

Greenwich Transportation Center Redevelopment Agreement

Summary of Terms as of 7-18-19

1. Background

- a. The office complex commonly known as Greenwich Plaza is owned by Greenwich Plaza Inc. (“GPI”). Greenwich Plaza spans property owned by GPI (known as Parcel 2), and property owned by the Town of Greenwich (known as Parcel 4). The Town leases the air rights above Parcel 4 (the “Air Rights”) to GPI pursuant to a 90-year lease (the “Lease”). Approximately half of the Greenwich Plaza office complex is located within the Air Rights above Parcel 4. The Lease commenced in 1967 and will expire in 2057, assuming the exercise of all extension options. The current annual rent paid by GPI to the Town is \$220,656.25 per year, which equates to 5.75% of the value of Parcel 4 (excluding the value of the improvements located therein, and excluding the portion of Parcel 4 known as Tract 1). The rent will be reset again in 2037 at an amount equal to 6% of the value of Parcel 4 (excluding the value of the improvements located therein, and excluding the portion of Parcel 4 known as Tract 1).
- b. At the expiration of the Lease, title to the Air Rights, and the improvements located therein, will revert to the Town. There is uncertainty regarding the ownership and operation of Greenwich Plaza at that time since the property line between Parcel 2 and Parcel 4 runs through the middle of the office complex. This uncertainty has resulted in a 2% impairment to the tax assessment for Greenwich Plaza, which is anticipated to increase throughout the remaining term of the Lease (the “Tax Impairment”).
- c. The Town manages the Municipal Lot below Greenwich Plaza, which spans portions of Parcel 4 and Parcel 2. GPI granted a license to the Town over the portion of Parcel 2 on which the Municipal Lot is located. Revenue from the Municipal Lot is shared between the Town and GPI. Upon expiration of the Lease, there is uncertainty regarding the continued operation of the Municipal Lot since it spans portions of Parcel 2 and Parcel 4.
- d. GPI owns and operates the Metro-North Train Station on Railroad Avenue (the “Train Station”) and the adjacent retail space.

2. Proposed Terms

- a. GPI is proposing an agreement (the “Agreement”) whereby the Town will convey the Air Rights over Parcel 4 to GPI. In exchange, GPI will construct certain public benefit improvements, including a redeveloped Train Station, a public park on the corner of Railroad Avenue and Steamboat Road, new pedestrian access points and stairs for the Train Station, a new South side train station building on GPI’s property, and new and expanded drop off and pick-up points on the South side of the Train Station (the “Public Benefit Improvements”).
- b. CBRE, Inc. performed an appraisal of the Air Rights on behalf of the Town. CBRE valued the Air Rights at \$9.9MM. Separately, Cushman & Wakefield appraised the Air Rights on behalf of GPI. Cushman & Wakefield valued the Air Rights at approximately \$7MM.

- c. The cost of the Public Benefit Improvements to be constructed by GPI is estimated to be approximately \$15MM.
- d. The Air Rights would not be conveyed to GPI, and the existing Lease would remain in place, until all of the Public Benefit Improvements are constructed.
- e. If GPI is unable to obtain all requisite approvals to construct the Public Benefit Improvements, GPI has the right to terminate the Agreement. If that occurs, the existing Lease will remain in effect for the remainder of its term.
- f. GPI will reimburse the Town for the cost of engaging (i) a construction cost estimator to verify the estimated cost of the Public Benefit Improvements, and (ii) a construction consultant to oversee the construction of the Public Benefit Improvements and to verify the actual costs incurred by GPI in constructing the Public Benefit Improvements. If the actual cost of constructing the Public Benefit Improvements is less than \$9.9MM, GPI will pay to the Town the amount by which \$9.9MM exceeds the cost of constructing the Public Benefit Improvements.
- g. Conveying the Air Rights to GPI will remove the current Tax Impairment on Greenwich Plaza. It is anticipated that the increase in the taxes payable by GPI to the Town as a result of removing the Tax Impairment will exceed the amount of lost rental income from the Lease. GPI has agreed that if the increase in the taxes payable by GPI to the Town does not exceed the lost rental income from the Lease, GPI will pay the difference to the Town for a period of 5 years.
- h. Simultaneously with transferring the Air Rights to GPI, GPI and the Town will enter into a Joint Operation and Maintenance Agreement pursuant to which (i) GPI will be responsible for maintaining the Public Benefit Improvements at its sole cost and expense, and (ii) the Town will continue to operate the Municipal Lot. GPI and the Town will continue to share the revenue from the Municipal Lot 45.9%/54.1%, and GPI will pay a management fee to the Town equal to 5% of GPI's share of the parking revenue. GPI will grant an easement to the Town over the portion of Parcel 2 on which the Municipal Lot is located in order to ensure continued operation of the Municipal Lot.

3. Approvals

- a. The proposed Agreement requires approval by both the RTM and the BET.
- b. Additionally, the proposed Public Benefit Improvements will be subject to various land use approvals and permitting.