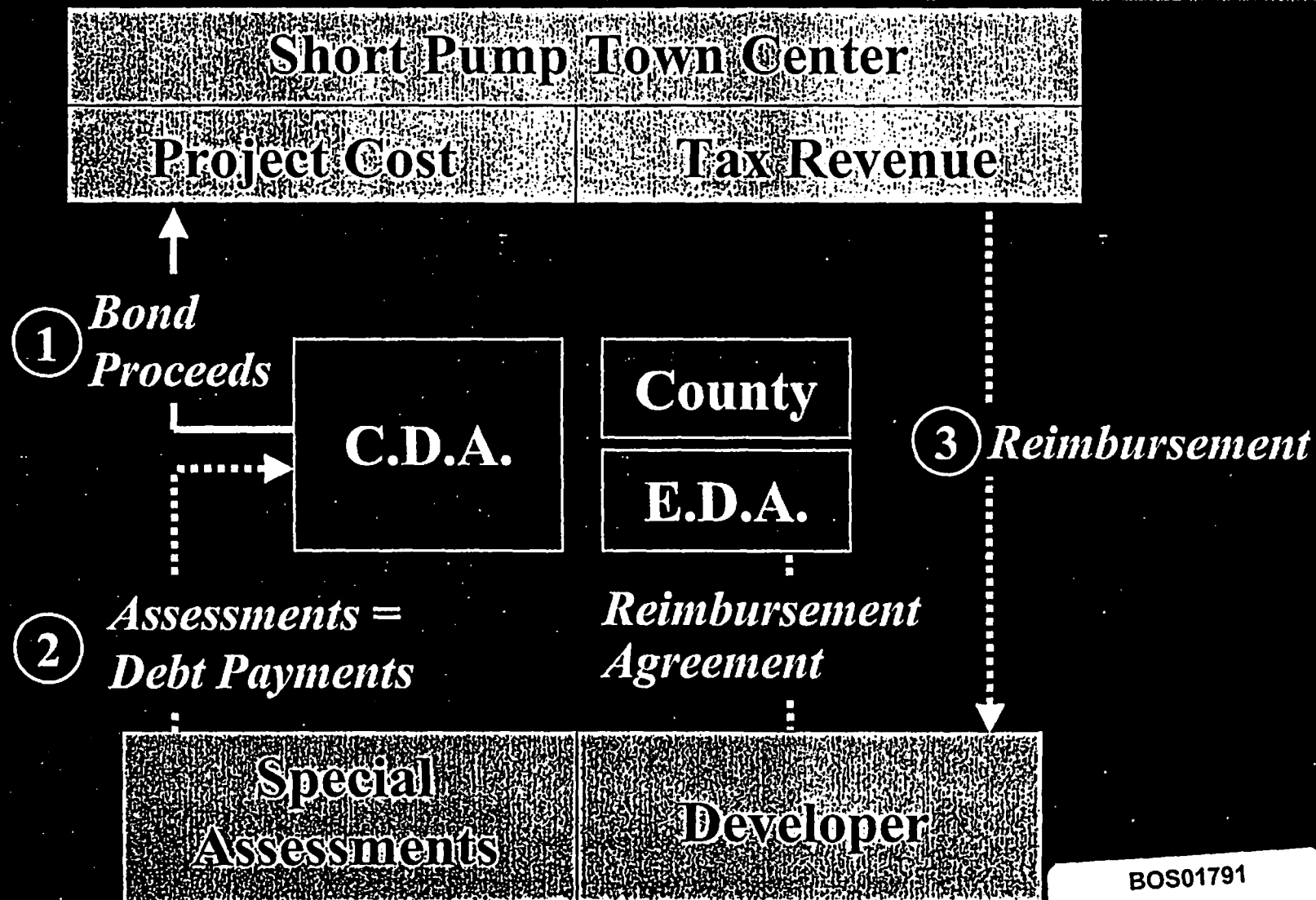
Community Development Authority

- Promote Economic Development
- Requires Petition of Property Owners
- CDA Board Appointed By Supervisors
- Authorized to ...
  - Fund Improvements
  - Issue Bonds
  - Levy Special Assessments

Incentive Funding Plan

1. CDA Bonds Fund \$22.0 Million of Construction
2. CDA Assessments = Debt Service Plus Administrative Costs
3. Reimburse Debt Service From Total Project Tax Revenue

Funding Plan



BOS01791

Bond Issue Details

- **Total C.D.A. Issue Size: \$25.5 Million**
- **Includes Reserves & Capitalized Interest**
- **Final Maturity - 2007**
- **Tax-Exempt/Taxable**
- **Secured By Special Assessments**
- **Non-Rated**

Community Development Authority

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*Submitted
1/21/2001*

Presentation To:

**Henrico County
Economic Development Authority**

September 21, 2000

EDA00034

Proposal

**To Create A Community Development
Authority to Provide Financing for A
Portion of A Major New Project**

Community Development Authority

- **To Promote Economic Development**
- **Authorized to ...**
  - **Request Special Assessments**
  - **Fund Improvements**
  - **Issue Bonds**

Community Development Authorities In Virginia

- **Loudoun Co. - Dulles Town Center**
- **Prince William County (2 Projects)**
- **Fredericksburg**
- **Farmville**

The Project - Short Pump Town Center

- **Location - West Broad at Lauderdale**
- **Developers:**
  - **Forest City Enterprises, Inc.**
  - **MJGT Associates, LLC**
- **Estimated Assessed Value: \$236 Million**
- **Construction Schedule - Jan. 2001 - July 2002**
- **Fourth Largest County Taxpayer**

Major Tenants

- **Nordstrom - High End**
- **Hecht's - Flagship Store**
- **Dillard's - Flagship Store**
- **Lord & Taylor - Specialty Retail**

Project Cost Breakdown

In Millions

Developer	\$ 118.2
Department Stores	60.0
Out-parcels	36.4
CDA Financing	<u>22.0</u>
Total	\$ 236.6

1137

CDA Financing Breakdown

In Millions

• Utilities	\$ 3.2
• Roads	4.1
• Parking	5.7
• Public Space	7.6
• Other	<u>1.4</u>
Total	\$ 22.0

CDA Financing Plan

- Special Assessment=One Year's Debt Service on The Bonds
- CDA Issues Bonds to Fund \$22 million in Improvements
- Tax Revenues from The Project And Special Assessments Pay Debt Service on \$22 Million of CDA Bonds
- Debt Is Paid Off Five Years After Construction Is Completed

EDA's Involvement

Funding to Pay Debt Service on The CDA Bonds:

**From The Developer to,
The County to,
The EDA to,
The CDA.**

Bond Issue Details

- **Total CDA Issue Size - \$25.5 Million**
- **Includes Reserves & Capitalized Interest**
- **Final Maturity - 2007**
- **Tax-Exempt/Taxable**
- **Secured By Special Assessments**

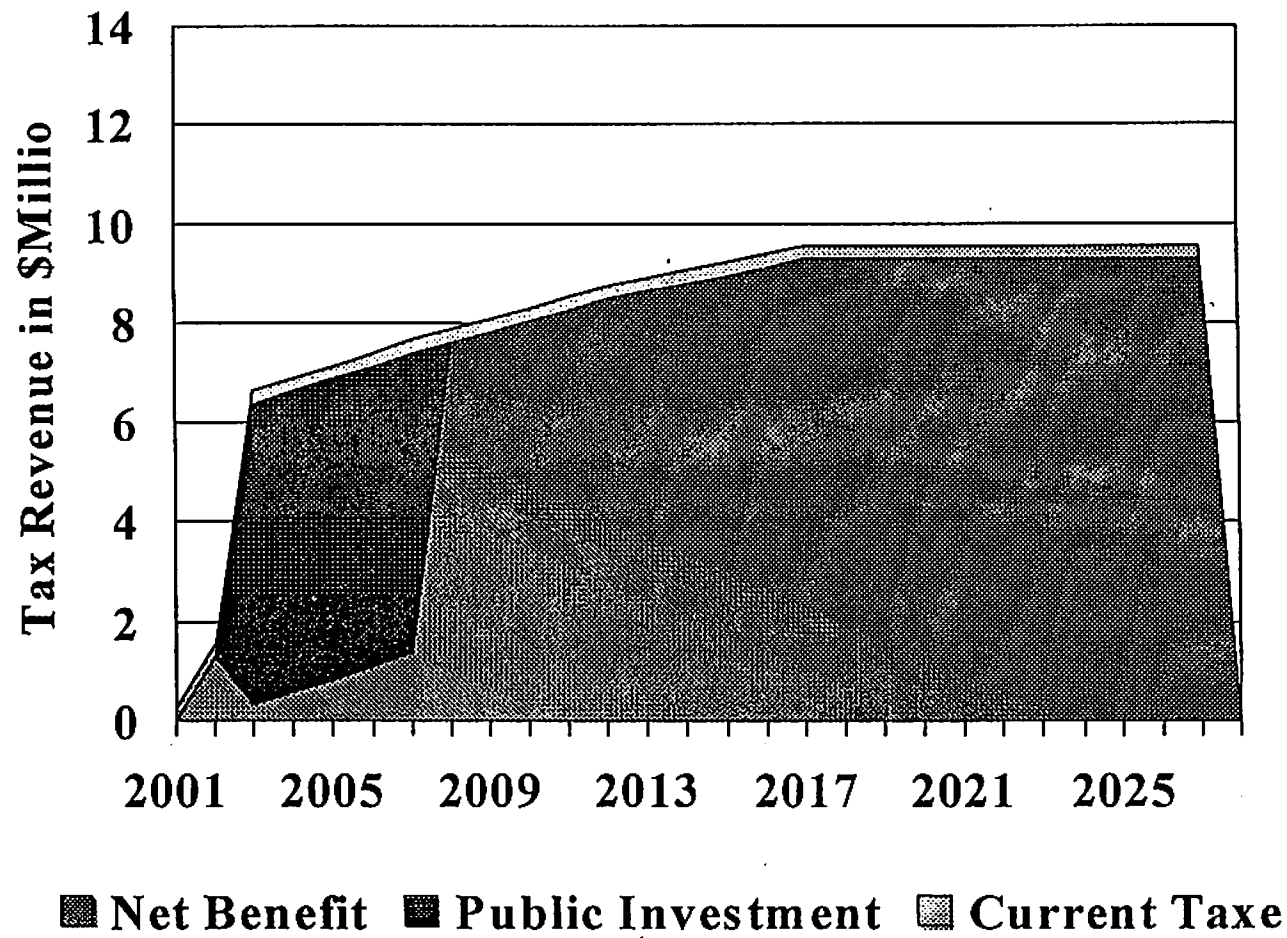
Tax Revenue 2001 To 2027

- **\$ 30.3 Million To Reimburse Debt Service**
- **\$183.5 Million To County**
- **\$ 75.0 Million P.V. County Benefit**
- **\$ 6.3 - \$9.3 Million Annually**

Potential Risks

- **Construction Not Completed**
- **Developer Fails to Pay Special Assessments**
- **Tax Revenue Fails to Meet Forecast**
- **Department Stores Close**
- **Mall Closes**

Tax Revenue



Community Development Authority

Presentation To:

**Henrico County
Economic Development Authority**

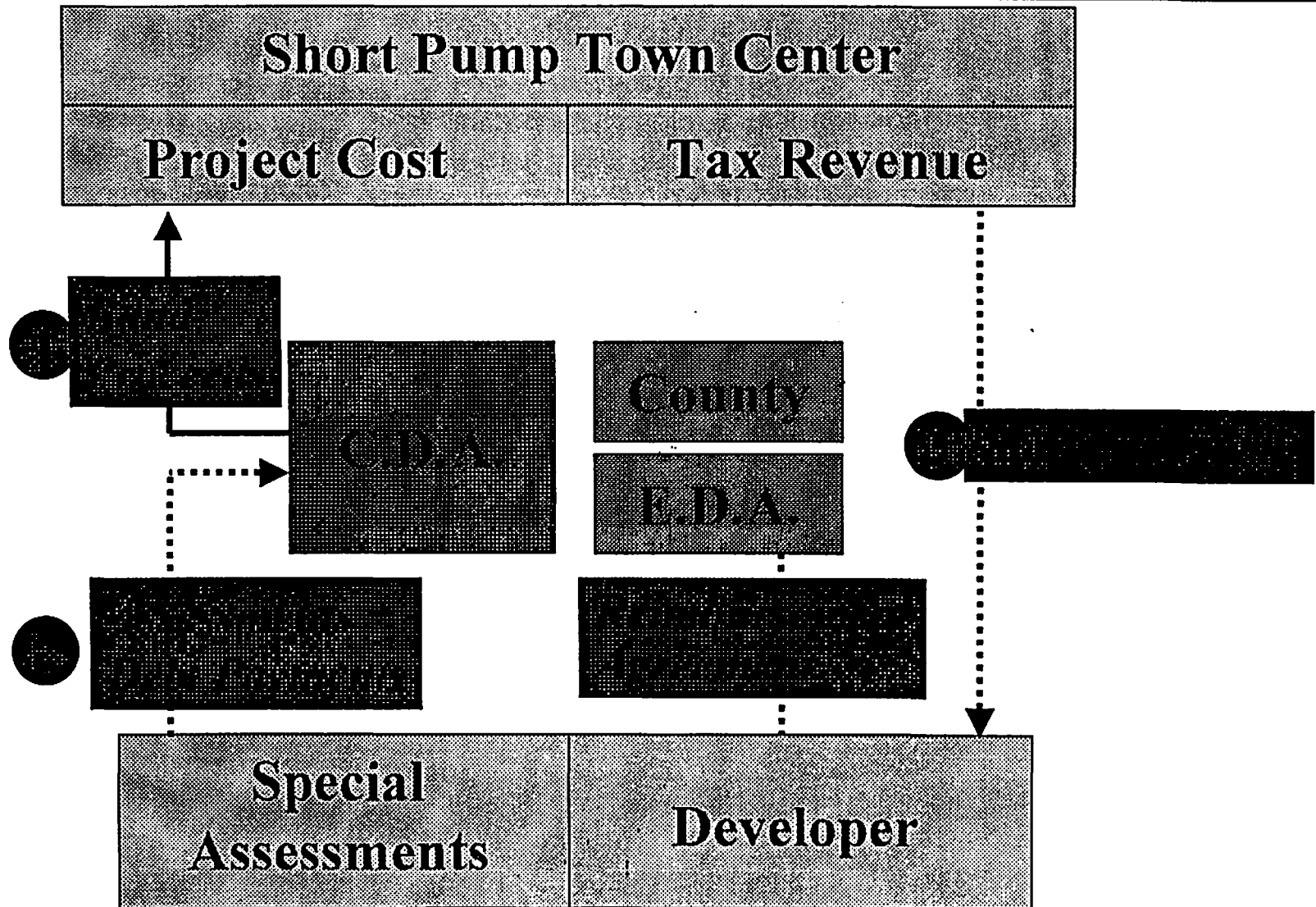
September 21, 2000

EDA00048

Credit Impact

- **C.D.A. Debt Considered Overlapping Debt**
- **Expansion of Tax Base**
- **Rapid Payoff of Bonds**
- **No County Pledge to Bondholders**
- **No Material Impact on Debt Ratios**

Funding Plan

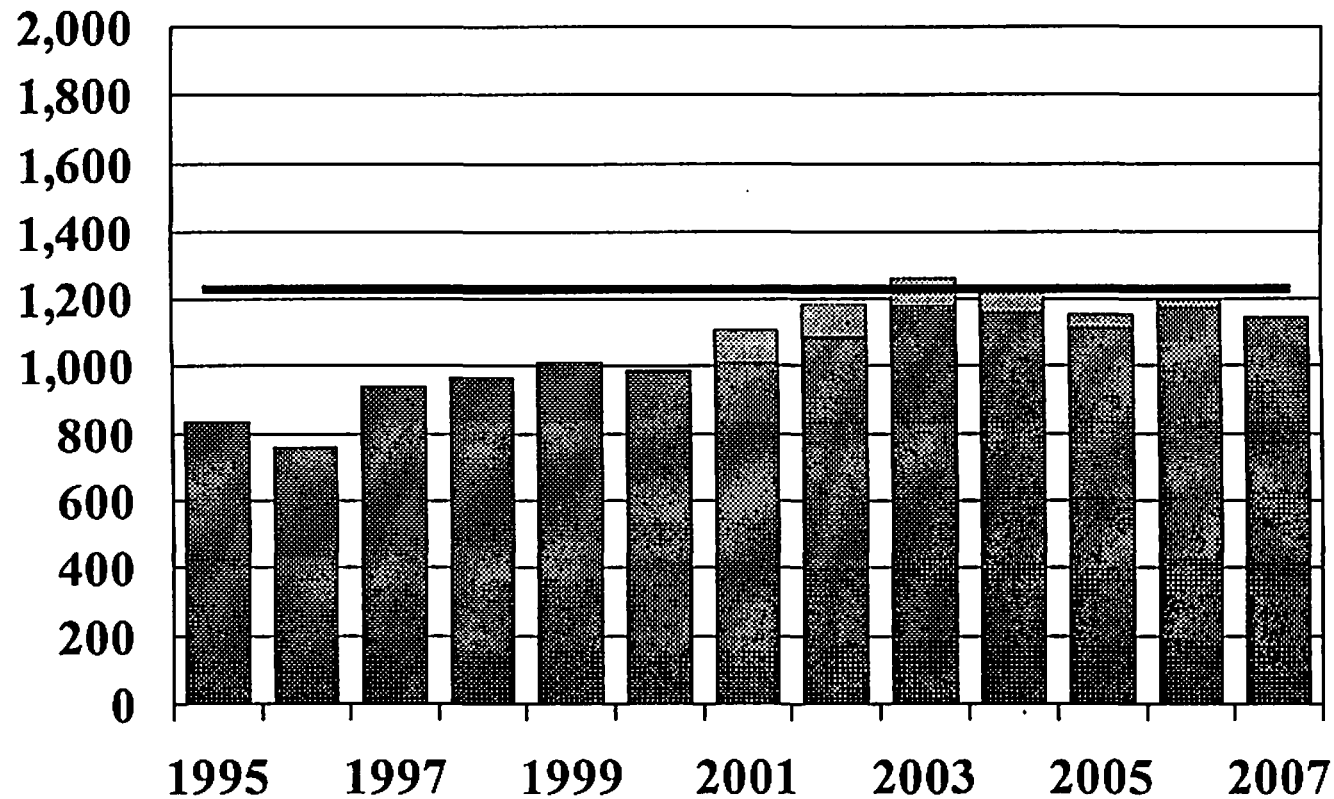


Criteria For Economic Development Incentives

Criteria for Economic Incentives

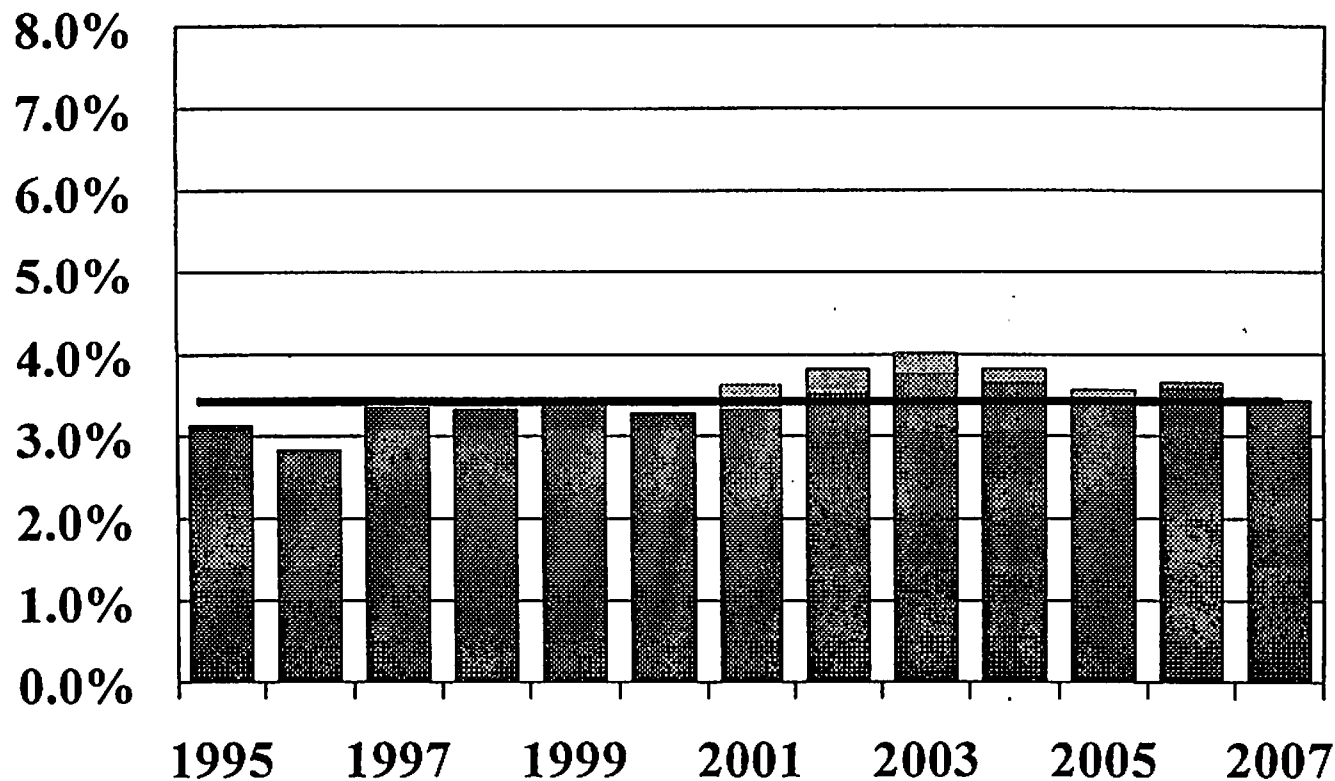
- 1. Funded With New Project Revenue**
- 2. Minimum Size 1% Tax Base**
- 3. County Revenue Exceeds Incentives**
- 4. Max. Incentive = 5 Years' Revenue**
- 5. Debt Limited to 10% of Project Value**
- 6. No Impact on County Credit Rating**
- 7. Limited Impact on Services**

Debt Per Capita



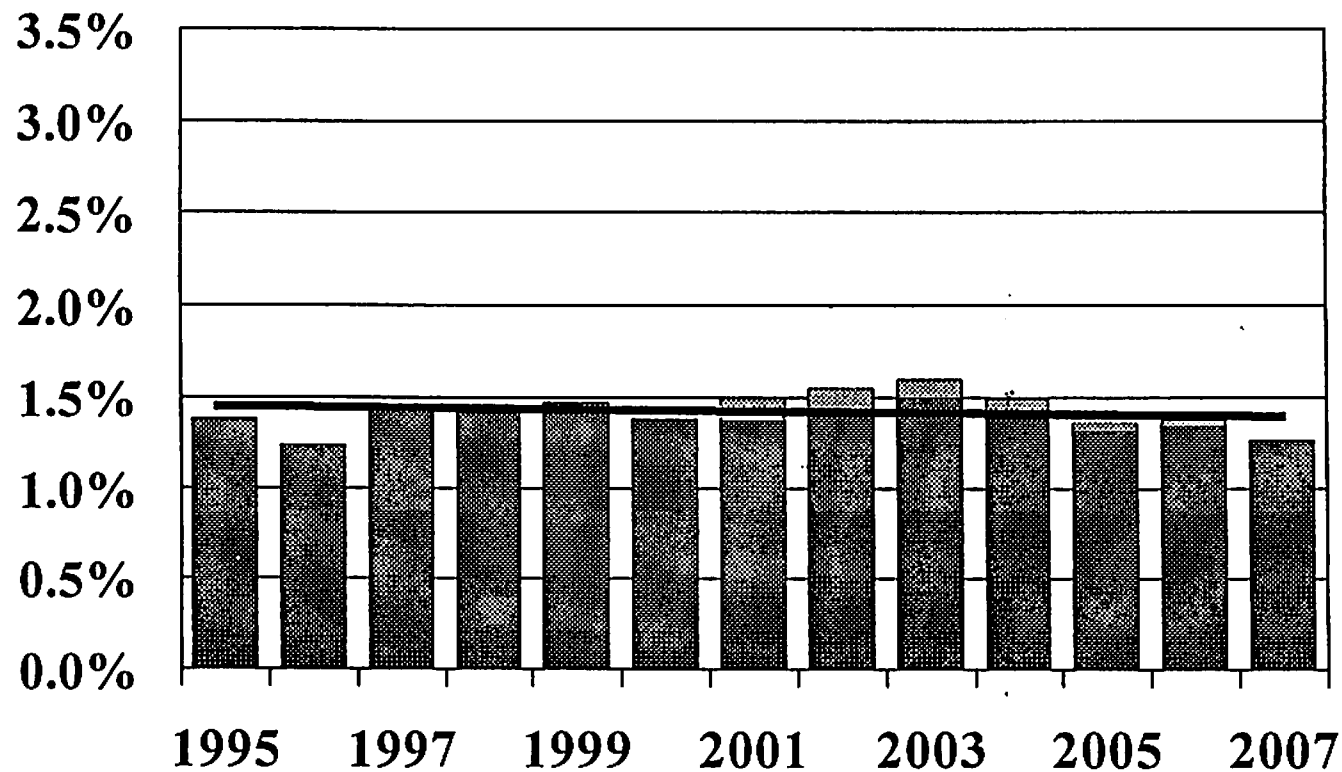
■ Henrico County ■ Project Debt — Virginia "AAA" Average

Debt vs. Total Personal Income



■ Henrico County ■ Project Debt — Virginia "AAA" Average

Debt vs. Taxable Property



■ Henrico County ■ Project Debt — Virginia "AAA" Average

Step 1 - Formation of CDA

- **Landowner Submits Petition to Form CDA**
- **Public Hearing on Creation of CDA**
- **Board Adopts Resolution**
- **CDA Board Appointed By Supervisors**

Step 2 - Approve Financing

- **CDA Requests Special Assessment**
- **Supervisors**
  - **Levy Special Assessment**
  - **Approve Economic Development (Reimbursement) Agreement**
  - **Memorandum of Understanding**
- **EDA Approves Incentive Agreement**
- **CDA Issues Bonds May/June 2001**

Short Pump Town Center

EDA00058

Additional Slides

Criteria

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1. Performance Based

Incentives should be performance based and funded only with actual incremental County revenue generated by new projects.

Criteria

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2. Project Size

Projects which will increase the tax base significantly (including those which represent at least one percent of the tax base) are appropriate for consideration.

Criteria

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3. Revenue Allocation

More revenue should flow to the County over time than to funding incentives. The project will then generate funding capacity for other County projects in an equal or greater amount using resources which otherwise may have been unavailable.

Criteria

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4. Incentive Limits

Incentives generally should not exceed the incremental County revenue expected to be generated in the five years following completion of the project, or the long-term equivalent thereof.

Criteria

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5. Debt Limits

Construction funded from incentive-related debt (whether direct debt or over-lapping debt), if any, should not exceed 10% of the value of the project. It is desirable to avoid any direct debt of the County amortized over more than 5 years. Overlapping debt should not amortize more slowly than a 15-year level debt service structure.

Criteria

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6. Credit Rating

Incentives and related financial arrangements will not adversely impact the credit rating of the County.

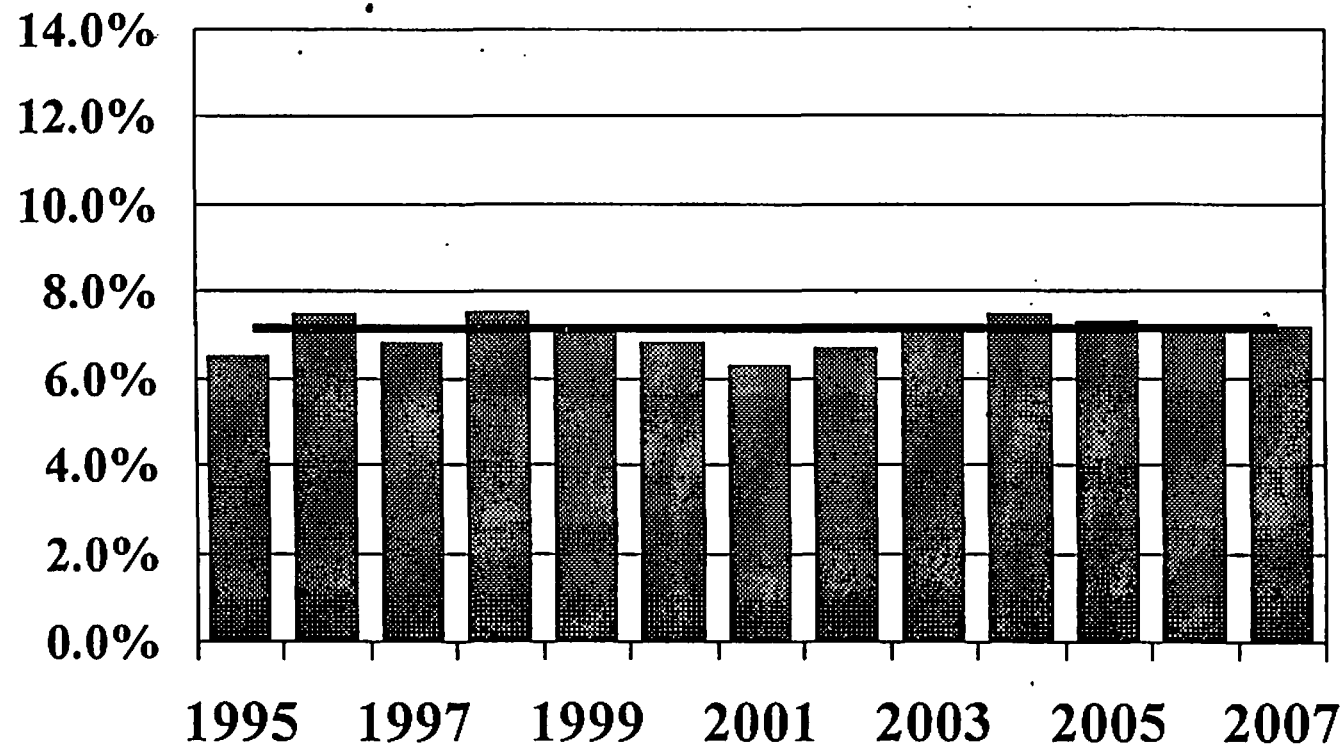
Criteria

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7. Impact on Services

The project will not have a substantial impact on County services.

Debt Service as a % of Expenditures



■ Henrico County ■ Project Debt — Virginia "AAA" Average

**COMMENTS OF TAUBMAN REALTY GROUP IN OPPOSITION TO
PROPOSED SHORT PUMP TOWN CENTER
COMMUNITY DEVELOPMENT AUTHORITY**

Admitted
1/21/2001

On behalf of the Taubman Realty Group ("Taubman"), we respectfully submit the following comments in opposition to the Petition for the Creation of the Short Pump Town Center Community Development Authority (the "CDA"), submitted by MJGT Associates, L.L.C. ("MJGT Associates") and Forest City Enterprises, Inc. ("Forest City") to the Board of Supervisors of Henrico County ("Board") on July 14, 2000. Taubman is the owner of Regency Square Mall, and a Henrico taxpayer.

EXECUTIVE SUMMARY

Taubman urges the Board to reject the Petition to create the Short Pump Town Center Community Development Authority for the following reasons:

- 1) The proposed financing structure of the CDA violates state law because it illegally provides for (i) a series of illegal payments by the County to the Economic Development Authority ("EDA") to support construction of private improvements that have no community benefit; (ii) a series of illegal direct payments of money by the EDA to the developer and/or to the CDA out of grants made by the County; (iii) the issuance of government debt by the CDA and the levy of special assessments by the County to support infrastructure improvements which are private in nature; and (iv) illegal rebate payments to the developers by the CDA;
- 2) The creation of a CDA prior to the submission and approval of an appropriate plan of development ("POD"), without full identification and resolution of critical traffic safety problems, and prior to obtaining appropriate federal regulatory approval to destroy wetlands on the proposed site (including compliance with the National Environmental Policy Act), would be premature and would usurp the required independent, objective analysis and decision-making on these necessary approvals;

BOS01938

3) The proposed CDA would provide an inappropriate public subsidy for a proposed development which directly conflicts with Henrico's Comprehensive Plan; and

4) The creation of the proposed CDA reflects unsound economic and tax policies for the County because it (i) gives away five years of tax revenues from a development located in a prime commercial area of the County, with no assurance that the County will recoup these revenues in the future; (ii) results in only a small amount of additional tax revenue over the currently approved POD, that is to say, the give-away is not necessary to produce substantial tax revenues from the site; (iii) causes a loss of tax revenue from the County's existing business who will be negatively affected by this selective, anti-competitive subsidy, and (iv) sets a precedent of potential subsidies for future businesses, all to the continued detriment and unfair disadvantage of existing taxpaying businesses in the County.

INTRODUCTION

The Proposed Project and Setting. The proposed development, to be known as the "Short Pump Town Center", is to include over 1,100,000 square feet of retail space, and related parking and common areas. The site comprises approximately 150 acres of undeveloped, forested land in western Henrico County near the intersection of Interstate 295 ("I-295") and Interstate 64 ("I-64"). The property is described as a Mixed Use Development area in the Henrico County 2010 Land Use Plan and is of such importance that it is designated as its own category in the Plan – Far West Broad Street. It represents among the most prime real estate in the County.

The proposed development represents the westernmost expansion of high-density development into undeveloped forested land. Virtually all traffic to the site from I-295 and I-64 will access the development by using the West Broad Street interchange off I-64, about one mile east of the site. West Broad Street between I-64 and the proposed development is presently

densely developed, primarily with significant retail. In fact, abutting the proposed site on the east another major retail and entertainment center is currently under construction.

The Proposed Community Development Authority. On July 14, 2000, MJGT Associates and Forest City submitted a petition to the Board requesting creation of the Short Pump Town Center Community Development Authority. The proposed boundaries of the CDA district would encompass the approximately 150 acres of property which make up the proposed Short Pump Town Center. The stated purpose of the CDA is to finance and construct infrastructure improvements to support and benefit the Short Pump Town Center, including, among other things, a plaza, parking lots, lighting, landscaping, utility extensions, abutting public roadway improvements, entrance roads and a ring road. The total cost of the improvements to be financed by the CDA is estimated to be in excess of \$25 million. The petition also requests ratification of Development Agreements consisting of (i) a Memorandum of Understanding ("MOU") among the Board, the CDA, the landowners and the development joint venture to be formed by parties related to the landowners; and (ii) an Economic Development Agreement among Henrico County, the EDA, the CDA, and the developer.

Financing of the improvements would be accomplished by the CDA's issuance of approximately \$25.5 million in taxable and tax-exempt bonds, secured by special assessments on the shopping center property. As we understand the current deal structure, if this debt is repaid by the developers, they will be rebated by payments of incremental tax revenues from the County to the EDA, which would then transmit these payments to the CDA, which would then rebate the payments to the developers. Alternatively, the County may pay these same sums to the EDA, which would transmit them to the CDA, which would then pay its debt service. In this case, the developers presumably would not pay the special assessments. The incremental tax revenues to be paid to the EDA include real and personal property tax revenues, BPOL revenues, and the local sales tax revenues generated from the shopping center.

Under either financing scenario, the developer will bear none of the cost of the financed improvements. Either the developer will be rebated in full the amount of all benefit assessments paid by the developer to the County, or debt service will be paid entirely out of tax increment

revenues. It is expected that the debt will be paid down over five years, over which time the County will pay out over \$30 million to or for the developer.

I.

**The Short Pump CDA Financing Structure and
Repayment Mechanisms Violate the Law**

Illegal Payments to the EDA. This proposed financing scheme is illegal in a variety of respects. First, the County may not contribute its funds to the EDA to support construction of this private infrastructure. Va. Code § 15.2-953, relied upon by the proponents of this rebate scheme for support, authorizes counties to make gifts, donations or appropriations to charitable and nonprofit organizations which operate in the county and will use such contributions for the benefit of the public in the community. "Like" contributions are authorized to the EDA for purposes of promoting economic development. But the developer rebates proposed here do not promote economic development -- they pay for privately-owned improvements that every other property owner is expected and required to pay for himself. These proposed rebates are not "like" gifts or donations to charity in any way. They will be privately owned and will have absolutely no public benefit. Indeed, the County would never, and likely could not, own and maintain these improvements for itself, which would take them off the tax rolls and obligate the County to expend substantial sums for maintenance of improvements which go no further than benefiting the owners and tenants of a particular, private commercial shopping center. The Code of Virginia requires more than this transparent, self-serving rationale to support this proposed, significant expenditure of public funds.

Illegal Use of Funds by the EDA. Nor may the EDA lawfully use any funds it receives from the County in support of this project. The law does not allow the EDA to act as a mere naked conduit for funneling moneys the County may not pay directly, either to the CDA or to the developer. The EDA may act in a variety of ways to support its projects, but this private development is not an EDA project, and the EDA has no proper or lawful role here. Va. Code § 15.2-4905 (13) authorizes the EDA to make grants from its revenues to governmental or

business entities. County moneys paid to the EDA, however, are only considered to be authority revenues to the extent that they are granted by the County to the EDA for or in aid of construction or ownership of authority facilities, as provided in Va. Code § 15.2-4905 (12). Here, the EDA will have no role at all in the financing, construction, ownership or maintenance of the private improvements. Thus, it has no lawful role in the transaction at all.

Moreover, the EDA may make grants only when such grants fall within one of its purposes, as set forth in Va. Code § 15.2-4901. These purposes include inducing commercial enterprises to locate in the Commonwealth, but EDA involvement with commercial, as opposed to manufacturing facilities, has been limited considerably by changes to the federal tax code and the Virginia enabling legislation. Where the financing and ownership of these private improvements is not being undertaken by the EDA, and where the project is anticipated to be supported at least in part by tax-exempt debt, the EDA has no role, and its involvement is not justified by the codified purposes of the EDA. The EDA does not exist to act as a conduit to cover debts of another authority. The use of the EDA to channel to private business financial rebates which the County cannot directly provide is unlawful. The County cannot do indirectly something that it cannot do directly.

CDA is Prohibited from Issuing Debt to Support Private Improvements. Because many of the infrastructure improvements enumerated in the petition serve primarily private interests, it would be unlawful for the CDA to issue debt to support these improvements. Va. Code § 15.2-5158 authorizes CDAs to finance, establish, acquire or construct and maintain "the infrastructure improvements enumerated in the ordinance or resolution establishing the district, as necessary to meet the increased demands placed upon the locality as a result of development within the district" (emphasis added). We have been advised by the County Manager that, other than water and sewer extensions, and improvements to abutting roads, few if any of the so-called "public improvements" described in Exhibit C to the CDA petition will be dedicated to the County. Included in this category are the ring road, entrance roads, lighting, landscaping, plaza and parking improvements. As excavation, contingency, and most of the "soft costs" detailed in Exhibit C are related to the non-dedicated improvements, approximately 85-90% of the debt to be issued is unrelated to publicly-owned improvements. A closer examination of the nature of

these privately-held improvements reveals further that they serve the shopping center property, not the public. The County would not be obligated, nor would it desire to provide these improvements at the County's expense, and the County has not done so for other developers. Thus, the improvements are neither necessary for the County nor are they an obligation of the County. Consequently, under the clear language of Va. Code § 15.2-5158, these improvements may not be financed or owned by the CDA.

Virginia follows the Dillon Rule in construing local government powers, which provides that local governments possess only those powers expressly granted by statute, those necessarily implied therefrom, and those which are essential and indispensable. Thus, the County may not establish a CDA to undertake financing or ownership of these unnecessary, private improvements. The same rule applies directly to construction of CDA powers. The CDA is a governmental body and derives its authority solely from the statute, which does not provide the authority needed by the CDA to finance, construct, own or maintain these private improvements.

The County May Not Levy Special Assessments to Support Private Improvements. In order to finance the improvements, benefit assessments must be levied by the County in order to secure repayment of the CDA's debt. Article X, § 3 of the Virginia Constitution governs benefit assessments, and provides, in pertinent part,

the General Assembly may by general law authorize any county, city, town or regional government to impose taxes or assessments upon abutting property owners for such local public improvements as may be designated by the General Assembly. . . . (Emphasis added.)

The Virginia Supreme Court has stated that local governments have no inherent power to levy assessments for local improvements, and that if they do so, they must act "in strict accordance with the authority conferred". Southern Ry. Co. v. City of Richmond, 175 Va. 308, 313, 8 S.E.2d 271 (1940). The assessments being considered here do not meet the test. For an improvement to be considered public, it must confer a benefit on the public at large sufficient to

enable the local government to construct it over the objection of the particular individuals affected. Federal Construction Co. v. Ensign, 59 Cal. App. 200, 210 P. 536 (1922). The local government must be able to maintain the improvement by general taxation for it to be public. Ankeny v. City of Spokane, 92 Wash. 549, 159 P. 806 (1916). The ability of a local government to levy a benefit assessment depends upon the improvement being necessary. Baldwin v. City of Lawton, 198 Okla. 585, 185 P.2d 699 (1947). And, the improvement may not be private. Irish v. Hahn, 208 Cal. 339, 281 P.385 (1929); Altman v. Kilburn, 45 N.M. 453, 116 P.2d 812 (1941); Henning v. City of Casper, 50 Wyo. 1, 57 P.2d 1264 (1936). The improvements to be financed here are simply not necessary improvements which must, or even which may be undertaken by the County. Rather, they are private in nature and cannot constitutionally be supported by benefit assessment.

Nor are these improvements "local", as that term is used in the Constitution. To be a local improvement, a beneficial effect on surrounding properties, or a local area, must exist. Where the primary purpose of the improvement and its effect are to benefit the public, the improvement is not local. City of Belleville v. Miller, 339 Ill. 360, 171 N.G. 535 (1930); Hinman v. Temple, 133 Neb. 268, 274 N.W. 605 (1937); Baldwin v. City of Lawton, *supra*. Here, a broad, "economic development" rationale is offered in support of these assessments. This means that, even if these improvements could be financed publicly (which they cannot be), special assessments are an illegal and inappropriate means of paying for them.

The CDA May Not Accept Nor Pay Out to Private Parties the Tax Increment Funds. In addition to the illegalities attendant to County payments to the EDA, and EDA payments to the CDA, the CDA has no legal authority to accept the tax increment payments from the EDA, and further has no legal authority to use such payments to retire CDA debt or to make developer rebate payments. There is no provision of Va. Code § 15.2-5158 which authorizes acceptance or disbursement of such payments, nor are there any other provisions of the Water and Waste Authorities Act which would permit such actions. Moreover, Va. Code § 15.2-5125 limits any authority created under the Water and Waste Authorities Act to the use of "funds provided for in this chapter" in the repayment of its debt. The tax increment funds to be rebated are not described in this Act and therefore may not be used for these purposes.

Quite simply, a CDA is not a tax increment district, nor is it a substitute for the EDA. Its purposes are limited to the financing of public infrastructure which is customarily provided by developers. It is designed to be a flexible tool which may have significant advantages for local government and developers when used for those purposes. But the illegal developer rebates being considered here do not fit within the purposes for which CDA's may be created. Thus, the CDA has no lawful role in this rebate scheme.

Public CDA Funds Cannot Be Used for a Private Purpose. In addition, support for these improvements through the issuance of debt by the CDA offends Article X, § 8 of the Virginia Constitution. This section provides that "no other or greater amount of tax or revenue shall, at any time, be levied than may be required for the necessary expenses of the government. . . ." This language has been used by courts to assure that public funds are used only for public purposes. Infants v. Virginia Housing Development Authority, 221 Va. 659, 272 S.E.2d 649 (1980). Private parking lots, landscaping, a shopping center plaza, a ring road, and entrance roads, all of which are on private property, serve only private purposes. They are not a necessary "expenses" of government and the raising of revenue through special assessments to pay for them violates the Virginia Constitution.

II.

Creation of a CDA Prior to Short Pump Obtaining all Appropriate Regulatory Approvals Threatens Fair and Objective Review of the Project and Prejudices Taubman

The Short Pump Town Center stands today only as a proposed project. It has none of the local, state or federal regulatory approvals required of a project of this size with the impacts that it will have on development, traffic and the environment. As a practical matter, it would be wasteful of County resources and inappropriate for the Board to approve the creation of a CDA for the project until the project obtains all the necessary regulatory approvals and has properly addressed the traffic problems which the developer itself has identified. Moreover, by

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presuming the outcome of these review processes and diminishing their meaningfulness, the Board deprives Taubman of its due process right to participate in meaningful and objective review of the proposed Short Pump project. Finally, regulatory approvals that are likely to be required from state and federal regulatory agencies could significantly delay the proposed project or require modifications, thereby changing the conditions underlying approval of the CDA.

These unresolved regulatory issues must be resolved before the Board commits the County to create a CDA and to provide funding to benefit private developers in constructing the Short Pump Town Center. The financial risk to the County from the creation of a CDA depends largely on the viability of the project. Without having completed all local, state and federal approval processes, it is not clear what the precise nature of the project will be, and what the risks are to the public as a result of the project and the County's subsidization of it.

POD Approval Must be Obtained Prior to Creation of a CDA. Prior to commencing construction on the proposed Short Pump Town Center, the developers must obtain approval of the plan of development as required by Chapter 24, Section 24-106 of the Henrico County Code. Although the developer obtained POD approval on December 15, 1998, substantial changes to the proposed development, including the addition of an anchor store and the elimination of a 21-screen movie theater, require the developer to obtain approval of an amended POD or a new POD. Moreover, pursuant to Section 24-106(j) and the terms of the approval obtained on December 15, 1998, that approval expires on December 19, 2000, unless building permits have been obtained or an extension has been granted. To our knowledge, neither appears to be the case, nor is it likely that, given the regulatory approvals required to be obtained, construction permits will be obtained by December 19, 2000.

The integrity of the County's development approval process would be seriously threatened were the County to approve the creation of the CDA before the project which the CDA is intended to benefit has worked its way through the POD approval process. Approval of this proposed rebate scheme for the public financing of private improvements amounts to a prejudgment by the Board that the upcoming POD should be approved by the Planning Commission.. The Planning Commission should be free to review the proposal independently

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and reject it, approve it, or approve it with modifications which can then be taken into account in connection with a revised CDA petition.

A Permit From the Army Corps of Engineers is Required. The Clean Water Act ("CWA") prohibits the discharge of dredged or fill material into waters of the United States without a permit. 33 U.S.C. § 1344. An applicant seeking a permit to discharge such materials must meet the criteria set out in the Guidelines promulgated by EPA in conjunction with the Corps. 40 C.F.R. Part 230. For projects that are not water dependent, such as this one, the Corps must undertake a thorough review of alternative sites. 40 C.F.R. § 230.10(a). Following this review, the Corps then may issue a permit after public notice, an opportunity for public hearings, and full compliance with NEPA requirements.

The basic premise of the Section 404(b)(1) Guidelines is "that dredged or fill material should not be discharged into the aquatic ecosystem unless it can be demonstrated that such a discharge will not have an unacceptable adverse impact either individually or in combination with known and/or probable impacts of other activities affecting the ecosystems of concern." 40 C.F.R. § 230.1(c). The Guidelines prohibit the discharge of dredged or fill material "if there is a practicable alternative to the proposed discharge which would have less adverse impact on the aquatic ecosystem, so long as the alternative does not have other significant adverse environmental consequences." 40 C.F.R. § 230.10(a). A "practicable alternative" is an alternative that is "available and capable of being done after taking into consideration cost, existing technology, and logistics in light of overall project purposes." 40 C.F.R. § 230.10(a)(2).

Therefore, an evaluation is required in every case for use of non-aquatic areas and other aquatic sites that would result in less adverse impact to the aquatic ecosystem than the proposed action. A permit cannot be issued in circumstances where an environmentally preferable and practicable alternative for the proposed discharge exists. For proposed discharges into wetlands and other "special aquatic sites" the Guidelines require further analysis as to whether the activity associated with the proposed discharge is "water dependent." The Guidelines define "water dependency" in terms of whether the project requires access or proximity to or siting within a special aquatic site to fulfill the project's basic purpose. 40 C.F.R. § 230.10(a)(3). If the project

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is found not to be water dependent then the Guidelines establish two presumptions that the applicant is required to rebut before satisfying the alternatives analysis requirements:

1. that practicable alternatives that do not involve special aquatic sites are presumed to be available; and
2. that all practicable alternatives to the proposed discharge which do not involve a discharge into a special aquatics site are presumed to have less adverse impact on the aquatic ecosystem.

40 C.F.R. § 230.10(a)(3).

The Guidelines make clear that a non-water dependent activity necessitates a more persuasive showing that alternatives do not exist than otherwise would be required.

In August 1998, MJGT Associates and Biohabitats of Virginia, Inc. submitted an application to the Corps for an individual Section 404 permit under the CWA to authorize the filling of 2.94 acres of forested wetlands on the site of the proposed Short Pump Town Center. These wetlands and the site of the proposed development are within the Tuckahoe Creek watershed at the headwaters of several unnamed tributaries to Tuckahoe Creek, a tributary to the James River. The Section 404 permit is a critical prerequisite to the proposed development.

In October 1999, the Corps' determined that the project qualified for an Abbreviated Standard Permit 18 ("ASP-18"), a permit which is not used by any Corps' office elsewhere in the United States and of questionable legality. Moreover, the Corps failed to undertake the proper analysis regarding the availability of practicable alternatives or comply with the National Environmental Policy Act's (NEPA), 42 U.S.C. § 4321 *et seq.*, requirement for the preparation of, at minimum, an environmental assessment (EA). In any event, changes to the size and configuration of the proposed project from that which formed the basis for the permit will require a new, or, at least, modified permit. *See* 33 C.F.R. § 325.7(a). Pursuant to recent changes to the regulations implementing Section 404 of the CWA, it is clear that the review required for a new

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individual permit, or a modification to an "Abbreviated Permit", will be more stringent. This process will require a complete assessment of the proposed project and alternatives. In addition, the environmental review requirements of NEPA will have to be complied with.

On March 9, 2000, the Corps released its final notice of issuance and modification of the Nationwide Permits ("NWP"). The rule included five new NWPs and modified 6 existing NWPs to replace NWP 26 which expired on June 5, 2000. The Corps also modified nine NWP general conditions and added two new general conditions. The intent behind these new conditions is to increase protection of designated critical resources waters and waters within the 100-year floodplains. The Corps opted to replace NWP 26, which authorized discharges of dredged or fill material into headwaters and isolated waters of the United States, with new activity-specific NWPs. The most significant change which impacts this project is that the maximum acreage limits for NWPs will be ½ acre.

Consequently, the proposed project will clearly require approval with a much more complete analysis and review than was previously conducted. It is not at all clear that such a detailed review of the project and alternative sites would lead to the Corps' granting a new or modified permit to destroy the wetlands on the site. In short, in order for this project to proceed, MJGT Associates and Forest City must apply for a new individual permit or modified permit based upon the full and complete analysis and review that is required under Federal law, including compliance with NEPA. For the Board to presume the outcome of this process by creating a CDA to assist the development of the project would be irresponsible and an intrusion on the federal review process.

Traffic Safety Issues Have Not Been Resolved. The proposed Short Pump Town Center presents serious traffic safety issues which have not yet been resolved, and which may require review by the Virginia Department of Transportation ("VDOT") and the Federal Highway Administration ("FHWA"). To approve the creation of a CDA to support the development of a project with serious unresolved traffic safety issues would be imprudent. The County has a fundamental duty to ensure that any project which is the beneficiary of public money will not create a traffic hazard or endanger the health and safety of the public.

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It is clear that the location and size of the proposed Short Pump Town Center will generate a substantial increase in traffic on what are already overburdened roadways. The project will also attract and encourage further development and more traffic in the immediate area and to the west. West Broad Street and I-64, especially the West Broad Street interchange, cannot under current configurations sustain this new development safely.

The developer's own traffic study, prepared by Michael Baker, Jr., Inc., identifies a number of traffic choke points along West Broad Street as a result of the proposed project. However, the Baker study grossly underestimates the traffic impacts of the proposed Short Pump Town Center because the study fails completely to consider the cumulative impact of other reasonably foreseeable projects. The most critical location of expected traffic failure is the major intersection of West Broad Street and Pouncey Tract Road/Pump Road. This failure occurs even when the planned widening of West Broad Street to eight through lanes with dual left turn lanes for all approaches is taken into account. Baker concludes, however, that the improvements needed to allow this intersection to function safely for all movements "are not thought to be economically practical at this time." While this conclusion may be acceptable for the developers of the Short Pump Town Center, it would be short sighted, imprudent and hasty for the County to provide public assistance for the Short Pump Town Center before resolving the safety problems at this intersection.

Other intersections on West Broad Street face similar failures. The Baker traffic study acknowledges, and we have confirmed, that vehicles waiting to turn left at six intersections may spill out of the left turn lanes, blocking upstream through traffic movements on West Broad Street as well as on Pouncey Tract Road, Pump Road, and Three Chopt Road. This traffic pattern is patently unsafe and must be addressed before the Board commits to provide public assistance to the project.

Congestion at these intersections will also induce traffic to cut through residential neighborhoods to the south and west of the Short Pump Town Center in order to avoid the congestion on West Broad Street east of the project. This cut-through traffic presents significant

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threats to residents and pedestrians in these neighborhoods, in particular those senior citizens that reside at a senior home near the proposed project on Gayton Road, as well as the students who attend a preparatory school also on Gayton Road.

These intersection failures and traffic safety impacts occur even without taking into consideration background traffic growth which Baker, for the most part, chose to ignore. Typically, a 10 to 20 year planning horizon is considered for major regional mall projects such as the Short Pump Town Center. The Baker study included only one year of growth and failed to include in its background growth calculation traffic that will be generated by the Downtown Short Pump project to be located immediately adjacent to the Short Pump Town Center at the intersection of West Broad Street and Pouncey Tract Road. This project includes a 14 screen movie theater, restaurants and over 68,000 square feet of retail space.

In comments submitted to the Henrico County Department of Public Works by VDOT on September 10, 1998, resident engineer R. H. Riley, Jr., notes that due to the "magnitude" of the Downtown Short Pump project (and an additional unnamed site that was submitted at the same time), an unusual amount of time was necessary for VDOT to prepare its comments. Certainly any study that omits inclusion of such a significant project in its background calculation is deficient and under estimates the cumulative traffic impact of the Short Pump Town Center project on not only the West Broad/Pouncey Tract intersection, but throughout the surrounding area.

Given the magnitude of the project and its development inducing effects, the Short Pump Town Center project will have regional traffic impacts far beyond those evaluated in the developer's traffic impact study. Incredibly, even though the developer anticipates that 83% of the project's traffic will approach from the east, the easternmost intersection that is evaluated is the West Broad Street/Pouncey Tract Road/Pump Road intersection that is a mere quarter mile from the project. Clearly the I-64/West Broad Street interchange should have been studied, particularly since a substantial amount of traffic to the Short Pump Town Center will use the I-64/West Broad Street Interchange. Indeed, a preliminary traffic study performed by our traffic consultant, Champagne & Associates, reveals that if 83% of the Short Pump Town Center Traffic approaches

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from the east, four major interchange elements would fail. These failures will directly impact the safe operation of the interchange and will adversely impact through traffic on I-64.

Inexplicably, Henrico County to date has not demanded further study or required the developers of Short Pump to mitigate these problems, despite the Comprehensive Plan provisions calling for protection of interchanges, development of criteria for development in interchange areas, and a requirement that the feasibility of any proposed shopping center not shown in the Comprehensive Plan be studied to address health, safety and welfare issues. Creating a mechanism to provide public funds to support this development before all traffic congestion and safety issues are resolved ensures only that serious, objective scrutiny of the traffic impacts of the project will be avoided and is just plain wrong. The project will cause substantial traffic failure, perilously decrease safety, dramatically alter residential neighborhoods and cause risk of harm to susceptible children and elderly populations.

III.

The Proposed Project Would Violate Henrico's Comprehensive Plan

Henrico should not approve the petition for the creation of CDA to subsidize the Short Pump Town Center because the project, as currently configured, violates Henrico's Comprehensive Plan. Although MJGT Associates and Forest City represent in the Petition that the private improvements to be financed by the CDA are "in accordance with the County's comprehensive land use plan", no such representation is made with respect to the development itself. In fact, the proposed Short Pump Town Center stands in direct contrast with Henrico County's 2010 Land Use Plan, and is a poor candidate for County financial assistance.

The 2010 Land Use Plan (the "Comprehensive Plan") describes the Short Pump tract as a Mixed Use Development area which is adjacent to and west of a Commercial Arterial area extending well beyond the I-64/Broad Street interchange about a mile east of the site. It is well known that this interchange is constrained by its design and land availability and that prior transportation and zoning decisions now preclude any connection of John Rolfe Parkway and

I-64/I-295. The Plan identifies the Short Pump tract as a Special Strategy Area "to focus attention on appropriate design considerations for development." In fact, this area was viewed as so important that it was designated as its own category among five otherwise generic categories in the Plan – Far West Broad Street. The strategies outlined for this area include phased development consistent with the capacity of the road system. The proposed Short Pump Town Center, however, overwhelms the capacity of the existing and planned road system.

The tract is further identified as a Prime Economic Development Site, suitable especially for office and office service development. Citing the particular importance of such sites to the County, the Plan urges that this prime site "be preserved and prevented from use by other types of development." Despite this, less than 10% of the more than one million square feet of interior space planned for the tract is to be office space. Apparently, this feature enabled the planning staff to state that the project was "marginally compliant" with the Plan at the time of rezoning. We believe this minimal percentage of development, with no phasing or timing commitments, is a transparent and minimal effort to cloak a non-compliant project with the guise of conformity with the Plan. The County should neither support nor allow this, particularly given the obvious transportation and environmental problems that would result. Perhaps not surprisingly, the traffic and environmental impact analyses required by Policy (p) of the Comprehensive Plan have been substantially ignored.

The rezoning for this site is also in significant conflict with the Economic Development Goals, Objectives and Policies expressed in the Plan. The anticipated development does not preserve a Prime Economic Development site, but in fact sacrifices it to a large tract proposal which conflicts with the stated goals of the Plan. See Comprehensive Plan, Goal I, at 145. It does not ensure minimal environmental and fiscal impact, see Comprehensive Plan, Goal III, at 145, but rather opens the door to unnecessary sacrifice of wetlands and to additional air pollution problems because of increased traffic and traffic congestion. Also, the Plan calls for creation of planned, mixed use development guidelines for those sites with economic development potential, see Comprehensive Plan, Objective D, at 146, but such guidelines either do not exist or have not been used in analysis of this site.

The Comprehensive Plan also calls for the promotion of planned office centers, business and industrial parks. Comprehensive Plan, Objective P, at 146. On this Prime Economic Development site, the County has the opportunity to locate such development, which will harmonize nicely with the intense retail uses to the east, and the high quality residential development to the north and south, maximizing the efficiency of the road network through compatible uses. Instead, if this development is permitted to be built, all these areas, and the site itself, will be negatively affected, and the functioning of most transportation facilities in the area endangered. Comprehensive Plan, Objective Q, at 146.

Policies c, d, e and f of the Comprehensive Plan call for the use of guidelines and strategies for design and development which have not been carried out in this case, and the coordination of the Land Development Guide with the Major Thoroughfare Plan required by Policy j appears to have been ignored. See Comprehensive Plan, at 147. The attention required to minimize the traffic problems (policies r and s) appears to be missing in this case. The only traffic analysis we have been able to review (and we assume, therefore, the only one which exists) is limited to the West Broad Street/Pouncey Tract Road intersection on the east, and the limits of the site on the West. It ignores West Broad Street operations to the east, including the significant retail development in the Brook Hollow and John Rolfe areas, the I-64/West Broad Street interchange and points east. In short, traffic analysis is wholly insufficient to support the rezoning for this use. We believe the result of facilitation; this development through a rebate scheme will be that the County and the state will be forced to spend significant additional sums of money to upgrade the transportation network in this area, as a direct result of the development proposed for this site.

This development will not meet Policy ee of the Comprehensive Plan which calls for implementation of standards of development which will ensure safe and efficient traffic movement. Id. at 148. This development will do neither, and as described in more detail below will in fact result in conditions dangerous to motorists and pedestrians throughout the area, and disruptive to public facilities, primarily the road network, in the area. See Comprehensive Plan, Policy ff, at 148.

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In short, both the rezoning of this tract and the proposed development are incompatible with both the substantive goals and provisions of the Comprehensive Plan, and the processes and analytical tools recommended or prescribed by the Plan. Before the Board creates a CDA to benefit the proposed project, the Board should ensure that the project complies with the Plan and its goals. Otherwise, a bad precedent is set and an important area of the County with strong economic development potential will be sacrificed to a project with a shaky financial plan and a scary potential for overwhelming the transportation system.

IV.

Creation of the Short Pump CDA is Economically Unsound and Prejudicial to Existing Businesses

What is clear to Taubman after considerable review and analysis of the proposal, supplemented by discussions with senior County staff and an exchange of correspondence with the Chairman, is that this proposal is fraught with risk and unfairness -- the risk is both for the County and for the retail merchants who are now located in the community. The proposal benefits a developer and a few prospective tenants at the expense of owners and merchants who have done business in the County for years without the benefit of County tax rebates or other financial assistance. And as to the County, the proposal amounts to a give away of more than \$30 million in County tax revenues which would otherwise be available to support education, transportation and other worthy governmental objectives. What's more, these substantial sums are taken out of the County coffers on the front end, before the County has any chance to realize financial benefits from the development, leaving the County holding the bag if the projected benefits don't materialize. Just look at what the market has already done to the theater proposal -- now that space is described as "future development."

It is surprising that such an action would be so seriously considered without a comprehensive analysis covering all aspects of the proposal, but the analysis we have seen focuses solely upon the cash flows of this proposed project, without consideration of the negative effect on the rest of the County's tax base, including retail at Regency Square and elsewhere, and

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without considering the alternative revenue streams that would accrue to the County from development on this site that would occur without tax rebates. Nor does the analysis take into account the extent to which this project will result in a need for more off-site improvements, particularly in transportation. As previously noted, this aspect of the project also lacks meaningful review, but we believe that West Broad Street traffic and I-64 traffic will be dramatically affected, requiring very large expenditures which the state currently cannot be counted on to provide.

We have suggested before that a comprehensive financial analysis is lacking on this project. The Board Chairman responded that Davenport and the County staff have considered:

- 1) the impact upon Regency Square;
- 2) the impact of alternative development;
- 3) the consequences of not providing incentives; and
- 4) the benefits of the project.

Our Freedom of Information Act review of relevant documents and files in connection with this project, however, reveals none of this analysis. We can only conclude that the type of analysis that should precede a \$30 million private sector gift has been superficially done, at best, and at worst, is wholly lacking.

With respect to the impact of this project on Regency, we have only the assertion that if Nordstrom's, May and Dillard's were to locate at Stony Point, the effect upon Regency would be far worse. Our FOIA review yields no analysis and no data which would document or support this conclusion. We did find a statement by counsel to the Short Pump developer to this effect -- far from an objective, independent source -- but no analysis. And it strains credulity to assert that a competitor's proposal would be more deferential to Regency than Taubman's. The Short Pump proponents can say what they will about the effect of their project on Regency, but it doesn't change the fact that there is no analysis to support it. The effect upon the non-Regency retail community if the County has not been analyzed either. The Davenport analysis deals only with the Short Pump project and not with the effect of that project on sales and other tax

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revenues generated by other County retailers. Thus, it overstates the financial impact of the development and understates the risk.

Next, no consideration has been given to revenues which would be generated from the site under alternative development scenarios. We do not need to speculate here about office or other commercial development that would be more appropriate under the Comprehensive Plan. Rather, we have an approved POD for retail on this site, and the site can be developed now at this level, which would authorize about 800,000 square feet as opposed to the approximately 1.1 million feet of the current proposal. This is somewhat less than 75% of the current proposal, but rather than assume that the county would realize 75% of the assumed revenues from this project, the Davenport analysis compares projected project tax revenues only to the current real property taxes generated from the site, levied on the vacant land. Correcting this error would suggest that considerably less than \$85 million over fifteen years should be credited to this proposal. It seems clear that if the appropriate financial analysis were performed, these rebate incentives would be shown to make no sense at all. Rather than giving away \$30 million over five years to get \$85 million over fifteen years, such an analysis would show that the County would be giving away five years of tax revenues, or \$30 million, to get a little more than \$20 million over fifteen years. This analysis would suggest strongly that these rebates either not be given or that they be significantly restructured.

Likewise, we can find no evidence that the consequences of not providing these rebates has been examined at all. The County seems ready to accept at face value the notion that incentives are necessary for this type of development, but a number of questions arise even if this statement is true. For example, are these the proper type and level of incentives that are actually required? What should the County objectives be? What is the best way to achieve them? How can the County preserve fairness and avoid meddling in the marketplace? Are these, or other similar incentives available to others who are already doing business in Henrico?

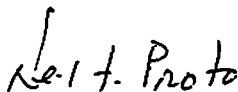
We can only conclude that the County is moving rashly toward a wrong-headed decision. To the extent that any analysis has been done, or any criteria for approval have been developed, the exercise has been ad hoc, and aimed more at achieving a specific result than at arriving at a

reasoned and fair conclusion. We do not oppose providing incentives for desirable development, but we do oppose this package of incentives, for all the foregoing reasons. We believe that they amount to a raw give-away to a lucky developer, which amounts to the County picking winners and losers in the local retail market. We would be delighted to participate with the County and with our competitors to design a more suitable set of incentives, which could be available to a broader range of businesses on a fair and equitable basis, which would have objective and quantifiable net benefits for the County and its taxpayers, and which would enable the County to achieve jurisdictional objectives. But first, this ill-considered, unfair proposal should be rejected.

CONCLUSION

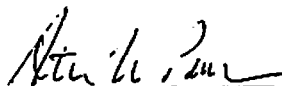
For all the foregoing reasons, we respectfully request that the Board reject the Petition for the creation of the Short Pump Town Center CDA.

Respectfully submitted,



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October 24, 2000

[Handwritten signature]
11/31/2001

VIA Facsimile (804) 501-4162

Frank J. Thornton
Chairman
Henrico County Board of Supervisors
P.O. Box 27032
Richmond, VA 23273

Re: Proposed Ordinance to Establish a Special Assessment for the Short Pump Town Center Community Development Authority and Approve Certain Agreements

Dear Mr. Thornton:

You will recall that the Taubman Realty Group ("Taubman") appeared by counsel at the Board's meeting of September 26, 2000, in opposition to the creation of the Short Pump Community Development Authority and the package of development incentives under which the County would give the owners and developers of the Short Pump Town Center the sum of \$30.3 million over five years. Despite the comments Taubman presented at that meeting, the Board adopted the resolution creating the CDA.

Tonight the Board has before it the approval of the Memorandum of Understanding and the Economic Development Agreement (the "Agreements") which implement the incentive plan, and the levy of a special assessment which provides security for the debt to be issued by the CDA. For the reasons stated on September 26 in oral presentation and in written comments, a copy of which is attached hereto, Taubman continues to oppose the manner in which incentives are being offered to Short Pump and specifically opposes the proposed ordinance before the Board tonight. In short, Taubman believes firmly that the resolution creating the CDA and the proposed ordinance violate state law, are not based on a reasoned assessment of the costs and benefits of the subsidy, and deprive Taubman of its right to due process.

The special assessment, in particular, violates state law because it is private in nature. Its purpose is to secure funds for the repayment of debt the Short Pump CDA will incur in issuing bonds to pay for improvements to support a private retail shopping center. The special assessment further is an illegal and inappropriate method for financing the improvements because

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Chairman Thornton
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the improvements could not be considered "local" as that term is used in the Virginia Constitution.

The various agreements providing for the repayment of the CDA debt and the reimbursement of special assessment installments paid by the developer by and through the Economic Development Authority of Henrico County ("EDA") also run afoul of the law. The agreements establish a funding mechanism that provides for illegal payments by the County to the EDA to support private improvements, illegal payments to the developer and/or the CDA out of grants made by the County for purposes not permitted under Virginia law, and illegal rebate payments to the developers. The Board would be exceeding its authority to approve the proposed agreements.

Taubman's interest is in protection of its property interest in Regency Square, which has been an economic and tax engine for the County for about a quarter of a century. As a property owner, taxpayer, and provider of retail space for a substantial number of Henrico County retail merchants, Taubman believes that Regency will be seriously compromised by incentives to competitors which will distort the local market, impair free competition and provide an unfair subsidy for a particular location, all to the detriment of the merchants and taxpayers, who, without incentives or tax rebates, have done business in the County for years, providing jobs and services to county residents, paying taxes, and otherwise contributing to the quality of life in the community.

We believe that these incentives represent a government rebate of taxes which will not come from new tax revenues, but that in large measure will merely be shifted from other retail sites in the County. Thus, the County loses twice -- it hurts the merchants by unfairly subsidizing new competition, eroding jobs, sales and neighborhoods, -- and it dilutes tax revenues by giving away revenues currently generated locally. We believe that the Board is acting in haste, without the proper economic and tax analysis that ought to be undertaken. In addition, we believe the plan is illegal, for all the reasons outlined in the attached comments.

In the end, the action is wholly devoid of the kind of reasoned analysis necessary to justify a \$30 million giveaway of tax revenues to the developers of the Short Pump Town Center. No findings were made that the tax revenues anticipated from the Short Pump Town Center, adjusted to account for the loss of tax revenues elsewhere in the County, would be greater than the revenues the County would receive from the unsubsidized development of the Short Pump property; an eventuality we all know to be reasonably achievable in the short run, if for no other reason than that Forest City has obtained POD approval to do so. Without such an analysis the Board is irresponsibly taking risks with public money and threatening the competitiveness and viability of existing retail businesses in the County, including the Regency Square Mall. Consequently, Taubman intends to take whatever action is necessary to ensure a level playing field in the County and to protect its interests.

BOS01229

Chairman Thornton
Page 3

Thank you for your consideration.

Sincerely,



Neil Thomas Proto
Steven R. Johnson
VERNER, LIIPFERT, BERNHARD
MCPHERSON & HAND, CHTD.
901 15th Street, N.W.
Washington, D.C. 20005

Steven W. Pearson
REED SMITH HAZEL
& THOMAS, L.L.P.
Riverfront Plaza - West Tower
901 East Byrd Street, Suite 1700
Richmond, VA 23219-4069

Counsel to Taubman

Attachment

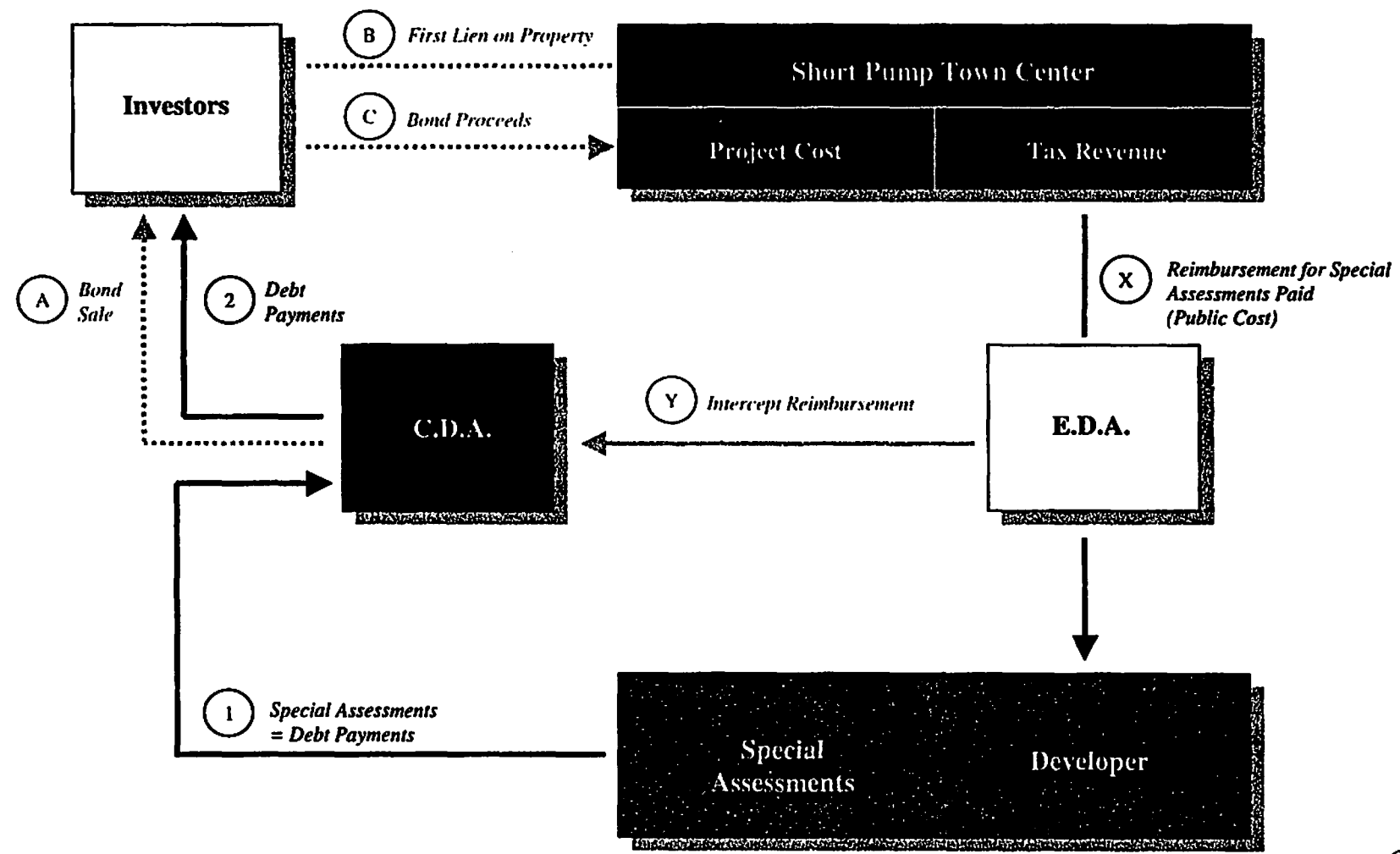
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Economic Incentive Plan

Short Pump Town Center



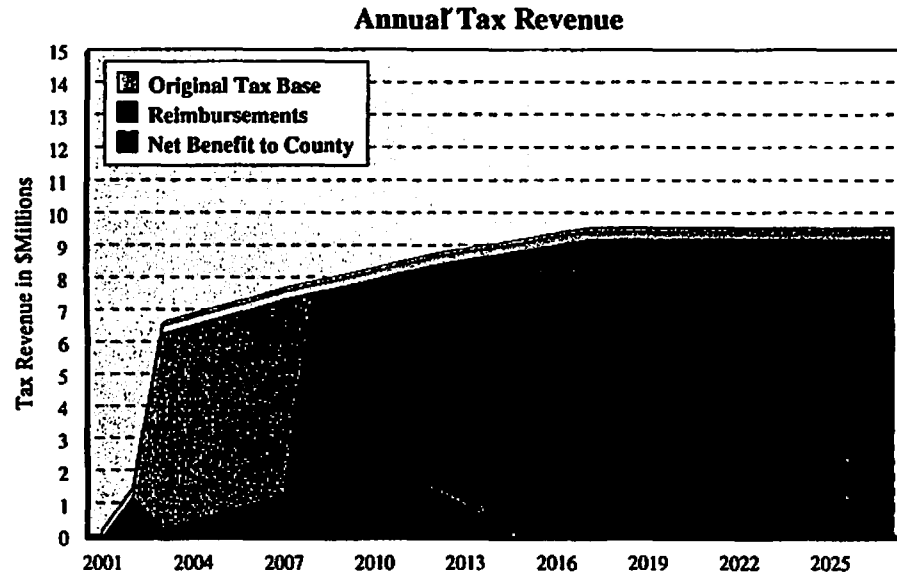
Initial Transaction ...
Ongoing Flow of Funds ==
Contingency ---

John J. [Signature]
1/31/2001

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Tax Revenue

Short Pump Town Center



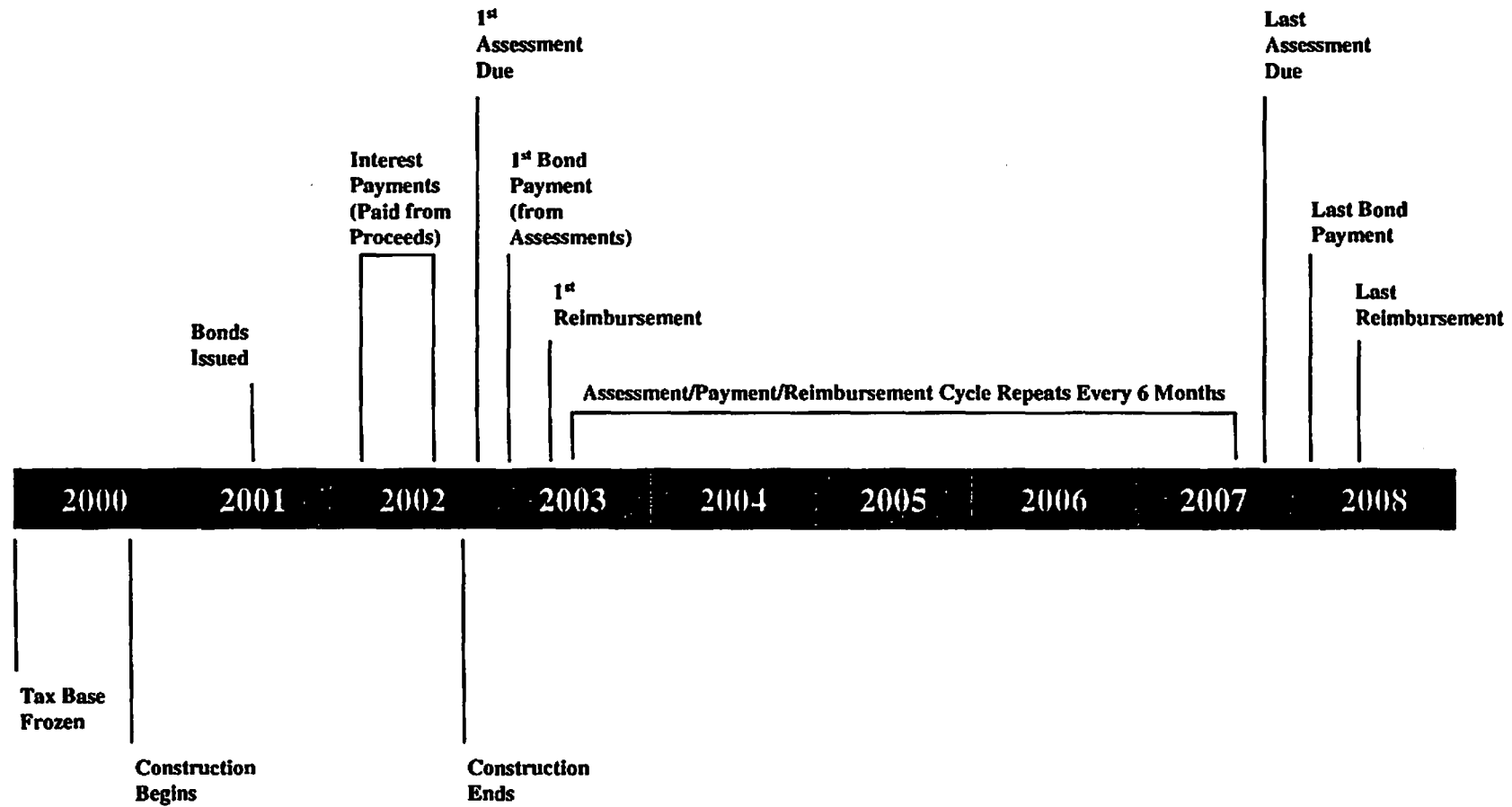
Short Pump
1/31/2001

Results

Total Tax Revenue	\$220,730,356
Less: Reimbursements	\$30,273,800
Less: Current Tax Revenue and Expenditures	<u>\$6,930,284</u>
Net County Benefit	\$183,526,272

Timeline

Short Pump Town Center



1/31/2000
Submitted

Financial Impact Analysis

5-Year Amortization

(\$ Thousands)

September 26, 2000

Financial Impact	Construction		Operations					Summary			25-Year Total
	Yr 0	Yr 0	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 0-5	Yr 6-15	Yr 16-25	
	2000	2001	2002	2003	2004	2005	2006	Subtotals			
Tax Revenue											
Real Property	247	843	1,393	1,429	1,466	1,504	1,543	8,425	17,819	19,947	46,191
Personal Property	0	711	1,421	1,421	1,421	1,421	1,421	7,816	14,211	14,211	36,238
BPOL	0	0	609	645	682	719	757	3,412	9,002	9,957	22,371
Sales Tax	0	0	3,207	3,389	3,573	3,760	3,949	17,877	46,641	51,413	115,931
Total	247	1,554	6,629	6,883	7,142	7,404	7,671	37,530	87,673	95,527	220,730
Adjustments											
Direct Project Costs	0	0	0	0	0	0	0	0	0	0	0
Reimbursement of Costs	0	0	0	0	0	0	0	0	0	0	0
CDA Debt Service Payments	0	0	6,055	6,054	6,056	6,056	6,053	30,274	0	0	30,274
CDA Expenses	0	15	15	15	15	15	15	90	171	0	261
Current Tax Base Revenue	247	247	247	247	247	247	247	1,729	2,470	2,470	6,669
Off-Site Revenue Impact	0	0	0	0	0	0	0	0	0	0	0
Alternative Use Impact	0	0	0	0	0	0	0	0	0	0	0
Total	247	262	6,317	6,316	6,318	6,318	6,315	32,093	2,641	2,470	37,204
Net Benefit	0	1,292	312	568	824	1,086	1,356	5,437	85,032	93,057	183,526
Present Value @ 6.00%	0	1,219	278	477	652	812	956	4,393	43,660	26,961	75,014
Assumptions								-Annual Growth Rates-			
Property Valuation											
Land	26,277	26,277	26,277	26,960	27,661	28,380	29,118	2.60%	2.60%		
Improvements	0	55,933	111,866	114,775	117,759	120,820	123,962	2.60%	2.60%		
Outlot Construction	0	7,500	10,000	10,260	10,527	10,800	11,081	2.60%	2.60%		
Furniture, Fixtures & Equipment	0	20,301	40,603	40,603	40,603	40,603	40,603	0.00%	0.00%		
Total	26,277	110,011	188,746	192,597	196,549	200,604	204,764				
Tax Rates											
Real Property	\$0.94	\$0.94	\$0.94	\$0.94	\$0.94	\$0.94	\$0.94	\$0.94	\$0.94		
Personal Property	\$3.50	\$3.50	\$3.50	\$3.50	\$3.50	\$3.50	\$3.50	\$3.50	\$3.50		
BPOL (\$100K Exempt)	0.200%	0.200%	0.200%	0.200%	0.200%	0.200%	0.200%	0.200%	0.200%		
Sales Tax (County Portion)	1.000%	1.000%	1.000%	1.000%	1.000%	1.000%	1.000%	1.000%	1.000%		
Retail Sales											
Sq Footage - GLA, Dept Stores & Theater	0	0	1,124,600	1,124,600	1,124,600	1,124,600	1,124,600	1,129,000	1,129,000		
Sales Per Square Foot	\$0	\$0	\$263	\$278	\$294	\$309	\$325	3.39%	1.73%		
Outlots - Combined Sales	\$0	\$0	\$25,000	\$26,000	\$27,040	\$28,122	\$29,246	4.00%	4.00%		

Financial Impact Analysis
Short Pump Town Center



Henrico County, Virginia

September, 1999

Prepared by:

DAVENPORT & COMPANY LLC
901 East Cary Street
Richmond, Virginia 23219
(804) 697-2900

1/31/0001
[Signature]

BOS01651

Financial Impact Analysis

Short Pump Town Center
Henrico County, Virginia
September 24, 1999

Contents

<i>Section A</i>	<i>Project Description</i> <i>Development Proposal</i> <i>Financing Plan/Alternatives</i>
<i>Section B</i>	<i>Cost/Benefit Analysis</i>
<i>Section C</i>	<i>Debt Capacity/Credit Impact</i>
<i>Section D</i>	<i>Key Issues</i>
<i>Section E</i>	<i>Financial Analysis Detail</i>

Financial Impact Analysis

Short Pump Town Center

Henrico County, Virginia

September 24, 1999

Project Description Development Proposal Financing Plan/Alternatives

Project Description

Financial Impact Analysis

Short Pump Town Center

<i>Facility</i>	Upscale Shopping Mall with Four Department Store Anchors: Nordstrom's, Lord & Taylor's, Dillard's and Hecht's
<i>Investment</i>	\$225 Million – Land, Construction, Furnishings
<i>Benefits</i>	Taxes, Jobs, Development Profile
<i>Location</i>	West Broad & Lauderdale
<i>Owner/Developer</i>	Forest City Enterprises/Pruitt Associates LLC
<i>Owner Profile</i>	Forest City is a Cleveland based real estate development company with \$696 million in annual revenue and more than \$3 billion in assets. The company is listed on the New York Stock Exchange and owns shopping centers, apartments, office buildings and hotels throughout the United States including Tobacco Row in Richmond. Pruitt Associates is a Richmond firm which assembled the land and is developing the project.
<i>Other Considerations</i>	Taubman, a nationally recognized real estate firm which owns Regency Square is developing a mall at Stoney Point in the City of Richmond which is competing for the same anchor tenants. County sales tax revenue will be affected by the location of the successful mall and its impact on Regency.

Development Proposal

Financial Impact Analysis

Short Pump Town Center

<i>Private Investment</i>	\$203,000,000	♦ Land \$ __,000,000 ♦ Improvements __,000,000 ♦ Furniture & Fixtures __,000,000
<i>Public Investment</i>	\$22,000,000	♦ Roads \$ __,000,000 ♦ Utilities __,000,000 ♦ Parking & Misc. __,000,000

<i>Financing Plan</i>	Alternative I Reimbursement Approach	♦ Funding: Private Sources ♦ Security: Developer ♦ Reimbursement: From Tax Revenue Generated By the Project Over Time
	Alternative II Private Borrowing	♦ Funding: CDA or IDA Borrowing ♦ Security: Special Assessments/Developer ♦ Reimbursement: From Tax Revenue Generated By the Project Over Time
	Alternative III Public Borrowing	♦ Funding: IDA Borrowing ♦ Security: Annual Appropriation ♦ Reimbursement: From Tax Revenue Generated By the Project Over Time

Alternative I – Reimbursement Approach

Financial Impact Analysis

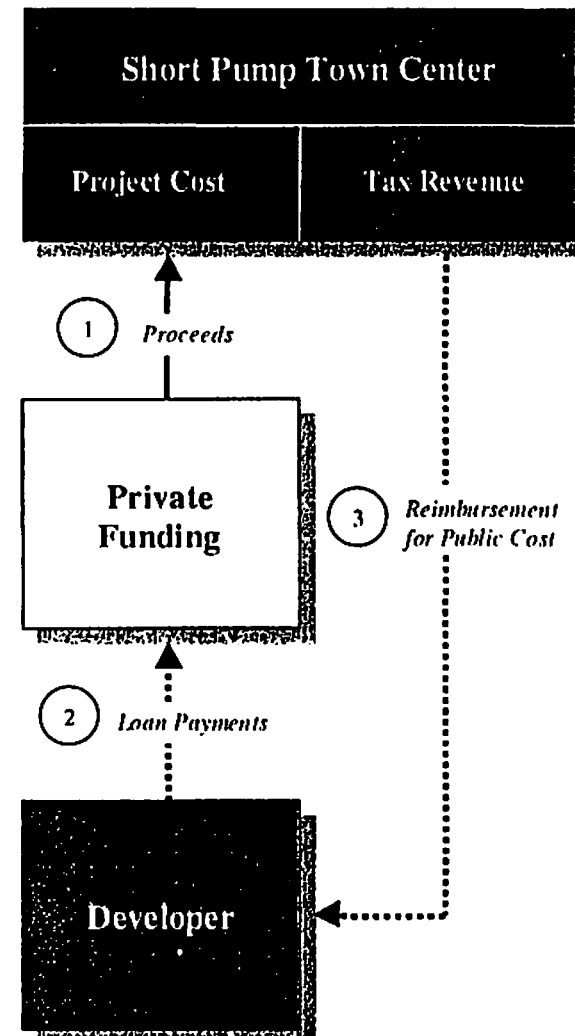
Short Pump Town Center

Advantages

- ◆ Developer Funds All Costs
- ◆ No Debt Issued By County
- ◆ Reimbursement for Public Cost Limited to Project Tax Revenue
- ◆ No County Impact if Project Fails

Disadvantages

- ◆ Lack of Tax-Exempt Financing Increases Developer's Costs



Alternative IIa – Private Borrowing – I.D.A.

Financial Impact Analysis

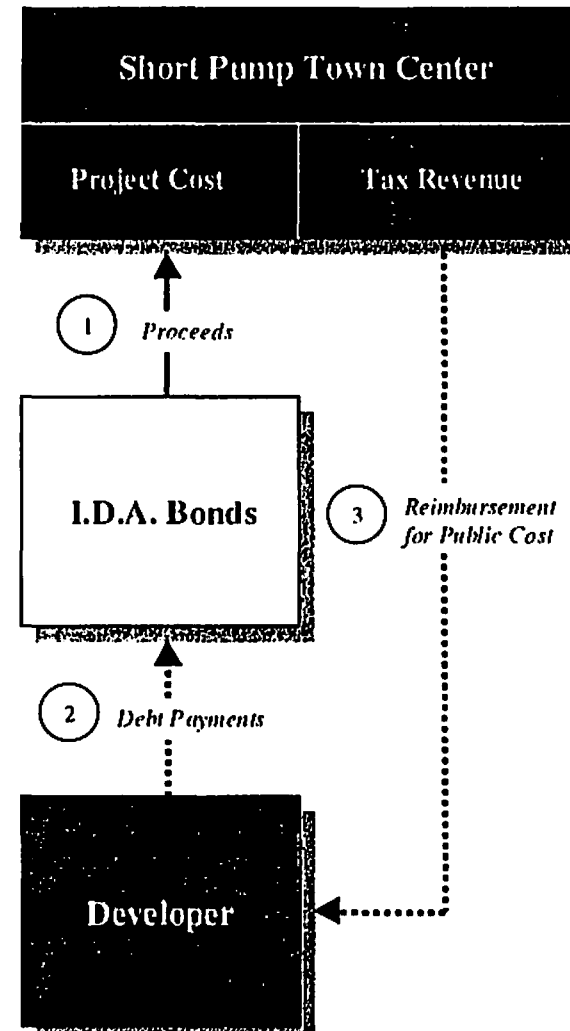
Short Pump Town Center

Advantages

- ◆ Debt Issued is Obligation of Developer
- ◆ Reimbursement for Public Cost Limited to Project Tax Revenue
- ◆ No County Impact If Project Fails

Disadvantages

- ◆ Cost of Borrowing May be Higher than C.D.A.



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Alternative IIb – Private Borrowing – C.D.A.

Financial Impact Analysis

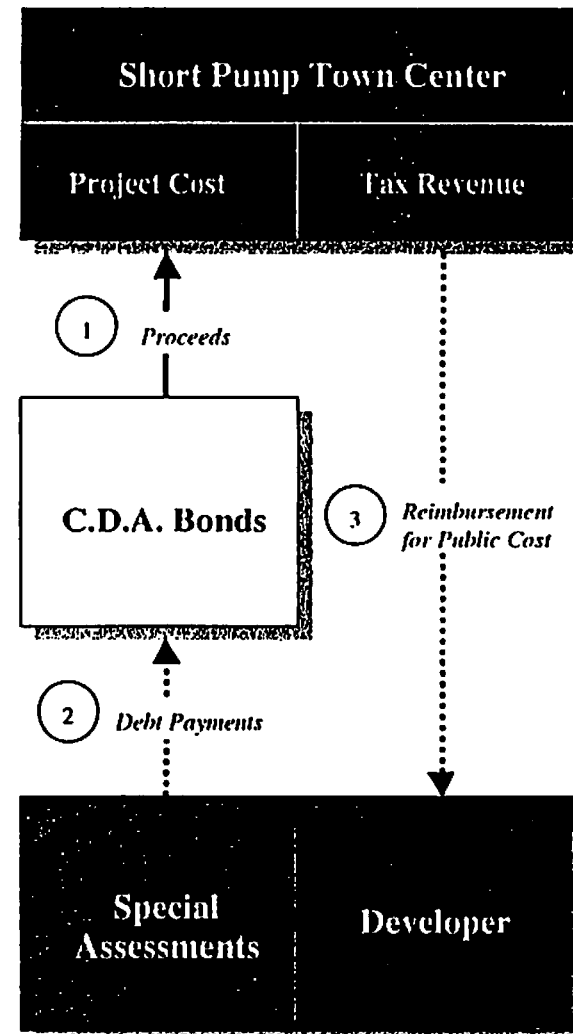
Short Pump Town Center

Advantages

- ◆ Debt Issued is Obligation of Developer/District Taxpayers
- ◆ Reimbursement for Public Cost Limited to Project Tax Revenue
- ◆ No Direct County Impact If Project Fails

Disadvantages

- ◆ Debt Treated as Overlapping Debt of the County



Alternative III – Public Borrowing

Financial Impact Analysis

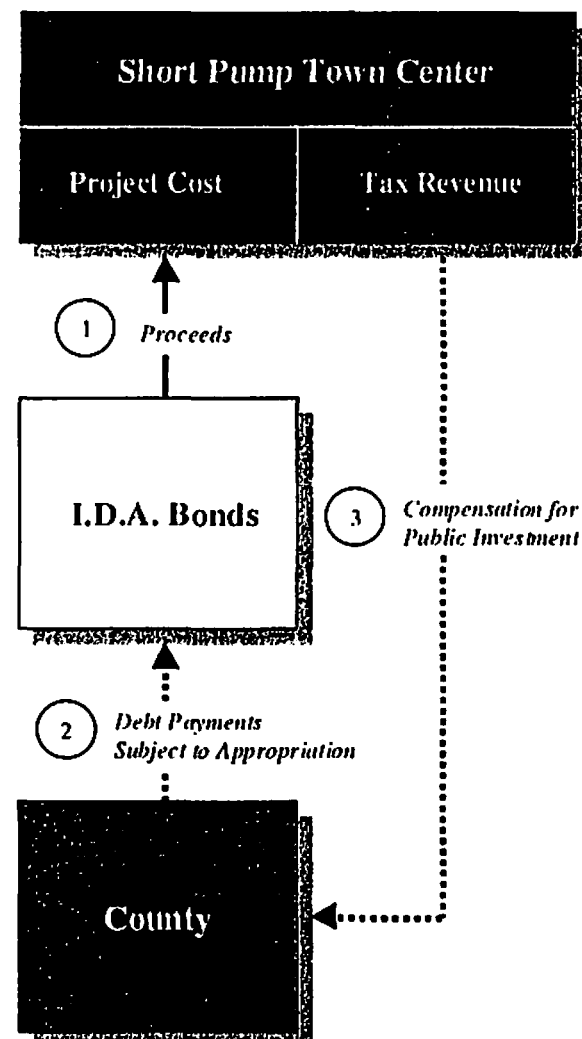
Short Pump Town Center

Advantages

- ◆ Developer's Cost is Reduced
- ◆ Compensation for Public Investment from Project Tax Revenue

Disadvantages

- ◆ County is Direct Borrower
- ◆ County is at Risk if Project Fails – Appropriate or Risk Credit Standing
- ◆ Debt Included in County Debt Ratios
- ◆ Developer's Liability is Reduced



Financial Impact Analysis

Short Pump Town Center
Henrico County, Virginia
September 24, 1999

Cost/Benefit Analysis

BOS01660

Cost/Benefit Analysis Summary

Financial Impact Analysis

Short Pump Town Center

Case 1

Case 2

Case 3

Case 4

Case 5

Reimbursement
Approach

Private Borrowing
Approach

Accelerated
Reimbursement

Modified
Assumptions

Alternative Use

Economic Assumptions	Developer Assumptions	Developer Assumptions	Developer Assumptions	Modified Assumptions	Alternative Use
Funding Approach	Alternative I Reimbursement Approach	Alternative II Private Borrowing	Alternative I Reimbursement Approach	Alternative I Reimbursement Approach	Alternative I Reimbursement Approach
Tax Revenue Applied	Property Taxes	Property Taxes	All Taxes	Property Taxes	Property Taxes

Total Revenue	\$ __,000,000	\$ __,000,000	\$ __,000,000	\$ __,000,000	\$ __,000,000
Deductions	\$ __,000,000	\$ __,000,000	\$ __,000,000	\$ __,000,000	\$ __,000,000
Net Benefit	\$ __,000,000	\$ __,000,000	\$ __,000,000	\$ __,000,000	\$ __,000,000
Net Present Value	\$ __,000,000	\$ __,000,000	\$ __,000,000	\$ __,000,000	\$ __,000,000

Case 1: Reimbursement Approach

Financial Impact Analysis

Short Pump Town Center

Case Description

1. Developer's Economic Assumptions
2. Reimbursement Approach - Property Taxes Only

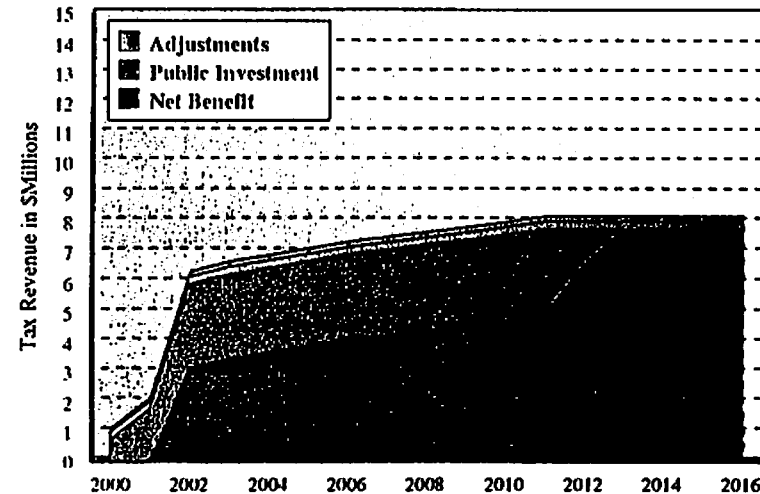
Results

Total Revenue		\$115,869,998
Adjustments	(See Below)	<u>\$36,172,456</u>
Net Benefit		\$79,697,542
Net Present Value		\$45,122,504
Remaining Liability		\$0

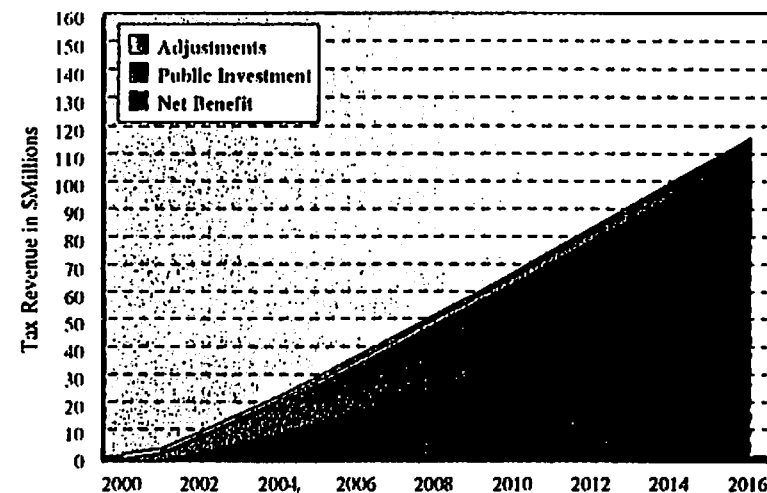
Adjustments

Direct Investment	No
Reimbursement of Costs	Yes
Current Tax Revenue	Yes
Alternative Use	No
Off-Site Impact	No
Debt Service	No

Annual Return



Total Return



Case 2: Private Borrowing Approach

Financial Impact Analysis

Short Pump Town Center

Case Description

1. Developer's Economic Assumptions
2. Private Tax-Exempt Borrowing - Property Taxes Only

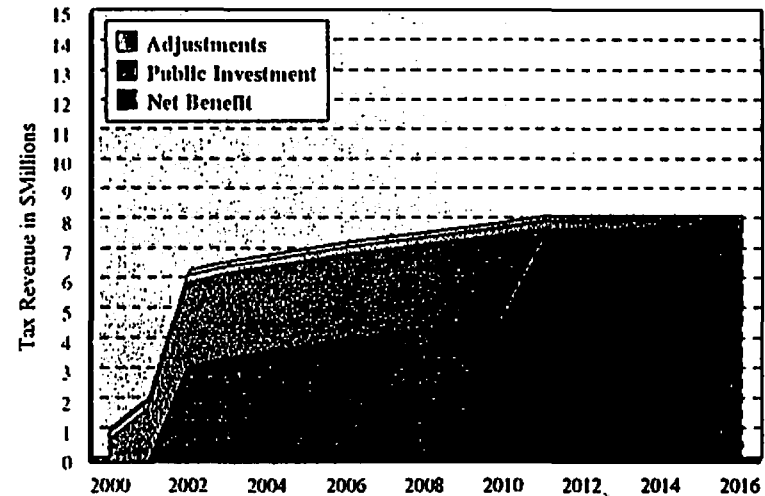
Results

Total Revenue		\$115,869,998
Adjustments	(See Below)	<u>\$32,607,128</u>
Net Benefit		\$83,262,870
Net Present Value		\$46,964,272
Remaining Liability		\$0

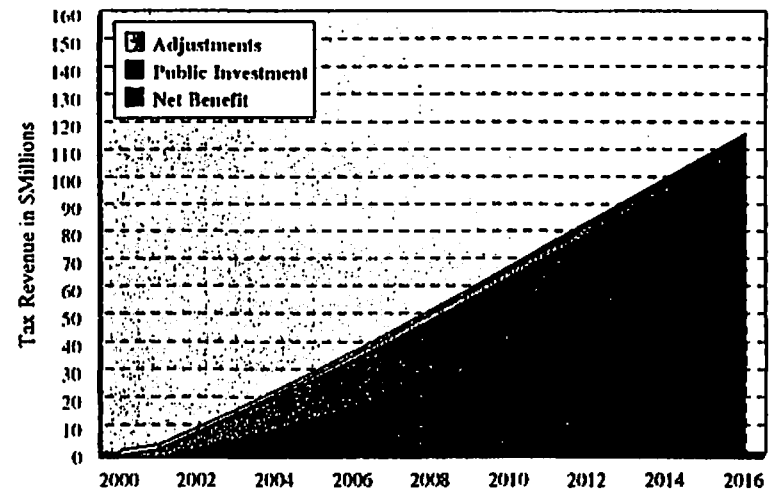
Adjustments

Direct Investment	No
Reimbursement of Costs	Yes
Current Tax Revenue	Yes
Alternative Use	No
Off-Site Impact	No
Debt Service	No

Annual Return



Total Return



Case 3: Accelerated Reimbursement

Financial Impact Analysis

Short Pump Town Center

Case Description

1. Developer's Economic Assumptions
2. Reimbursement Approach - All Taxes

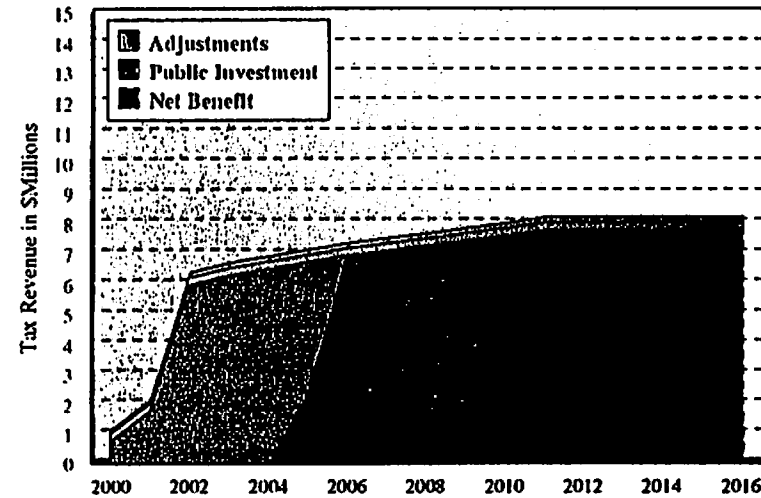
Results

Total Revenue	\$115,869,998
Adjustments (See Below)	<u>\$30,074,026</u>
Net Benefit	\$85,795,973
Net Present Value	\$46,148,295
Remaining Liability	\$0

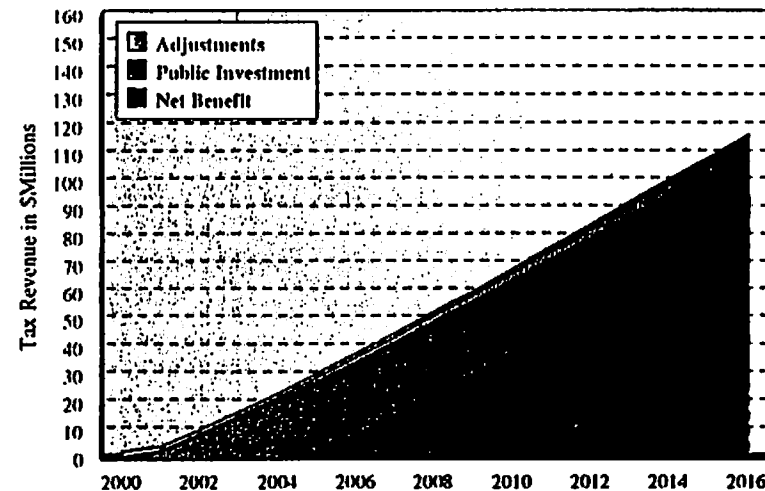
Adjustments

Direct Investment	No
Reimbursement of Costs	Yes
Current Tax Revenue	Yes
Alternative Use	No
Off-Site Impact	No
Debt Service	No

Annual Return



Total Return

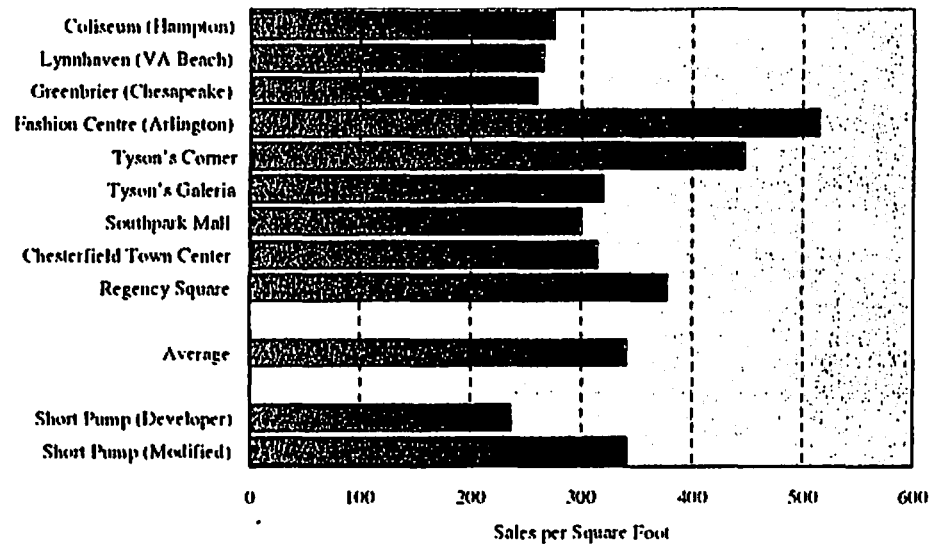


Virginia Mall Comparison

Financial Impact Analysis

Short Pump Town Center

Major Virginia Malls



Mall	Size Sq Feet GLA	Location	Anchors
Coliseum Mall	1,500,000	Hampton	Dillard's, Hecht's, JC Penney, Montgomery Ward
Lynnhaven Mall	1,124,673	Virginia Beach	Hecht's, JC Penney, Belk, Montgomery Ward
Greenbrier Mall	768,928	Chesapeake	Hecht's, Belk, Sears
Fashion Centre at Pentagon City	819,933	Arlington	Nordstrom's, Macy's
Tyson's Corner	1,900,000	McLean	Nordstrom's, Lord & Taylor, Hecht's, Bloomingdale's
Tyson's Galleria	800,000	McLean	Macy's, Neiman Marcus, Sak's Fifth Avenue
Southpark Mall	750,000	Colonial Heights	Hecht's, Belk, Sear's, JC Penney
Chesterfield Town Center	878,000	Chesterfield County	Hecht's, Belk, Sear's
Regency Square	825,891	Henrico County	Hecht's, Sear's, JC Penney
Short Pump Town Center	1,129,000	Henrico County	Nordstrom's, Lord & Taylor, Hecht's, Dillard's

Case 4: Modified Assumptions

Financial Impact Analysis

Case Description

1. Modified Economic Assumptions - Real & Personal Property; Sales Tax
2. Reimbursement Approach - Property Taxes Only
3. Incorporates Net Impact on Regency Square

Results

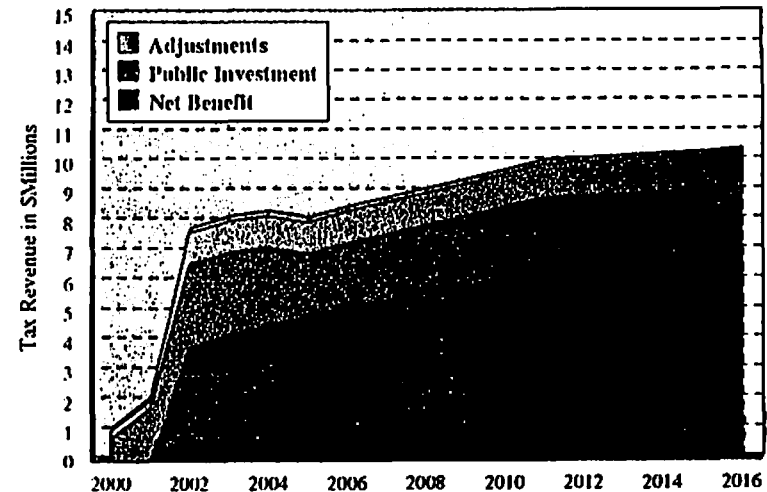
Total Revenue		\$141,066,116
Adjustments	(See Below)	<u>\$51,849,558</u>
Net Benefit		\$89,216,559
Net Present Value		\$51,662,199
Remaining Liability		\$0

Adjustments

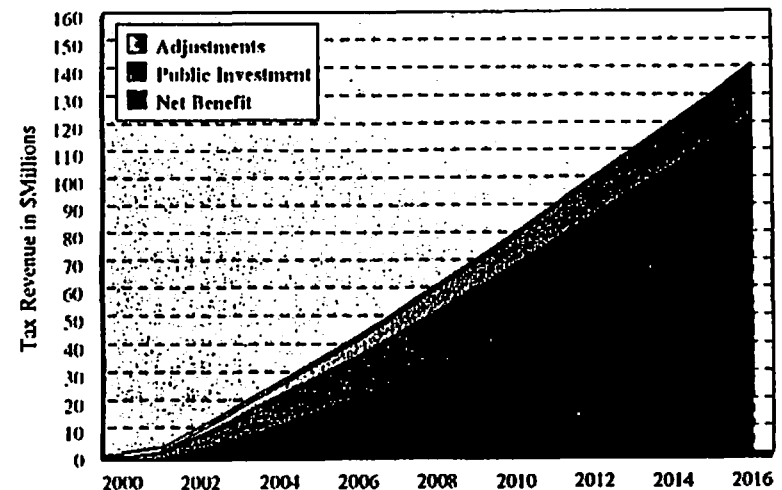
Direct Investment	No
Reimbursement of Costs	Yes
Current Tax Revenue	Yes
Alternative Use	No
Off-Site Impact	Yes
Debt Service	No

Short Pump Town Center

Annual Return



Total Return



Case 5: Alternative Use

Financial Impact Analysis

Short Pump Town Center

Case Description

1. Alternative Use of Property - Office Complex
2. Developer's Economic Assumptions
3. Incorporates Net Impact on Regency Square
4. No County Economic Incentives

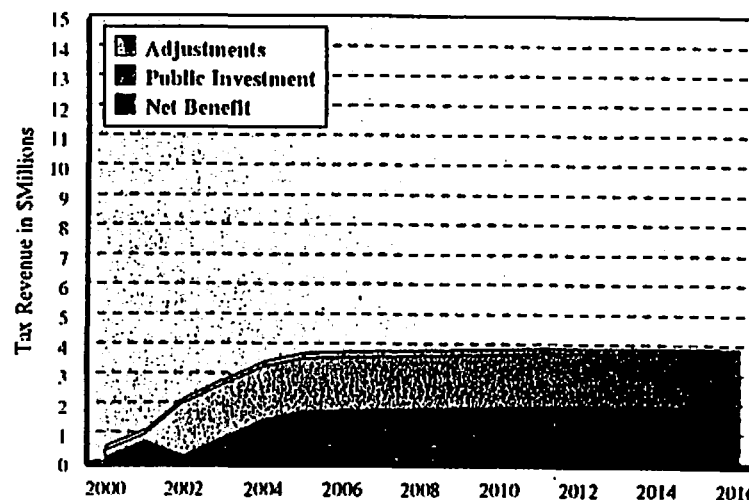
Results

Total Revenue	\$55,956,775
Adjustments (See Below)	<u>\$27,613,010</u>
Net Benefit	\$28,343,765
Net Present Value	\$16,875,916
Remaining Liability	\$0

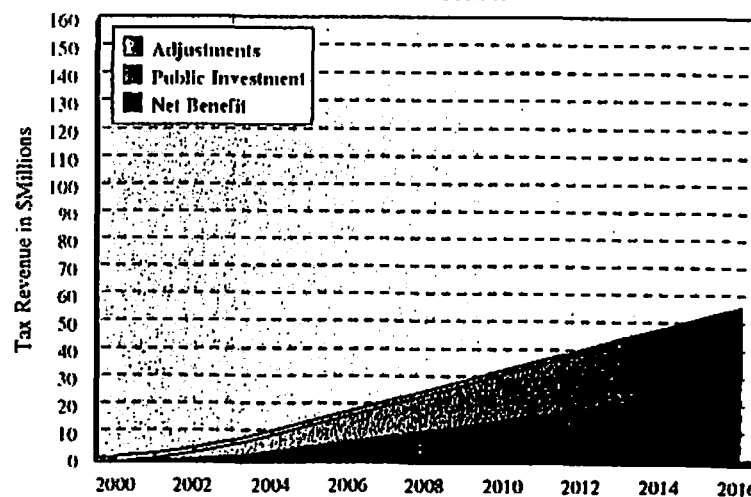
Adjustments

Direct Investment	No
Reimbursement of Costs	Yes
Current Tax Revenue	Yes
Alternative Use	Yes
Off-Site Impact	Yes
Debt Service	No

Annual Return



Total Return



Financial Impact Analysis

**Short Pump Town Center
Henrico County, Virginia
September 24, 1999**

1210

Debt Capacity/Credit Impact

BOS01668

Debt Capacity/Credit Impact

Financial Impact Analysis

Short Pump Town Center

Financing Plan	Alternative I Reimbursement Approach	◆ No Debt Capacity Impact ◆ No Credit Impact if Project Fails
	Alternative IIa Private Borrowing I.D.A.	◆ No Debt Capacity Impact ◆ No Credit Impact if Project Fails and Reimbursement Liability Ends
	Alternative IIb Private Borrowing C.D.A.	◆ Uses Debt Capacity ◆ No <u>Direct</u> Credit Impact if Project Fails and Reimbursement Liability Ends
	Alternative III Public Borrowing	◆ Uses Debt Capacity ◆ County Fully Liable if Project Fails - Must Appropriate or Suffer Adverse Credit Consequences ◆ Credit Impact at Outset is Limited

BOS01669

Debt Capacity/Credit Impact

Financial Impact Analysis

Short Pump Town Center

Issue

Financial Assessment

1. Is public investment in economic development a factor in the general obligation ratings of a jurisdiction?	Yes	The impact may be largely immaterial at one extreme where growth pays for growth and the project has no impact on existing taxpayers through performance-based incentives. It could, though, be a significant influence on a rating where an economic revitalization-type project ("if we build it they will come") involves direct public-sector credit risk and project failure would impact the local tax base or debt burden.
2. Are the tax increment and special tax district approaches to economic development a proven commodity?	Yes	Though used infrequently in Virginia, tax increment and special tax district financings have been used successfully throughout the United States. There also have been notable failures for these techniques. Any such financing will be closely analyzed by the rating agencies.
3. Are tax increment bonds or special tax district (C.D.A.) bonds included in calculating the County's debt ratios?	Yes	This type of debt is treated as overlapping debt of the jurisdiction as it represents an additional burden on the tax base.
4. Is the County's credit situation improved if a developer issues bonds secured by his own credit and we reimburse him from incremental tax revenue that is not pledged to the bonds.	Yes	If the County is not directly or contingently liable for the debt, it will not ordinarily be counted against their debt ratios.

5. Is reimbursement treated differently if it is a contingent liability?	Yes	The more reimbursement is performance-driven the less the impact. An ongoing liability that does not depend on performance has a greater probability of representing a tax burden in the future.
6. In a reimbursement scenario, is a pledge of all incremental taxes viewed differently than pledging only incremental property taxes?	Yes	The narrower the commitment, the less likely any future impact would result.
7. Do C.D.A. special assessment bonds create different credit considerations?	Yes	The credit-worthiness of these types of bonds are similar to many industrial development bonds, but they are treated as overlapping debt of the County.
8. Do County bonds subject to annual appropriation create different credit issues?	Yes	If the County's credit is directly on the line, the County has more exposure to the success of the project and the financing will be treated as tax-supported debt.
9. Are there other considerations that will influence the rating agency view of this type of project?	Yes	Some of the most significant include assurance that the County has not overextended itself relative to the incentives and benefits involved; the quality and conclusions of the market demand study; and the track record of the developer relative to similar projects in other locations. If a C.D.A. approach is used, the criteria established by the County for use of this type of vehicle may be important as well.

Debt Capacity Assumptions

Financial Impact Analysis

Short Pump Town Center

The following pages compare the County's Debt Ratios to the averages of its Virginia and National peer groups under various capital spending scenarios. The following assumptions have been incorporated into the analysis:

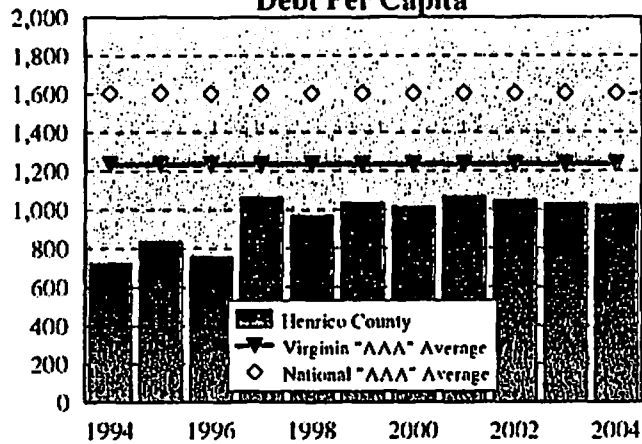
- ◆ **Debt** is defined as all tax-supported debt of the County, including General Obligations, Virginia Public School Authority Debt, Literary Loans and Capital Leases. Debt and Debt Service have been adjusted to be net of the estimated reimbursement from the Commonwealth for the Henrico County Regional Jail.
- ◆ **Expenditures** include all General Fund, Debt Service Fund and Component Unit School Board Expenditures. The growth rate of expenditures is estimated based on the County's Budget Forecast to equal approximately 7.0% in 1999 and 2000, and approximately 4.0% thereafter.
- ◆ **New Debt** is amortized over 20 years with a level principal structure at an interest rate of 5.50%. Debt is issued according to the schedule contained in the County's Capital Improvement Program where indicated, or is issued in equal amounts over the next five years.
- ◆ **Annual Growth Rates** for economic and demographic factors are based on historical five-year averages, and are as follows:
  - Population: 1.5%
  - Assessed Value of Taxable Property 5.7%
  - Per Capita Income 3.5%

Debt Ratios - Existing C.I.P. - \$115MM New Debt

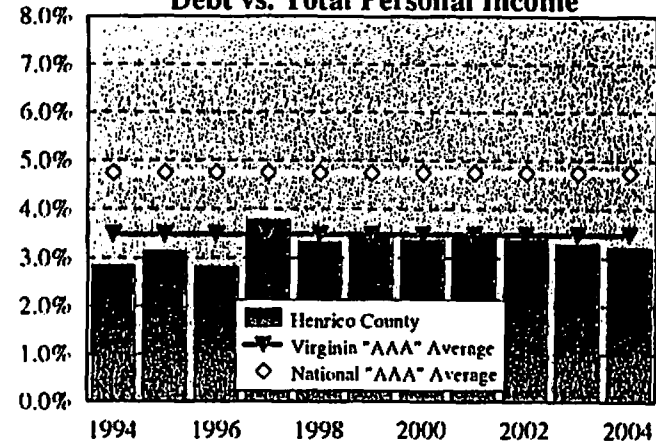
Financial Impact Analysis

Short Pump Town Center

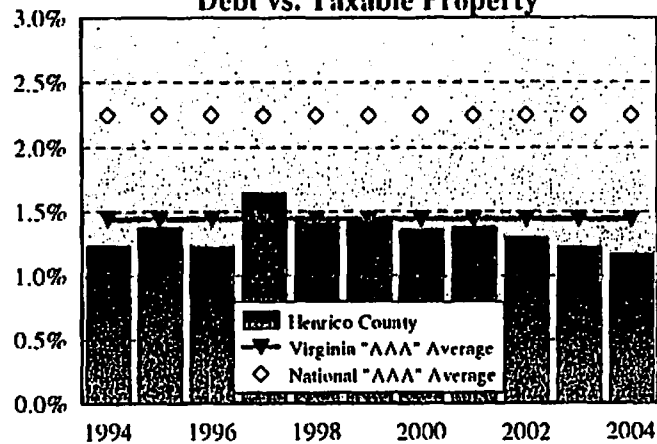
Debt Per Capita



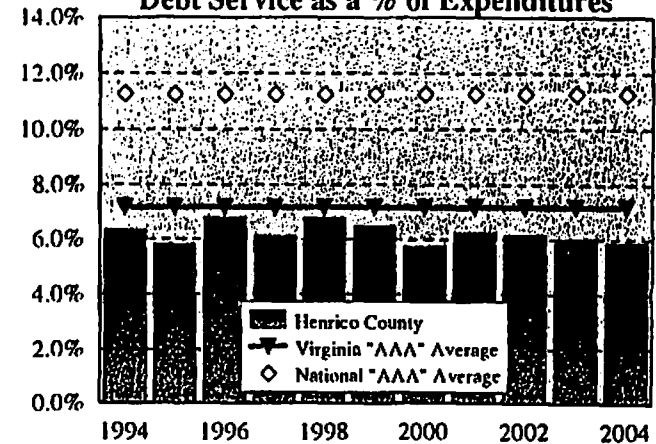
Debt vs. Total Personal Income



Debt vs. Taxable Property



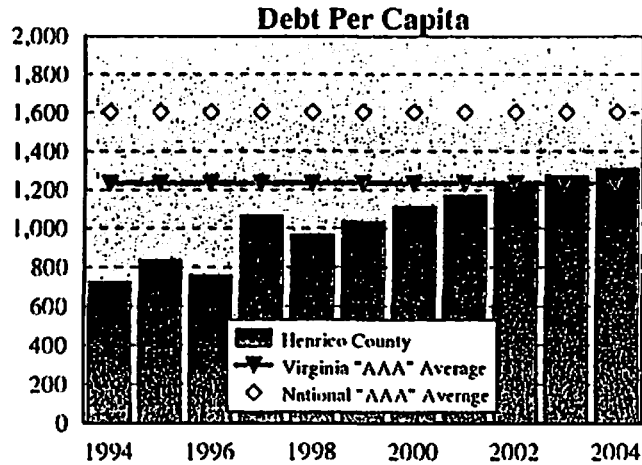
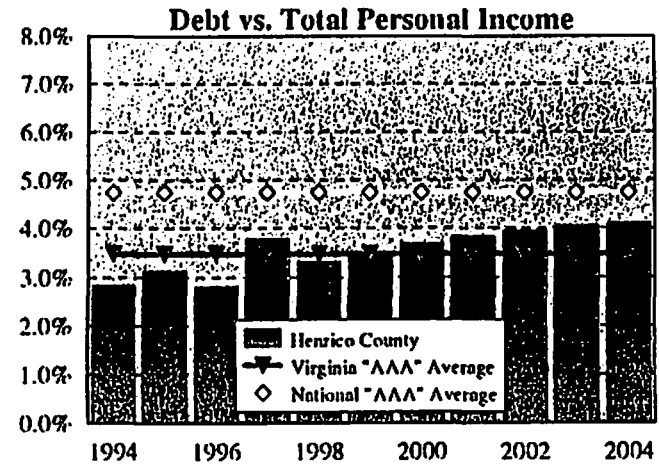
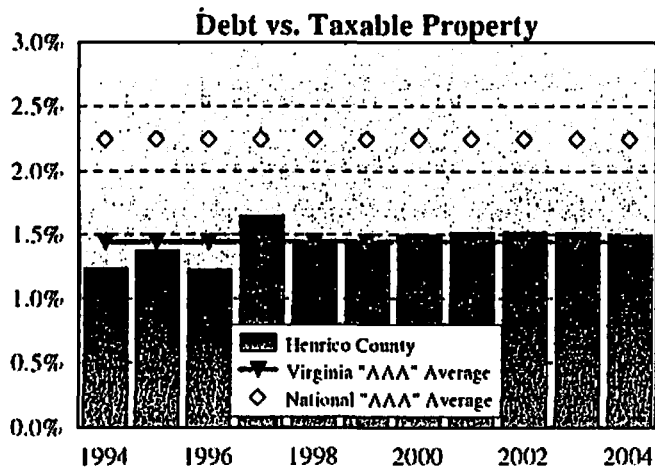
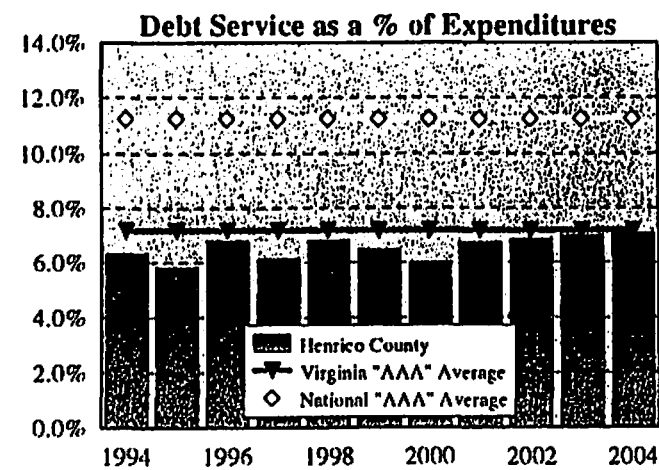
Debt Service as a % of Expenditures



Debt Ratios - \$200MM New Debt

Financial Impact Analysis

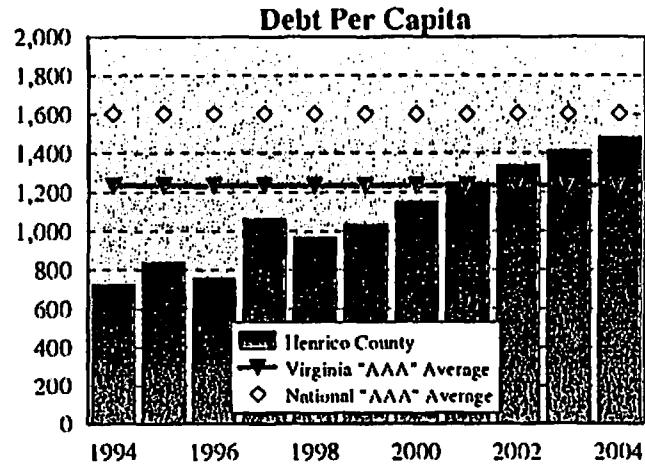
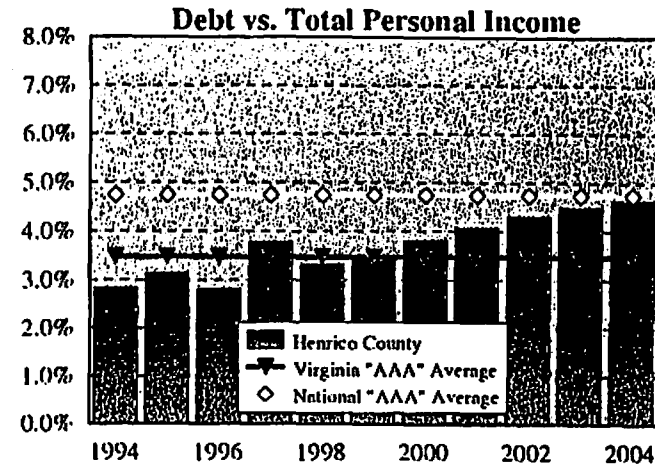
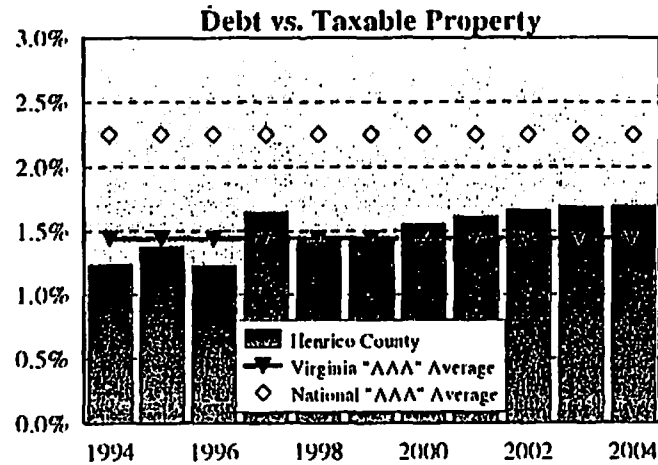
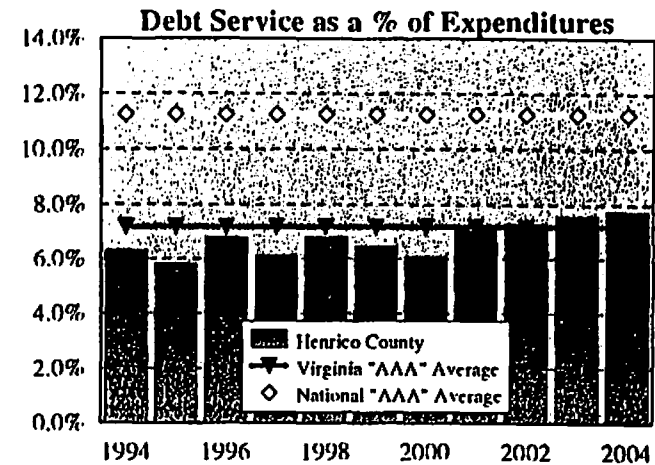
Short Pump Town Center



Debt Ratios - \$250MM New Debt

Financial Impact Analysis

Short Pump Town Center

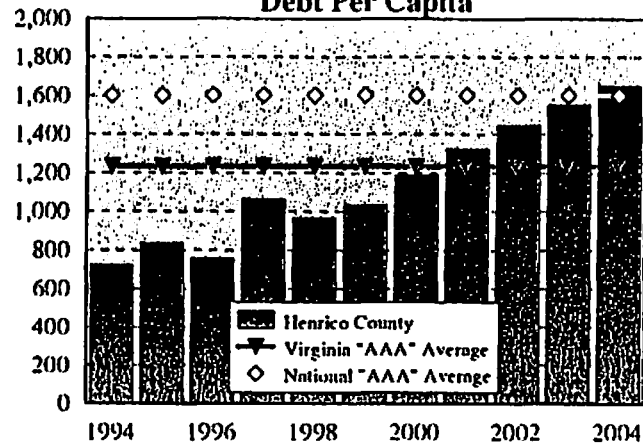


Debt Ratios - \$300MM New Debt

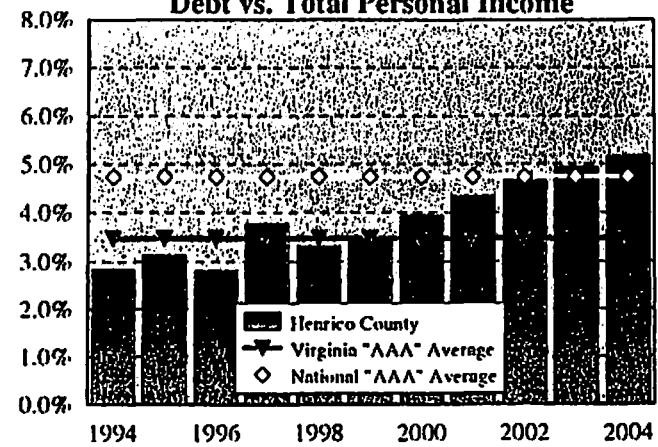
Financial Impact Analysis

Short Pump Town Center

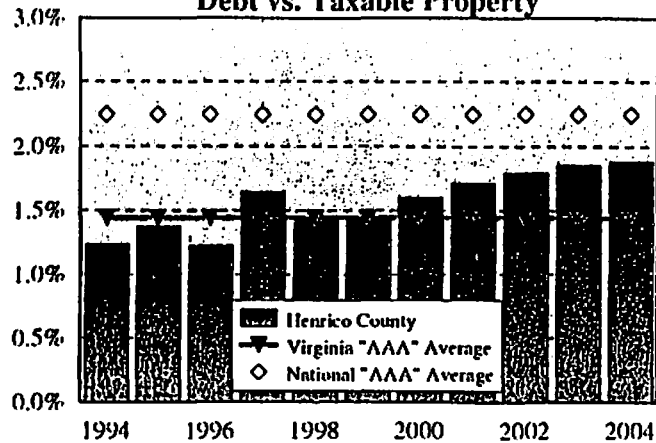
Debt Per Capita



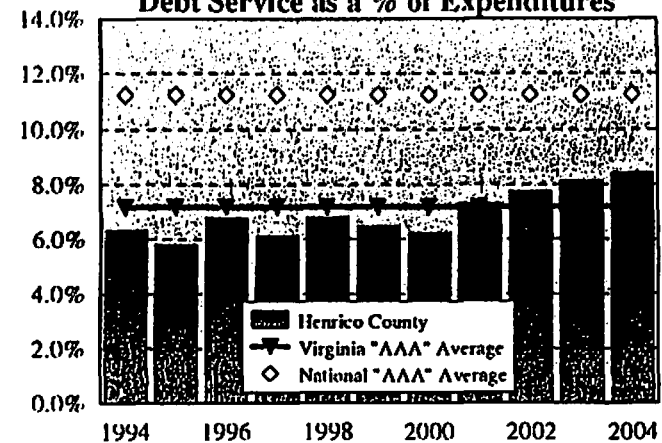
Debt vs. Total Personal Income



Debt vs. Taxable Property



Debt Service as a % of Expenditures



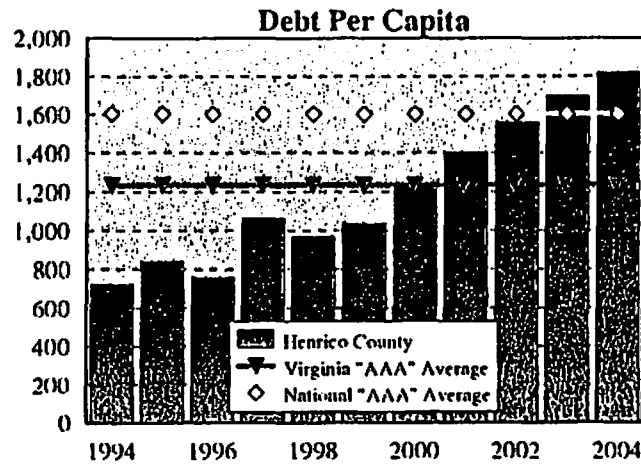
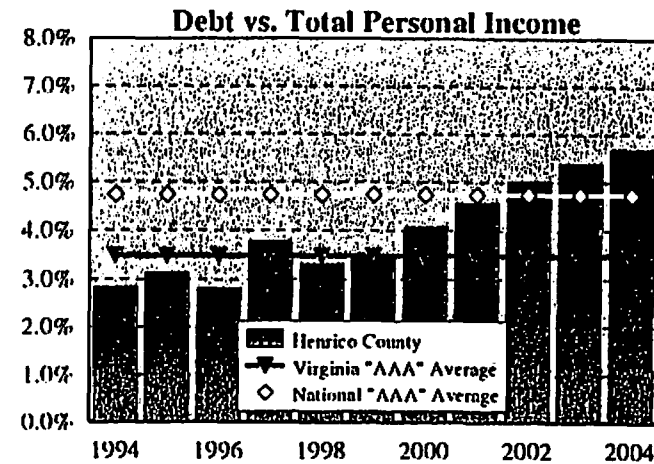
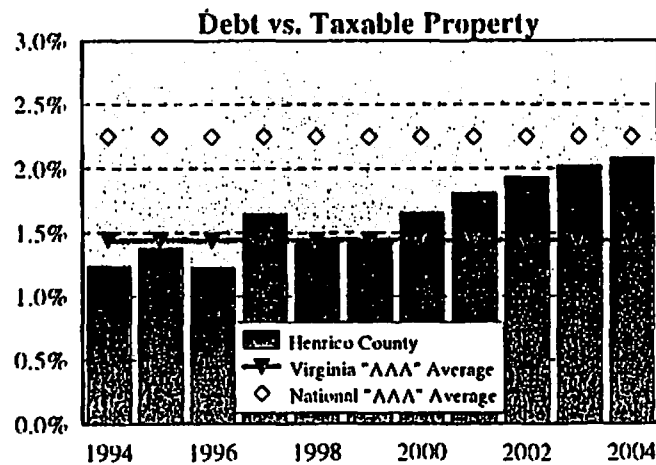
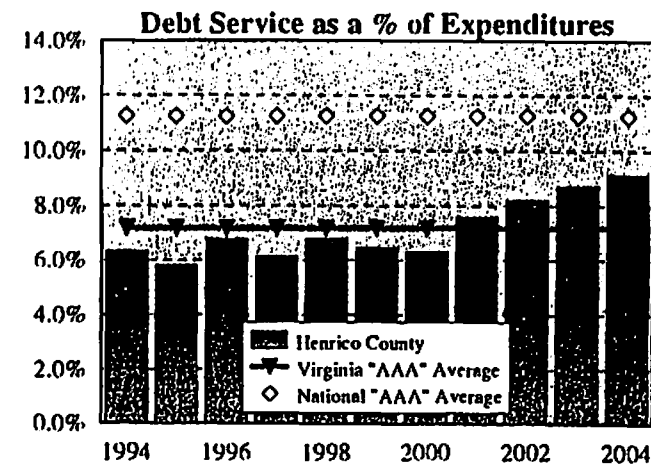
1218

Debt Ratios - \$350MM New Debt

Financial Impact Analysis

Short Pump Town Center

1219



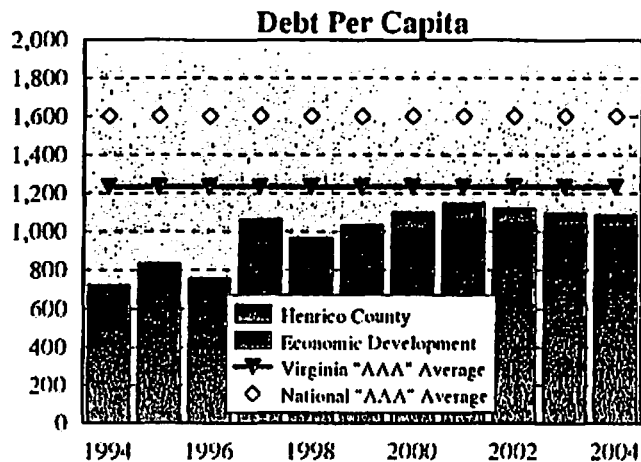
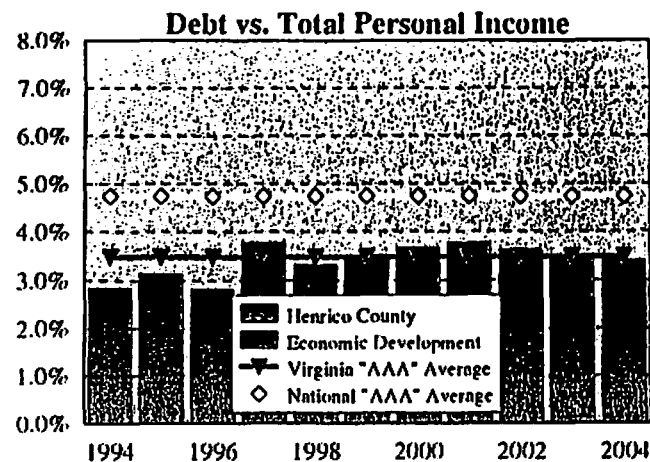
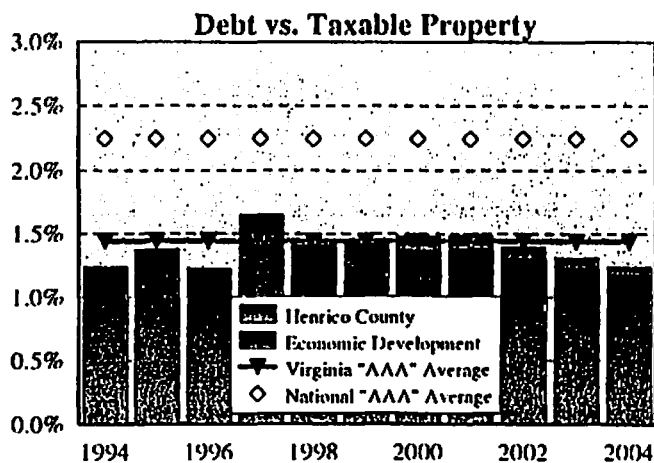
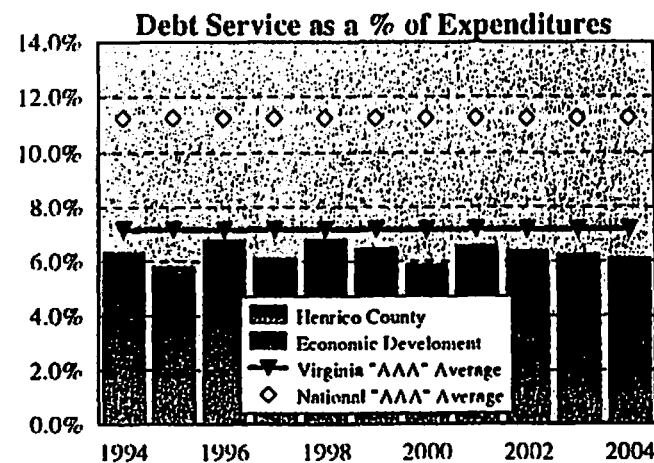
BOS01677

Debt Ratios - Existing C.I.P. & \$22MM Economic Development

Financial Impact Analysis

Short Pump Town Center

1220



BOS01678

Financial Impact Analysis

Short Pump Town Center
Henrico County, Virginia
September 24, 1999

Key Issues

BOS01679

Key Issues

Financial Impact Analysis

Short Pump Town Center

Financing Issue

Financial/Legal Assessment

1. Are other funding approaches available?	Yes	The County can fund project construction costs directly, provide a grant to the developer, or offer tax abatement.
2. Is tax increment financing a viable borrowing option?	No	This type of borrowing would require a County referendum, but a tax increment district still may play an important role in certain financing alternatives to provide for reimbursement of costs from project taxes.
3. Can a tax increment district capture revenue other than ad valorem taxes?	Yes	A tax increment district can capture sales taxes and other taxes generated within the district in addition to ad valorem taxes.
4. Is it necessary for the County to apply all tax revenue to the financing effort?	No	A portion of the revenue generated should be sufficient to pay the public share of costs.
5. Are all of the proposed costs to be funded clearly allowable under Virginia law?	No	A review of these costs by Counsel is required. Legal limitations exist on the purpose for which public funds can be expended under various financing approaches.
6. Is there a market demand study to support the developer's assumptions about facility performance?	No	No formal study has been prepared for this project.

BOS01680

7. Does the developer have an established track record developing similar facilities?	Yes	However, we do not currently have information about the success or failure rate of these developments.
8. Have C.D.A. financings been successfully implemented in Virginia?	Yes	Loudoun County completed the first C.D.A. financing for the Dulles Town Center shopping mall on May 6, 1998. Prince William County and Fredericksburg are both pursuing this financing concept.

Financial Impact Analysis

**Short Pump Town Center
Henrico County, Virginia
September 24, 1999**

Financial Analysis Detail

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Financial Impact Analysis

09/21/99

(\$ Thousands)

Financial Impact	Construction		Operations					Summary			Total
	Yr 0	Yr 0	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 0-5	Yr 6-10	Yr 11-15	
	2000	2001	2002	2003	2004	2005	2006	Subtotals			
Tax Revenue											
Real Property	1,012	1,394	1,776	1,776	1,776	1,776	1,776	11,287	8,881	8,881	29,049
Personal Property	0	645	1,290	1,290	1,290	1,290	1,290	7,097	6,452	6,452	20,001
BPOL	0	0	505	559	595	631	667	2,956	3,751	4,047	10,754
Sales Tax	0	0	2,676	2,947	3,127	3,308	3,482	15,546	19,520	20,999	56,066
Total	1,012	2,039	6,247	6,572	6,789	7,006	7,222	36,886	38,604	40,379	115,870
Adjustments											
Direct Project Costs	0	0	0	0	0	0	0	0	0	0	0
Reimbursement of Costs	765	1,792	2,820	2,820	2,820	2,820	2,820	16,655	14,098	1,221	31,973
Debt Service Payments	0	0	0	0	0	0	0	0	0	0	0
Tax Abatement	0	0	0	0	0	0	0	0	0	0	0
Current Tax Base Revenue	247	247	247	247	247	247	247	1,729	1,235	1,235	4,199
Off-Site Revenue Impact	0	0	0	0	0	0	0	0	0	0	0
Alternative Use Impact	0	0	0	0	0	0	0	0	0	0	0
Total	1,012	2,039	3,067	3,067	3,067	3,067	3,067	18,384	15,333	2,456	36,172
Net Benefit	0	0	3,180	3,505	3,722	3,939	4,156	18,503	23,271	37,923	79,698
Present Value @ 6.00 %	0	0	2,830	2,943	2,948	2,943	2,930	14,595	13,762	16,766	45,123

Assumptions								-Annual Growth Rates-	
Property Valuation									
Land	26,277	26,277	26,277	26,277	26,277	26,277	26,277	0.00%	0.00%
Improvements	81,341	122,012	162,682	162,682	162,682	162,682	162,682	0.00%	0.00%
Furniture, Fixtures & Equipment	0	18,424	26,868	26,868	26,868	26,868	26,868	0.00%	0.00%
Total	107,618	166,723	225,827	225,827	225,827	225,827	225,827		
Tax Rates									
Real Property	\$0.94	\$0.94	\$0.94	\$0.94	\$0.94	\$0.94	\$0.94	\$0.94	\$0.94
Personal Property	\$3.50	\$3.50	\$3.50	\$3.50	\$3.50	\$3.50	\$3.50	\$3.50	\$3.50
BPOL (\$100K Exempt)	0.200%	0.200%	0.200%	0.200%	0.200%	0.200%	0.200%	0.200%	0.200%
Sales Tax	1.000%	1.000%	1.000%	1.000%	1.000%	1.000%	1.000%	1.000%	1.000%
Retail Sales									
Square Feet	0	0	1,129,000	1,129,000	1,129,000	1,129,000	1,129,000	1,129,000	1,129,000
Sales Per Square Foot	\$0	\$0	\$237	\$261	\$277	\$293	\$309	4.08%	0.00%

Financial Impact Analysis

09/21/99

(\$ Thousands)

Financial Impact	Construction		Operations					Summary			Total
	Yr 0	Yr 0	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 0-5	Yr 6-10	Yr 11-15	
	2000	2001	2002	2003	2004	2005	2006	Subtotals			
Tax Revenue											
Real Property	1,012	1,394	1,776	1,776	1,776	1,776	1,776	11,287	8,881	8,881	29,049
Personal Property	0	645	1,290	1,290	1,290	1,290	1,290	7,097	6,452	6,452	20,001
BPOL	0	0	505	559	595	631	667	2,956	3,751	4,047	10,754
Sales Tax	0	0	2,676	2,947	3,127	3,308	3,489	15,546	19,520	20,999	56,066
Total	1,012	2,039	6,247	6,572	6,789	7,006	7,222	36,886	38,604	40,379	115,870
Adjustments											
Direct Project Costs	0	0	0	0	0	0	0	0	0	0	0
Reimbursement of Costs	765	1,792	2,820	2,820	2,820	2,820	2,820	16,655	11,753	0	28,408
Debt Service Payments	0	0	0	0	0	0	0	0	0	0	0
Tax Abatement	0	0	0	0	0	0	0	0	0	0	0
Current Tax Base Revenue	247	247	247	247	247	247	247	1,729	1,235	1,235	4,199
Off-Site Revenue Impact	0	0	0	0	0	0	0	0	0	0	0
Alternative Use Impact	0	0	0	0	0	0	0	0	0	0	0
Total	1,012	2,039	3,067	3,067	3,067	3,067	3,067	18,384	12,988	1,235	32,607
Net Benefit	0	0	3,180	3,505	3,722	3,939	4,156	18,503	25,616	39,144	83,263
Present Value @ 6.00 %	0	0	2,830	2,943	2,948	2,943	2,930	14,595	14,997	17,372	46,964

Assumptions								Annual Growth Rates	
Property Valuation									
Land	26,277	26,277	26,277	26,277	26,277	26,277	26,277	0.00%	0.00%
Improvements	81,341	122,012	162,682	162,682	162,682	162,682	162,682	0.00%	0.00%
Furniture, Fixtures & Equipment	0	18,434	36,868	36,868	36,868	36,868	36,868	0.00%	0.00%
Total	107,618	166,723	225,827	225,827	225,827	225,827	225,827		
Tax Rates									
Real Property	\$0.94	\$0.94	\$0.94	\$0.94	\$0.94	\$0.94	\$0.94	\$0.94	\$0.94
Personal Property	\$3.50	\$3.50	\$3.50	\$3.50	\$3.50	\$3.50	\$3.50	\$3.50	\$3.50
BPOL (\$100K Exempt)	0.200%	0.200%	0.200%	0.200%	0.200%	0.200%	0.200%	0.200%	0.200%
Sales Tax	1.000%	1.000%	1.000%	1.000%	1.000%	1.000%	1.000%	1.000%	1.000%
Retail Sales									
Square Feet	0	0	1,129,000	1,129,000	1,129,000	1,129,000	1,129,000	1,129,000	1,129,000
Sales Per Square Foot	\$0	\$0	\$237	\$261	\$277	\$293	\$309	4.08%	0.00%

Financial Impact Analysis

09/21/99

Financial Impact	(\$ Thousands)									
	Construction		Operations					Summary		
	Yr 0	Yr 0	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 0-5	Yr 6-10	Yr 11-15
	2000	2001	2002	2003	2004	2005	2006	Subtotals		
Tax Revenue										
Real Property	1,012	1,394	1,776	1,776	1,776	1,776	1,776	11,287	8,881	8,881
Personal Property	0	645	1,290	1,290	1,290	1,290	1,290	7,097	6,452	6,452
BPOL	0	0	505	559	595	631	667	2,956	3,751	4,047
Sales Tax	0	0	2,676	2,947	3,127	3,308	3,489	15,546	19,520	20,999
Total	1,012	2,039	6,247	6,572	6,789	7,006	7,222	36,886	38,604	40,379
Adjustments										
Direct Project Costs	0	0	0	0	0	0	0	0	0	0
Reimbursement of Costs	765	1,792	6,000	6,325	6,542	4,452	0	25,875	0	0
Debt Service Payments	0	0	0	0	0	0	0	0	0	0
Tax Abatement	0	0	0	0	0	0	0	0	0	0
Current Tax Base Revenue	247	247	247	247	247	247	247	1,729	1,235	1,235
Off-Site Revenue Impact	0	0	0	0	0	0	0	0	0	0
Alternative Use Impact	0	0	0	0	0	0	0	0	0	0
Total	1,012	2,039	6,247	6,572	6,789	4,699	247	27,604	1,235	1,235
Net Benefit	0	0	0	0	0	2,307	6,975	9,282	37,369	39,144
Present Value @ 6.00%	0	0	0	0	0	1,724	4,917	6,641	22,135	17,372

Assumptions								-Annual Growth Rates-	
Property Valuation									
Land	26,277	26,277	26,277	26,277	26,277	26,277	26,277	0.00%	0.00%
Improvements	81,341	122,012	162,682	162,682	162,682	162,682	162,682	0.00%	0.00%
Furniture, Fixtures & Equipment	0	18,434	36,868	36,868	36,868	36,868	36,868	0.00%	0.00%
Total	107,618	166,723	225,827	225,827	225,827	225,827	225,827		
Tax Rates									
Real Property	\$0.94	\$0.94	\$0.94	\$0.94	\$0.94	\$0.94	\$0.94	\$0.94	\$0.94
Personal Property	\$3.50	\$3.50	\$3.50	\$3.50	\$3.50	\$3.50	\$3.50	\$3.50	\$3.50
BPOL, (\$100K Exempt)	0.200%	0.200%	0.200%	0.200%	0.200%	0.200%	0.200%	0.200%	0.200%
Sales Tax	1.000%	1.000%	1.000%	1.000%	1.000%	1.000%	1.000%	1.000%	1.000%
Retail Sales									
Square Feet	0	0	1,129,000	1,129,000	1,129,000	1,129,000	1,129,000	1,129,000	1,129,000
Sales Per Square Foot	\$0	\$0	\$237	\$261	\$277	\$293	\$309	4.08%	0.00%

Financial Impact Analysis

Case 4: Modified Assumptions

09/21/99

(\$ Thousands)

Financial Impact	Construction		Operations					Summary			Total
	Yr 0	Yr 0	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 0-5	Yr 6-10	Yr 11-15	
	2000	2001	2002	2003	2004	2005	2006	Subtotals			
Tax Revenue											
Real Property	1,012	1,401	1,791	1,845	1,900	1,957	2,016	11,923	11,025	12,781	35,728
Personal Property	0	645	1,290	1,161	968	387	387	4,839	1,936	1,936	8,710
BPOL	0	0	742	820	872	924	976	4,334	5,481	5,908	15,722
Sales Tax	0	0	3,861	4,252	4,513	4,774	5,034	22,434	28,169	30,303	80,906
Total	1,012	2,047	7,684	8,078	8,253	8,042	8,414	43,530	46,610	50,927	141,066
Adjustments											
Direct Project Costs	0	0	0	0	0	0	0	0	0	0	0
Reimbursement of Costs	765	1,792	2,820	2,736	2,590	2,058	2,108	14,869	11,347	8,551	34,767
Debt Service Payments	0	0	0	0	0	0	0	0	0	0	0
Tax Abatement	0	0	0	0	0	0	0	0	0	0	0
Current Tax Base Revenue	247	254	262	270	278	286	295	1,893	1,613	1,870	5,375
Off-Site Revenue Impact	0	0	780	780	780	780	780	3,902	3,902	3,902	11,707
Alternative Use Impact	0	0	0	0	0	0	0	0	0	0	0
Total	1,012	2,047	3,862	3,787	3,649	3,125	3,184	20,664	16,863	14,323	51,850
Net Benefit	0	0	3,822	4,292	4,604	4,917	5,230	22,865	29,747	36,604	89,217
Present Value @ 6.00%	0	0	3,402	3,603	3,647	3,674	3,687	18,014	17,581	16,067	51,662

Assumptions								Annual Growth Rates	
Property Valuation									
Land	26,277	27,065	27,877	28,714	29,575	30,462	31,376	3.00%	3.00%
Improvements	81,341	122,012	162,682	167,562	172,589	177,767	183,100	3.00%	3.00%
Furniture, Fixtures & Equipment	0	18,434	36,868	33,181	27,651	11,060	11,060	30.00%	30.00%
Total	107,618	167,511	227,427	229,457	229,815	219,290	225,537		
Tax Rates									
Real Property	\$0.94	\$0.94	\$0.94	\$0.94	\$0.94	\$0.94	\$0.94	\$0.94	\$0.94
Personal Property	\$3.50	\$3.50	\$3.50	\$3.50	\$3.50	\$3.50	\$3.50	\$3.50	\$3.50
BPOL (\$100K Exempt)	0.200%	0.200%	0.200%	0.200%	0.200%	0.200%	0.200%	0.200%	0.200%
Sales Tax	1.000%	1.000%	1.000%	1.000%	1.000%	1.000%	1.000%	1.000%	1.000%
Retail Sales									
Square Feet	0	0	1,129,000	1,129,000	1,129,000	1,129,000	1,129,000	1,129,000	1,129,000
Sales Per Square Foot	\$0	\$0	\$342	\$377	\$400	\$421	\$446	4.08%	0.00%