

**COUNCIL OF THE DISTRICT OF COLUMBIA
COMMITTEE OF THE WHOLE
COMMITTEE REPORT**

1350 Pennsylvania Avenue, NW, Washington, DC 20004

DRAFT

TO: All Councilmembers

FROM: Chairman Phil Mendelson
Committee of the Whole

DATE: February 16, 2016

SUBJECT: Report on Bill 21-474, the “Walter Reed Development Omnibus Act of 2016”

The Committee of the Whole, to which Bill 21-474, the “Walter Reed Development Omnibus Act of 2016” was referred, reports favorably thereon with amendments and recommends approval by the Council.

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I. BACKGROUND AND NEED

On November 2, 2015, Bill 21-474, the “Walter Reed Development Omnibus Act of 2016” was introduced by Chairman Mendelson at the request of the Mayor.¹ The stated purpose of Bill 21-474 is to authorize the Mayor to acquire and dispose of a portion of the former Walter Reed Army Medical Center located at 6900 Georgia Avenue, N.W.; to establish the Walter Reed Reinvestment Fund into which certain funds received in connection with the site shall be deposited; to establish the Walter Reed Redevelopment Fund into which certain possessory interest tax revenues shall be deposited; to authorize the provision of grants by the Deputy Mayor for Planning and Economic Development (DMPED) in connection with the redevelopment and operation of the site; and to exempt the buildings on the site from vacant building registration requirements for a certain period of time.

¹ This measure was originally entitled the “Walter Reed Development Omnibus Act of 2015.” The Committee changed the title to reflect the change in year.

Base Closure

The property that is the subject of Bill 21-474 is owned by the United States of America and commonly referred to as the former Walter Reed Army Medical Center. For more than 100 years, the Medical Center provided medical care for soldiers from all branches of the Armed Forces and their families, retired military personnel, heads of state, and high ranking government officials including the President, Vice President, and Members of Congress. Following the recommendation of the Base Realignment and Closure Commission (“BRAC”) in 2005, the Medical Center was officially closed on August 27, 2011 in accordance with the Defense Base Closure and Realignment Act of 1990 (part A of title XXIX of Pub. L. No. 101-510; 10 U.S.C. § 2687 note). A purpose of the act is to consolidate military bases to improve efficiency and cost.

Much has been done in preparation for the sale, transfer, and redevelopment of the Walter Reed site. The BRAC’s recommendation to close Walter Reed initiated a series of federally and locally mandated actions by the Department of the Army (“Army”) and the District, and the city began working with the Army on the future redevelopment of the Walter Reed site as early as 2006. As part of the base closure process, a Local Redevelopment Authority was required to be designated responsible for developing and implementing a redevelopment plan for the base. The Department of Defense recognized the District government as the Walter Reed Local Redevelopment Authority in 2006; the Office of the Deputy Mayor for Planning and Economic Development has represented the District in negotiations with the Army.

Another requirement of the BRAC process was the approval of the Homeless Assistance Plan. According to Brian Kenner, Deputy Mayor for Planning and Economic Development, the city composed a Homeless Assistance Plan using community input gathered from dozens of community meetings.² The plan was approved by the Council in 2012 and approved by the Department of Housing and Urban Development in 2014.³ The plan includes binding agreements for conveying property within the site to homeless assistance providers, a reuse plan for the Walter Reed site, and memoranda of agreements regarding public benefit conveyance.⁴ To fulfill local requirements, the Council adopted a Small Area Plan in 2013 developed by the Office of Planning.⁵ In 2015, the Council authorized the closure of several paper streets on the property, and the Zoning Commission approved text and map amendments creating new Walter Reed zoning categories consistent with the Small Area Plan.^{6,7}

² See Testimony of Brian Kenner, Deputy Mayor for Planning and Economic Development, at the public hearing on Bill 21-474 before the Committee of the Whole, December 21, 2015.

³ D.C. Law 19-157, the “Walter Reed Army Medical Center Base Realignment and Closure Homeless Assistance Submission Approval Act of 2012” (effective Oct. 16, 2012).

⁴ See Report on Bill 19-729, the “Walter Reed Army Medical Center Base Realignment and Closure Homeless Assistance Submission Approval Act of 2012,” Committee of the Whole, Council of the District of Columbia (June 26, 2012).

⁵ Resolution 20-105, the “Walter Reed Army Medical Center Small Area Plan Approval Resolution of 2013” (effective April 2, 2013).

⁶ Resolution 21-219, the “Abandonment of the Highway Plan for portions of 13th, 14th, Butternut and Dahlia Streets, NW, within Parcels 319/2, 319/3, 319/4 and 319/5, as shown on the Surveyor’s Plat filed under S.O. 14-20028” (effective June 16, 2015).

⁷ Zoning Commission Order No. 14-22, *Text and Map Amendment to Create and Implement the Walter Reed (WR) Zone* (July 27, 2015).

Local Statutory Requirements

Bill 21-474 is primarily the authorization of a land disposition. The Mayor is empowered with the authority to sell or lease public land at her discretion, subject to certain requirements in the law, with approval of the Council by resolution. D.C. Official Code § 10-801 sets out the procedure for disposition of real property, as well as the restrictions that may apply. The process for disposal is two-fold: First, the Council must find that the property is surplus; in other words, not needed for public purposes. Second, the Council must approve the Mayor's proposed method of disposition.⁸ Each of these approvals must be done by separate resolution. Surplus resolutions are referred to the Committee on Transportation and the Environment, and disposition resolutions are referred to the Committee of the Whole.

Disposition resolutions must contain specific information about the proposed disposition, including identification of the developer, descriptions of the property and the intended use for the property, the proposed method of disposition (such as by sale, lease, or exchange), an analysis of the relevant economic factors considered, an executed term sheet, an independent appraisal, and agreements related to required public benefits.⁹ Additional requirements to build affordable housing units apply in dispositions of real property where the disposition will result in the development of multifamily residential property consisting of 10 or more units, as set out in the Disposition of District Land for Affordable Housing Amendment Act of 2014 and went into effect on March 10, 2015.¹⁰

The Walter Reed site represents a unique land disposition for the District. The transactional process laid out by Bill 21-474 will provide for the simultaneous acquisition and disposition of the Walter Reed property by the District. No declaration of surplus is necessary, and the disposition will be facilitated notwithstanding the requirements of D.C. Official Code § 10-801. In effect, the District is simply acting as a pass-through entity for the land. Nevertheless, the disposition meets many of the requirements of the law, including mandates for the developers to enter into First Source and Certified Business Enterprise agreements and to reserve 20 percent of residential units as affordable.

The Development Proposal

The former Walter Reed Army Medical Center is approximately 110 acres in total. Bill 21-474 authorizes the city to purchase a 66.27 acre parcel on the site bounded by Fern Street, NW, to the north, Georgia Avenue, NW, to the east, and Aspen Street, NW, to the south. The parcel contains a number of historic buildings and green space. Of the remaining property, the U.S. Department of State has received approximately 30 acres in the western portion of the site along 16th Street and Alaska Avenue, NW, for use as an International Chancery Center.¹¹ The Army is expected transfer the remaining 10 acres to a health research facility.¹²

⁸ D.C. Official Code §§ 10-801(a-1) and (b).

⁹ D.C. Official Code §§ 10-801(b) and (b-1).

¹⁰ D.C. Act 20-485.

¹¹ *Supra* note 2 at p.6.

¹² *Id.*

The Master Plan for the Walter Reed site proposes a mix of residential, office, retail, hospitality, non-profit, arts, and green spaces. The overall development program will include 2,100 units of housing including 432 affordable units at 30, 50, and 80 percent of Area Median Income (“AMI”).¹³ The breakdown of uses on the site is detailed in the chart below.

Projected Development – Walter Reed Master Plan

| Development Type | Site GSF | Site Units | Site % |
|------------------|------------------|--------------|--------|
| Residential | | | |
| Townhomes | 218,640 | 96 | 7% |
| Multifamily | 1,956,616 | 1,953 | 62% |
| Office | 184,831 | | 6% |
| Retail | 236,267 | | 7% |
| Hospitality | 148,408 | | 5% |
| Other/Creative | 34,576 | | 1% |
| NOI Residential | 88,187 | 114 | 3% |
| NOI Other | 286,413 | | 9% |
| TOTAL | 3,153,938 | 2,163 | |

Source: Deputy Mayor for Planning and Economic Development

On the north end of the site, townhomes will be constructed along Fern Street, NW. The old hospital building will be demolished and replaced with a town center anchored by a grocery tenant. The middle of the site will be occupied by new office buildings, a hotel, and green space that will preserve and enhance the existing Great Lawn.¹⁴ The non-profit tenants will be located in buildings renovated or constructed along Georgia Avenue and Aspen Street, NW. The condos and apartments will be scattered throughout the site.

As part of the BRAC process, the District was required to solicit Notices of Interest from state and local homeless assistance providers and public benefit conveyance organizations “to balance the homeless assistance needs of the community with the economic redevelopment needs to the community.”¹⁵ The District selected seven non-profit organizations out of 30 that were considered. These are: (1) So Others Might Eat (“S.O.M.E.”); (2) Transitional Housing Corporation (“THC”); (3) Help USA; (4) Latin American Montessori Bilingual (“LAMB”) Public

¹³ See the Term Sheet for the Disposition of the Former Walter Reed Army Medical Center, p. 2, for a full break down of the affordability units. This document is included in the attachments at the end of this report.

¹⁴ The Master Plan provides for a total of 14 acres of open space on the site.

¹⁵ See the Disposition Analysis in Support of Disposition of Real Property submitted as an attachment to Bill 21-474. This document is included in the attachments at the end of this report.

Charter School; (5) Yu Ying Public Charter School operating as DC International School (“DCI”); (6) Howard University; and (7) DC Fire and Emergency Management Services (“FEMS”).¹⁶ These organizations will sublease their respective building space from the master developer at no cost. The organizations will, however, be responsible for the cost of any required renovation and maintenance of their spaces. About 10 percent, or 300,000 square feet, of the total site will accommodate these non-profits. In addition, at least four buildings on the site will be utilized for arts space and artist housing.

The Development Team

In January 2013, DMPED released the solicitation to select the Master Developer to comprehensively redevelop Walter Reed, and in November 2013 selected TPWR Developer, LLC – a joint venture by Hines, Urban Atlantic, and Triden Development Group (“Master Developer”). Hines is a privately owned, international real estate firm in operation for over half a century. Since 2014, Hines principals William Alsup, Sunny Alsup, Charles Watters, and Judy Watters have contributed a combined \$23,000 to District political campaigns, including those of Brandon Todd, Jack Evans, LaRuby May, Anita Bonds, Phil Mendelson, Muriel Bowser, Robert White, Edward “Smitty” Smith, Brianne Nadeau, Vince Gray, Kenyan McDuffie, and Vincent Orange.

Urban Atlantic is a real estate development and investment firm. Since 2012, Urban Atlantic, its affiliates, and principals have contributed a combined \$22,000 to the political campaigns of Frank Wilds, Muriel Bowser, Vince Gray, Kenyan McDuffie, Brandon Todd, LaRuby May, and David Garber.

Triden is a DC-based construction management company. Since 2012, Triden has made corporate contributions totaling \$950 to the political campaigns of Vincent Orange, Robert White, Michael Brown, and Vince Gray.

The development team ostensibly also includes the Component Developers Toll Brothers and the Weingarten REIT, partnership with nine Certified Business Entities (CBE): (1) Triden Development; (2) Torti Gallas Urban Partners; (3) Bowman Consulting DC PC; (4) Graves, Horton, Johnson & Askew; (5) Gorove/Slade; (6) Delucchi Plus; (7) Oehme Van Sweden; (8) EHT Traceries; and (9) Robinson Associates.¹⁷

The Financial Terms

The structure of the District’s acquisition and disposition of the Walter Reed site is as follows.¹⁸ The District will purchase the property in fee simple from the Army for a total cost of

¹⁶ The property for FEMS was transferred separately in December 2014 and is located on the west side of Aspen Street, NW. A new fire house for Engine Co. 22 is currently under construction.

¹⁷ See Testimony of Victoria Davis, President, Urban Atlantic, at the public hearing on Bill 21-474 before the Committee of the Whole, December 21, 2015.

¹⁸ The contractual document governing the transfer of the Walter Reed site from the Army to the District is the *Agreement between United States Department of the Army and the District of Columbia for the Economic Development Conveyance of a Portion of the Former Walter Reed Army Medical Center located in Washington, DC*. The contractual document governing the transfer of the Walter Reed site from the District to the Master Developer is

\$22.5 million payable over two years. The District will then lease the property to the Master Developer (TPWR Developer, LLC) for \$25 million for a lease term of 29 years and 11 months. The Master Developer will make an initial payment of \$5 million at closing, then pay \$5 million in 2017; \$1 million a year from 2018 thru 2022; and \$5 million a year in 2023 and 2024. The Master Developer is responsible for the horizontal development of the site, which is expected to take ten to 20 years to complete after closing.^{19,20} After horizontal development is complete, and with approval and oversight by DMPED, the Master Developer will then convey and transfer – by and through the District – portions of the site to Component Developers for vertical development. The District will receive one percent of the parcels' gross sales price beyond \$35 million.

Bill 21-474 establishes two non-lapsing funds: the Walter Reed Redevelopment Fund and the Walter Reed Reinvestment Fund. The possessory interest tax generated from the site will be deposited into the Redevelopment Fund and DMPED will have authority to grant these funds back to the Developer to support construction, maintenance, and operation activities. Any payments the District receives from the sale or lease of the property, including the one percent fee earned on transfers to Component Developers, will be deposited in to the Reinvestment Fund. These monies will only be available to use at the site for construction and demolition, landscaping, and planning and marketing of the Walter Reed redevelopment. After seven years, the District must remit any unspent money in the Reinvestment Fund to the Army.

To determine the value of the property to use as a baseline in negotiations with the Army, the District engaged RKG Associates ("RKG") an independent economic development and real estate planning firm. RKG are licensed appraisers familiar with the BRAC process and have advised on base closings across the country.²¹ RKG determined the residual land value of \$25 million based on the Council approved Reuse Plan and estimated potential revenues and project costs.²² Deputy Mayor Kenner testified at the public hearing on Bill 21-474 that the residual land valuation was accepted and agreed to by the Army BRAC office, the District, and the Master Developer.

Revisions

The Mayor introduced Bill 21-474 on November 2, 2015. In the months that followed, DMPED continued to fine tune its negotiations with the Master Developer and the Army. As a result, minor changes were made to some of the transactional documents. As explained in a cover letter dated February 11, 2016 from Deputy Mayor Kenner to Chairman Mendelson, the modifications related to (1) the financing for the homeless assistance providers and benefit conveyance users; and (2) the Developer's Letter of Credit obligation.²³ The homeless assistance

the *Land Disposition Agreement by and between the District of Columbia and TPWR Developer LLC for the Former Walter Reed Army Medical Center*. The revised draft versions of both documents are included in the attachments at the end of this report.

¹⁹ See Schedule of Performance, Exhibit A of the Amended Term Sheet dated January 28, 2016.

²⁰ The horizontal development will include demolishing some existing buildings, connecting the site to distribution networks, building streets, and any other work needed to prepare the land for vertical construction.

²¹ *Supra* note 2 at p.6.

²² See the Final Valuation Analysis, RKG Associates, Sept. 1, 2015. This document is included in the legislative packet transmitted to the Council with the introduced version of Bill 21-474.

²³ The updated transactional documents are included in the attachments at the end of this report.

providers and benefit conveyance users were experiencing difficulty obtaining financing under the 29 years and 11 months lease under the Master Developer. DMPED therefore revised the terms so that the District could take over the lease after one year of occupancy, with options to purchase (for the homeless assistance providers) or options to extend the lease (for the public benefit conveyance users). Additionally, under the original terms of the EDC, the Army required the future payments of the purchase price due to the Army to be secured by a letter of credit that the Developer would provide. However, based on recommendations from the District's Chief Financial Officer, the obligation to provide a Letter of Credit was shifted to the District.

In conclusion, the Committee recommends approval of Bill 21-474.

II. LEGISLATIVE CHRONOLOGY

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|---------------|--|
| Nov. 2, 2015 | Bill 21-474, the “Walter Reed Development Omnibus Act of 2016” is introduced by Chairman Mendelson, at the Request of the Mayor. |
| Nov. 3, 2015 | Bill 21-474 is “read” at a legislative meeting; on this date the referral of the bill to the Committee of the Whole is official. |
| Nov. 13, 2015 | Notice of Intent to Act on Bill 21-474 is published in the <i>District of Columbia Register</i> . |
| Nov. 27, 2015 | Notice of a Public Hearing on Bill 21-474 is published in the <i>District of Columbia Register</i> . |
| Dec. 17, 2015 | The Committee of the Whole holds a public hearing on Bill 21-474. |
| Feb. 16, 2016 | The Committee of the Whole marks-up Bill 21-474. |

III. POSITION OF THE EXECUTIVE

Brian Kenner, Deputy Mayor for Planning and Economic Development (DMPED), testified on behalf of the Executive. Mr. Kenner stated that the community has been engaged in the planning process for the Walter Reed redevelopment for nearly a decade, and recognized the contributions of the Community Advisory Committee. He pointed out the competing interests on the site as follows: the Army seeks to maximize its compensation; DMPED is focused on project viability; and the development team needs to satisfy private sector capital requirements. Mr. Kenner went on to describe the property and its history, explain the Base Realignment and Closure process, and outline the Master Developer selection process, the property valuation, the mechanics of the acquisition and disposition, and the development plan. He also identified and discussed some of the challenges of the transaction, such as the need for new infrastructure, the varied condition of the various historic buildings, and the need to demolish the 2.6 million square foot hospital.

IV. COMMENTS OF ADVISORY NEIGHBORHOOD COMMISSIONS

The Committee received written testimony in support of Bill 21-474 from Advisory Neighborhood Commission (“ANC”) 4A03 Commissioner Stephen A. Whatley.²⁴ Commissioner Whatley stated that ANC 4A03 participated in more than 100 meetings concerning the Walter Reed site, and that there was full community participation in the selection process for the non-profit organizations selected for the site. He further advised that ANC 4A has supported other Walter Reed plans in the past, including the Small Area Plan and zoning amendments. He also espoused the economic benefits the redevelopment would bring to Ward 4 through tax revenue, job creation, and economic activity.

V. SUMMARY OF TESTIMONY

The Committee of the Whole held a public hearing on Bill 21-474 on Thursday, December 17, 2015. The testimony from that hearing is summarized below. Copies of written testimony are attached to this report.

Victoria Davis, President, Urban Atlantic, testified on behalf of the development team in favor of Bill 21-474. Ms. Davis described the history of the team’s involvement in the project, beginning in 2013 with the release of the solicitation. She described the Walter Reed project as “one of the largest challenges” the team has faced as developers due to the complex nature of the transfers that had to be negotiated with both the Army and the District. Ms. Davis went on to describe the design and timeline of development on the site including interim uses, the economic and community benefits expected from the project, and the sustainability and historic preservation goals. In addition, she stated that the development team would be investing a total of \$948 million into the site.

Ayris Scales, Trustee, District of Columbia International School Board (DCI), testified in support of Bill 21-474. DCI is planning to relocate to the Walter Reed site and hoping to move in time for the start of the next school year. She stated that many parents of students at the DCI have expressed frustration at the pace of the project and fear that DCI’s timeline will not be realized. Ms. Ayris went on to describe the DCI program, which serves several hundred students and is rapidly growing.

Gabriel Madison, Student, District of Columbia International School, testified in support of Bill 21-474. Mr. Madison emphasized the need for DCI to move out of its current space, which cannot support the size of the growing student body and lacks needed recreational space.

Ilean Jimenez, Public Witness, testified in support of Bill 21-474. Ms. Jimenez is the parent of DCI students and spoke highly of the academic program. However, she reiterated the inadequacy of the DCI’s current space, stating that the current building has no outdoor space, no

²⁴ Commissioner Whatley noted that ANC 4A03 did not have an opportunity to pass a formal resolution regarding Bill 21-474 due to the timing of the public hearing.

gym, no cafeteria, and no common area. She urged the city to move the Walter Reed project forward as quickly as possible.

Stephen Mott, Director of Strategy, HELP USA, testified in support of Bill 21-474. HELP USA plans to renovate the southern portion of Building 14 on the Walter Reed site to provide 75 units of permanent support housing for homeless veterans. Mr. Mott urged the Council to move the project forward as quickly as possible.

Dennis Desmond, Business Manager, Laborers' International Union of North America (LiUNA) Local 11, testified neither in support of or opposition to Bill 21-474. Rather, Mr. Desmond expressed LiUNA's belief that the Walter Reed project should be considered a public works project and the Davis Bacon Act's job quality standards should apply to all construction on the site.

Philip Hecht, President & CEO, Transitional Housing Corporation (THC), testified in support of Bill 21-474. THC provides affordable housing and comprehensive support services to families experiencing homelessness in the District of Columbia. THC plans to relocate its office to Building 14 on the Walter Reed site. THC strongly supports the development plan for the site and the affordable housing units that will be provided.

Brenda Speaks, Commissioner, ANC4B, testified in support of Bill 21-474. Commissioner Speaks stated that she has lived in the area around Walter Reed her entire life and cares deeply about the community and site. She expressed her strong support personally for the proposed development, and stated the ANC 4B also supports the project.

Tanya Hilton, Interim Executive Director, CulturalDC, testified in support of Bill 21-474. CulturalDC works with real estate developers, community based organizations, and neighborhoods to make space for art. Ms. Hilton conveyed the importance of the proposed development to the arts community. The project is planned to include art studios, a visitor center and museum, organic gardens, an interactive sculpture park, amphitheater, and artist housing.

Ken Ellison, Senior Housing Advisor, So Others Might Eat, Inc. (SOME), testified in support of Bill 21-474. SOME is an interfaith, non-profit organization providing comprehensive services to District residents who are homeless or at risk of homelessness. SOME plans to convert Building 17 on the Walter Reed site into 40 efficiency units for homeless seniors and provide on-site supportive services.

George Koch, President & CEO, Center for the Creative Economy, testified in support of Bill 21-474. The Center is working to establish creative economy "champions" within six creative clusters: visual arts, performing arts, culinary arts, building arts, museums and heritage, and media and communications. Mr. Koch advised that the Walter Reed master plan incorporates elements from each of these clusters and is a model to the rest of the city. Mr. Koch called for urgent action by the Council to pass the bill.

Michael Jackson, Georgia Avenue Business Improvement District Development Corporation, testified in support of Bill 21-474 but called for a funded workforce development plan to be included in the legislation and mandate on the development team to provide.

Hugh Mighty, Dean, Howard University College of Medicine, testified in support of Bill 21-474. Dean Mighty spoke about the size, history, and impact of Howard University on the District. He called the location of Walter Reed ideal for the development of an ambulatory care site. The University plans to renovate Buildings 6 and 7 on the Walter Reed site to provide high quality non-emergency outpatient services to residents.

Faith Wheeler, Public Witness, testified in support of Bill 21-474. Ms. Wheeler stated that she has been an active participant in the community engagement around the development. She pointed out that the introduced legislative packet, including the Land Disposition Agreement, lacks Schedule 10.15, the “Community Participation Program and Community Participation Plan.” Ms. Wheeler asks the Council to ensure that community stakeholders continue to have a voice as the development moves forward.

Gary Thompson, Treasurer/Board Member, Alliance to Preserve the Civil War Defenses of Washington, testified in support of Bill 21-474. The Alliance is a non-profit organization dedicated to historic preservation and education regarding the Civil War Defenses of Washington. Mr. Thompson stated that the development team had reached out to the Alliance for input on the development plan, and the organization was impressed with the team’s efforts to preserve and interpret the Civil War history at the site.

Sara Green, Public Witness, testified in support of Bill 21-474 generally but urged caution and vigilance throughout the future of the development to ensure continued incorporation of community input. Ms. Green requested the Council annually monitor the effectiveness of the Community Advisory Committee, the number and quality of affordable housing units built, the location and value of public recreational facilities, and the public transportation services. In addition, Ms. Green submitted supplemental testimony after the hearing to support her earlier requests.

Brian Kenner, Deputy Mayor for Planning and Economic Development, testified on behalf of the Executive. His testimony is summarized in more detail in Section III.

In addition, the Committee received a number of written submissions after the hearing.

Nancy MacWood, Chair, The Committee of 100 on the Federal City, submitted written testimony neither in support of nor in opposition to Bill 21-474. Rather, Ms. MacWood’s testimony noted the absence of the Schedule 10.15 Community Participation Program and Community Participation Plan in the Walter Reed Land Disposition Agreement.

Alice Giancola, Public Witness, submitted written testimony in support of Bill 21-474.

The ***Walter Reed Community Advisory Committee*** submitted a resolution in favor of Bill 21-474.

Hazel Broadnax, President, Emory Beacon of Light, Inc. submitted written testimony in support of Bill 21-747. Ms. Broadnax expressed a hope that the Walter Reed Redevelopment Fund, as well as the development itself, would reinvigorate the economic development along Georgia Avenue and throughout the neighborhood, where the Emory United Methodist Church is located.

Wanda Gabriel, Public Witness, submitted testimony in opposition to Bill 21-474. Ms. Gabriel called for the site to be used to provide housing, a rehabilitation center, and a job training facility for disabled U.S. military veterans.

VI. IMPACT ON EXISTING LAW

Bill 21-474 authorizes the District to purchase the 66-acre Walter Reed property and lease and eventually sell it for redevelopment. In addition, Bill 21-474 creates two non-lapsing funds that will collect revenues related to Walter Reed and reinvest those back into the site. The only impact Bill 21-474 will have on existing law is to add a new paragraph to D.C. Official Code § 42-3131.06(b) that will exempt the Walter Reed site from the city's vacant building registration and fee requirements.

VII. FISCAL IMPACT

The attached December 17, 2015 fiscal impact statement (FIS) from the District's Chief Financial Officer (CFO) states that funds are sufficient in the FY 2016 through FY 2019 budget and financial plan to implement the bill. The FIS summarizes the details of the financial transactions that will occur between the Army and the District and between the District and the developers.

VIII. SECTION-BY-SECTION ANALYSIS

| | |
|-----------------------|---|
| <u>Section 1</u> | Short title. |
| <u>Section 2</u> | Provides definitions for 19 terms. |
| <u>Section 3</u> | States the Council's findings. |
| <u>Subsection (a)</u> | States that the Walter Reed site was declared surplus by the Department of Defense. |
| <u>Subsection (b)</u> | States that the DC government is the Walter Reed LRA. |
| <u>Subsection (c)</u> | States that the Council approved the Walter Reed Reuse Plan. |
| <u>Subsection (d)</u> | Describes the Walter Reed Reuse Plan. |

| | |
|-----------------------|---|
| <u>Subsection (e)</u> | States that the Council approved the Walter Reed Army Medical Center Small Area Plan. |
| <u>Subsection (f)</u> | States that the Zoning Commission created a new zone for the Walter Reed site. |
| <u>Subsection (g)</u> | States that the Mayor and Secretary of the Army have negotiated terms to transfer title to the Walter Reed site to the District. |
| <u>Subsection (h)</u> | States that DMPED selected the Developer through a competitive public solicitation. |
| <u>Subsection (i)</u> | States that the Mayor intends to ground lease the Walter Reed site to the Developer for master development of the site; upon termination of the lease, the Mayor intends to offer the leases, under the same terms, to the public benefits providers. |
| <u>Subsection (j)</u> | States how the District will dispose of the Walter Reed site subject to the conditions of the LDA. |
| <u>Subsection (k)</u> | Requires all developers to enter into First Source Agreements with the District. |
| <u>Subsection (l)</u> | Requires all developers to contract with Certified Business Enterprises. |
| <u>Subsection (m)</u> | Requires all developers constructing residential units to enter into an affordable housing covenant that provides for a minimum of 20% of units to be affordable in accordance with Zoning Commission Order 14-22. |
| <u>Section 4</u> | States that the Council approved the EDC Agreement. |
| <u>Section 5</u> | States that the Council approves the disposition of the Walter Reed site. |
| <u>Section 6</u> | Establishes the Walter Reed Reinvestment Fund requiring proceeds from the sale and lease of the Walter Reed site be deposited into the fund for use in promoting the economic development of the development; grants DMPED administrative authority over the fund. |
| <u>Section 7</u> | Establishes the Walter Reed Redevelopment Fund requiring tax revenue received pursuant to D.C. Official Code § 47-1005.01 from the Walter Reed site be deposited into the fund for use in supporting the maintenance, operation, and construction activities on the site. |
| <u>Section 8</u> | Exempts the Walter Reed Redevelopment Site from the District's vacant building registration and fee requirements. |
| <u>Section 9</u> | Fiscal Impact Statement. |

IX. COMMITTEE ACTION

X. ATTACHMENTS

1. Bill 21-474 as introduced (including selected attachments).
2. Written testimony.
3. DMPED follow up hearing testimony.
4. Updated transactional documents.
5. Fiscal Impact Statement for Bill 21-474.
6. Legal Sufficiency Determination for Bill 21-474.
7. Committee Print for Bill 21-474.

COUNCIL OF THE DISTRICT OF COLUMBIA
1350 Pennsylvania Avenue, N.W.
Washington D.C. 20004

Memorandum

To : Members of the Council

From : Nyasha Smith, Secretary to the Council

Date : November 06, 2015

Subject : Referral of Proposed Legislation

Notice is given that the attached proposed legislation was introduced in the Office of the Secretary on Monday, November 2, 2015. Copies are available in Room 10, the Legislative Services Division.

TITLE: "Walter Reed Development Omnibus Act of 2015", B21-0474

INTRODUCED BY: Chairman Mendelson at the request of the Mayor

The Chairman is referring this legislation to the Committee of the Whole.

Attachment

cc: General Counsel
Budget Director
Legislative Services



2015 NOV -2 AM 10:52
OFFICE OF THE
MAYOR

MURIEL BOWSER
MAYOR

NOV - 2 2015

The Honorable Phil Mendelson
Chairman
Council of the District of Columbia
1350 Pennsylvania Avenue, N.W., Suite 504
Washington, D.C. 20004

Dear Chairman Mendelson:

Enclosed for consideration by the Council is a proposed bill entitled the "Walter Reed Development Omnibus Act of 2015."

This bill will approve the acquisition and disposition of a portion of real property located within the boundaries of Fern Street, N.W., and Alaska Avenue, N.W., to the north, 16th Street, N.W., to the west, Aspen Street, N.W., to the south, and Georgia Avenue, N.W., to the east ("Property") notwithstanding D.C. Official Code §10-801.

In 2005, the U.S. Army declared the former Walter Reed Army Medical Center, a Base Realignment and Closure Act (BRAC) property. In 2006, by Mayor's Order, the District of Columbia government was designated the Walter Reed Local Redevelopment Authority ("LRA") for the purpose of developing a Walter Reed Reuse Plan ("Reuse Plan") and establishing the Walter Reed LRA Committee ("Committee"). The Committee was charged with developing final Reuse Plan recommendations for the Mayor and Council.

In 2009, the U.S. Army declared the Walter Reed Army Medical Center surplus and in 2011 it was officially closed. Later that year, the District negotiated the boundaries with the U.S. Army and the Department of State, which allowed the LRA to develop the Reuse Plan and Walter Reed Army Medical Center Small Area Plan ("Small Area Plan").

The Office of the Deputy Mayor for Planning and Economic Development (DMPED), as the Walter Reed Local Redevelopment Authority, developed the Walter Reed Reuse Plan which includes 66.57 acres, 3.1M SF of mixed use redevelopment including approximately 2,100 residential units (432 affordable), 2 charter schools, a town center with a large format grocer and neighborhood serving retail, accommodation for homeless veterans and seniors, a non-emergency ambulatory care clinic, and preservation of many historic buildings and 14 acres of open space.

In 2012, the Council approved the Reuse Plan and the Homeless Assistance Submission through the “Walter Reed Army Medical Center Base Realignment and Closure Homeless Assistance Submission Approval Act of 2012.” The Reuse Plan envisioned a vibrant campus integrated into the community through expanded retail opportunities, preservation of open space, creative reuse of historic assets into cultural and educational uses, job creation for District residents, and the development of various housing options to support a range of incomes and needs. Additionally, one of the conditions of conveyance from the U.S. Army to the District of Columbia was that portions of the Walter Reed Army Medical Center Site would be transferred to homeless-assistance providers and public benefit users known as Notice of Interest users. The following Notice of Interest users will be among the first to occupy the site and will remain users through horizontal development:

- DCI via Washington Yu Ying & Latin American Montessori Bilingual – Immersion Language Public Charter school
- Howard University – non-emergency ambulatory care clinic
- HELP USA - 75 Units of permanent supportive housing for formerly homeless veterans
- So Others Might Eat (SOME) - 40 units of permanent supportive housing for formerly homeless seniors
- FEMS - Relocation of Engine Company 22 (parcel acquired via public benefit conveyance in December 2014

Building on the Reuse Plan, the Office of Planning led concurring public engagement for the Walter Reed Small Area Plan. With guidance from the Comprehensive Plan for the National Capital and the Reuse Plan, the Small Area Plan addressed and established land use designation changes, transportation recommendations, and urban design guidelines. The designation change allowed for a range of densities to conform to the Reuse Plan. The transportation recommendations were established to mitigate adverse impacts of cars, pedestrians, bicycles, and transit per the Reuse Plan. The urban design guidelines ensured that the new development would create an active, well-connected and aesthetically compatible redevelopment. In 2013, the DC Council approved the Small Area Plan allowing the Office of Planning to move forward with proposing a text and map amendment before the Zoning Commission.

Also, in 2013, the District released a solicitation for a Master Developer, yielding nine responses. In November 2013, the project was awarded to the Hines-Urban Atlantic-Triden joint venture. The joint venture responded with component developer Toll Brothers to construct approximately 100 townhomes and 2-over-2 units and Weingarten, developer of the Town Center featuring over 200,000 square feet of retail including a large-format grocer. The joint venture team and DMPED have been conducting site due diligence and environmental testing while negotiating the Land Disposition Agreement over the last year.

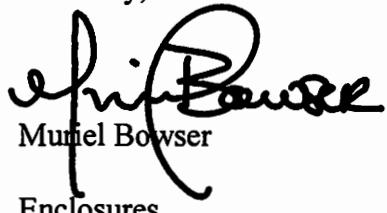
Concurrently, DMPED negotiated for the acquisition of the property with the U.S. Army to affect an Economic Development Conveyance of the parcel after securing DC Council approval.

In July 2015, the Zoning Commission took final action voting 5-0 in support of the new Walter Reed zones which allows matter-of-right development on Walter Reed to implement the Reuse Plan.

Upon Council approval of the "Walter Reed Development Omnibus Act of 2015," the District will be able to acquire title to the land from the U.S. Army. Simultaneously, the District will effectuate a 29 year 11 month ground lease to the Developer. Over the lease term, the District will then transfer some parcels to component developers in fee simple.

As always, I am available to discuss any questions you may have regarding this resolution. I look forward to prompt and favorable consideration of this resolution.

Sincerely,


Muriel Bowser

Enclosures



Chairman Phil Mendelson
at the request of the Mayor

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A BILL

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

12 To authorize the Mayor to acquire and dispose of a portion of the former Walter Reed Army
13 Medical Center located at 6900 Georgia Avenue, N.W.; to establish the Walter Reed
14 Reinvestment Fund into which certain funds received in connection with the site shall be
15 deposited; to establish the Walter Reed Redevelopment Fund into which certain
16 possessory interest tax revenues shall be deposited; to authorize the provision of grants
17 by the Deputy Mayor for Planning and Economic Development in connection with the
18 redevelopment and operation of the site; and to exempt the buildings on the site from
19 vacant building registration requirements for a certain period of time.

20
21 BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this
22 act may be cited as the "Walter Reed Development Omnibus Act of 2015".

23 Sec. 2. Definitions.

24 For the purpose of this Act, the term:

25 (a) "Army" means the United States Department of the Army.

26 (b) "Administration Payments" shall mean those payments received by District from
27 Developer and Component Developers to reimburse the District for certain costs associated with
28 the Walter Reed Redevelopment Site and the redevelopment thereof in accordance with the
29 terms of the LDA.

30 (c) "Base Closure Act" means the Defense Base Closure and Realignment Act of 1990,
31 approved November 5, 1990 (104 Stat. 1485; 10 U.S.C. §2687, note).

(d) “CBE Agreement” means an agreement governing certain obligations of the proper and each Component Developer under the Small, Local, and Disadvantaged Business Enterprise Development and Assistance Act of 2005, effective October 20, 2005 (D.C. Law 16- C. Official Code § 2-218.01 *et seq.*) (“CBE Act”), including the equity and development pation requirements set forth in section 2349a of the CBE Act (D.C. Official Code § 2- 9a).

(e) "Certified Business Enterprise" means a business enterprise or joint venture certified pursuant to the Small, Local and Disadvantaged Business Enterprise Development and Finance Act of 2005, effective October 20, 2005 (D.C. Law 16-33; D.C. Official Code § 2-*1 et seq.*).

(f) "Component Developer" shall mean an entity approved by the Mayor pursuant to the
of the LDA, who shall agree to construct a Vertical Development on the Walter Reed
Development Site.

(g) "Developer" means TPWR Developer LLC, a joint venture comprised of Hines WR UAD Walter Reed LLC (Urban Atlantic) and Trident Development Group, LLC and any successor or assigns as may be approved by the Mayor.

(h) "EDC Agreement" means the agreement between the District and the Army for the economic development conveyance of the fee simple interest in the Walter Reed Redevelopment to the District.

(i) "First Source Agreement" means an agreement governing certain obligations of the proper and each Component Developer pursuant to section 4 of the First Source Employment Act of 1984, effective June 29, 1984 (D.C. Law 5-93; D.C. Official Code § 2-3), and Mayor's Order 83-265 (November 9, 1983), regarding job creation and employment

1 generated as a result of the construction of the Horizontal Development and the Vertical
2 Developments.

3 (j) “Horizontal Development” means development and construction of the horizontal and
4 infrastructure work on the Walter Reed Redevelopment Site as required under the LDA.

5 (k) “LDA” means the Land Disposition Agreement between the District and Developer
6 that memorializes the terms of the disposition of the Walter Reed Redevelopment Site, which
7 shall be consistent with the Term Sheet and this act.

8 (l) “Legally Binding Agreements” means an agreement between the District, as the
9 Walter Reed LRA, and a homeless assistance provider that commits the provider to implement
10 and operate certain homeless assistance services on the Walter Reed Redevelopment Site, as
11 approved by the U.S. Department of Housing and Urban Development.

12 (m) “Memorandum of Agreement” means an agreement between the District, as the
13 Walter Reed LRA, and a public benefit provider that commits the provider to implement and
14 operate certain educational and public health uses on the Walter Reed Redevelopment Site.

15 (n) “Term Sheet” means the term sheet dated October 29, 2015 executed by the
16 Developer and the Office of the Deputy Mayor for Planning and Economic Development.

17 (o) “Vertical Development” means the development and construction of buildings and
18 associated improvements to a portion of the Walter Reed Development Site pursuant to the LDA.

19 (p) “Walter Reed Common Area Association” means the “Owners’ Association” created
20 pursuant to the terms of the LDA to manage the operations of the Walter Reed Redevelopment
21 Site.

22 (q) “Walter Reed LRA” means the District of Columbia government, the local
23 redevelopment authority, created by Mayor’s Order No. 2006-21, and recognized by the Office of

1 Economic Adjustment on behalf of the Secretary of Defense.

2 (r) "Walter Reed Redevelopment Site" means 66.27 acres of land located on a portion of
3 the area bounded by Fern Street, N.W., and Alaska Avenue, N.W., to the north, 16th Street,
4 N.W., to the west, Aspen Street, N.W., to the south, and Georgia Avenue, N.W., to the east,
5 known as also known as Parcel 0319/0004 and a portion of Parcel 0319/0005.

6 (s) "Walter Reed Reuse Plan" means the Walter Reed Local Redevelopment Authority
7 Reuse Plan approved by Council pursuant to Section 4 of the Walter Reed Army Medical Center
8 Base Realignment and Closure Homeless Assistance Submission Approval Act of 2012 (D.C.
9 Law 19-175; effective October 16, 2012; 60 DCR 7581).

10 Sec. 3. Findings.

11 (a) The Walter Reed Redevelopment Site has been declared surplus and closed by the
12 Department of Defense pursuant to the procedures and authorities of the Base Closure Act.

13 (b) The District of Columbia government was recognized as the Walter Reed LRA by
14 the Office of Economic Adjustment on behalf of the Secretary of Defense for developing and
15 implementing the Walter Reed Reuse Plan.

16 (c) The Council approved the Walter Reed Reuse Plan and the Legally Binding
17 Agreements pursuant to Section 4 of the Walter Reed Army Medical Center Base Realignment
18 and Closure Homeless Assistance Submission Approval Act of 2012 (D.C. Law 19-175;
19 effective October 16, 2002; 60 DCR 7581).

20 (d) The Walter Reed Reuse Plan envisions a dynamic campus integrated into the
21 existing Ward 4 community through the provision of expanded retail opportunities, preservation
22 of open space, creative reuse of historic assets into cultural and educational uses, the creation of
23 a range of jobs, and the development of various housing options to support the needs of District

1 residents.

2 (e) The Council approved the Walter Reed Army Medical Center Small Area Plan
3 pursuant to the Walter Reed Army Medical Center Small Area Plan Approval Resolution of 2013
4 (Res. 20-105; effective April 30, 2013; 16 DCR 12813), which supported the development
5 program recommendations in the Walter Reed Reuse Plan.

6 (f) Pursuant to Zoning Commission Order 14-22, the Zoning Commission for the
7 District of Columbia adopted the text and map amendments to the zoning regulations to create
8 and implement the Walter Reed (WR) zone for the Walter Reed Redevelopment Site.

9 (g) The Mayor and the Secretary of Army, through their representatives, have
10 negotiated the terms by which the Army will convey fee simple title to the Walter Reed
11 Redevelopment Site to the District as the Walter Reed LRA, as memorialized in the EDC
12 Agreement.

13 (h) After conducting a competitive and public solicitation process, the Office of the
14 Deputy Mayor for Planning and Economic Development selected the Developer to redevelop the
15 Walter Reed Redevelopment Site in furtherance of the Walter Reed Reuse Plan.

16 (i) Upon the District's acquisition of fee simple title to the Walter Reed
17 Redevelopment Site, the Mayor intends to ground lease the Walter Reed Redevelopment Site to
18 the Developer for master development of the site, construction of the Horizontal Development
19 and occupancy by the selected homeless assistance providers and public benefits providers
20 pursuant to the Legally Binding Agreements and Memoranda of Understanding, respectively,
21 subject to the terms of the LDA.

22 (j) Subject to the conditions identified in the LDA, the District will convey fee
23 simple absolute title to certain portions of the Walter Reed Redevelopment Site to (1)

1 Component Developers to construct the Vertical Developments, (2) the Walter Reed Common
2 Area Association to manage and operate the common areas on the Walter Reed Redevelopment
3 Site and (3) the Developer, if the Developer purchases the tenant's leasehold under the Housing
4 Lease, or, if the Housing Lease remains in effect as of the date on which the final phase of
5 Horizontal Development is substantially complete, to the Walter Reed Common Area
6 Association to manage the existing lease for the buildings known as Buildings 8 and 9.

7 (k) Developer and each Component Developer shall enter into a First Source
8 Agreement with the District that shall govern certain obligations of the Developer and each
9 Component Developer regarding job creation and employment as a result of the construction of
10 the Horizontal Development and Vertical Developments.

11 (l) Developer and each Component Developer shall enter into an agreement that
12 shall require Developer and each Component Developer, at a minimum, to contract with
13 Certified Business Enterprises for at least 35% of the contract dollar volume of the Horizontal
14 Development and each Vertical Development and shall require at least 20% of the equity and
15 20% development participation of Certified Business Enterprises.

16 (m) At least twenty percent (20%) of the residential units constructed at the Walter
17 Reed Redevelopment Site shall be reserved, sold or leased as affordable units pursuant to Zoning
18 Commission Order 14-22. Each Component Developer who shall construct a Vertical
19 Development that contains residential units shall enter into an affordable housing covenant
20 memorializing these affordable unit requirements.

21 Sec. 4. EDC Agreement Approval.

22 Pursuant to section 451 of the District of Columbia Home Rule Act, approved December
23 24, 1973 (87 Stat. 803; D.C. Official Code § 1-204.51), the Council approves the EDC

1 Agreement as received by Council on November 2, 2015, in the amount up to \$25 million paid
2 over multiple years, for the Walter Reed LRA's acquisition of the Walter Reed Redevelopment
3 Site.

4 Sec. 5. Approval of disposition of Walter Reed Redevelopment Site.

5 Notwithstanding An Act Authorizing the sale of certain real estate in the District of
6 Columbia no longer required for public purposes ("Act"), approved August 5, 1939 (53 Stat.
7 1211; D.C. Official Code § 10-801 *et seq.*), the Mayor is authorized to dispose of the Walter
8 Reed Redevelopment Site pursuant to the terms of the Term Sheet by ground lease for a term of
9 less than 30 years to Developer; portions of the Walter Reed Redevelopment Site in fee simple
10 absolute to Component Developers and the Walter Reed Common Area Association; and
11 portions of the Walter Reed Redevelopment Site by easement to public utilities to the extent
12 necessary for the development of the Horizontal Development and Vertical Development.

13 Sec. 6. Walter Reed Reinvestment Fund.

14 (a) There is established as a nonlapsing fund the Walter Reed Reinvestment Fund, which
15 shall be used solely for the purposes set forth in subsection (d) of this section. The Fund shall be
16 administered by the Office of the Deputy Mayor for Planning and Economic Development.

17 (b) All funds deposited into the Fund, and any interest earned on those funds, shall not
18 revert to the unrestricted fund balance of the General Fund of the District of Columbia at the end
19 of the fiscal year, or at any other time, but shall be continually be available for the uses and
20 purposes set forth in subsection (d) of this section without regard to fiscal year limitation, subject
21 to authorization in an approved budget and financial plan.

22 (c) The Chief Financial Officer shall deposit into the Fund all proceeds from the sale,
23 lease, or equivalent use of the Walter Reed Redevelopment Site, including the Administration

1 Payments, except for proceeds that are used to pay the Army consideration due under the EDC
2 Agreement.

3 (d) The Fund shall be used solely to support job creation and economic development of,
4 or related to, the Walter Reed Redevelopment Site, including to pay for road construction;
5 transportation management facilities; storm and sanitary sewer construction; police and fire
6 protection facilities and other public facilities; utility construction; building rehabilitation;
7 historic property preservation; pollution protection equipment or facilities; demolition; disposal
8 of hazardous materials and hazardous waste generated by demolition; landscaping, grading and
9 other site or public improvements; and planning for or the marketing of the redevelopment or use
10 on the Walter Reed Redevelopment Site, for other purposes permitted by EDC Agreement and to
11 make payments due to the Army required under the EDC Agreement during the first seven years
12 after the date the District acquires the Walter Reed Redevelopment Site from the Army and
13 thereafter for the purposes stated herein and the economic development goals or activities of the
14 District.

15 (e) The Office of the Deputy Mayor for Planning and Economic Development shall have
16 the authority to make grants from the Fund to recipients in furtherance of the purposes set forth
17 in subsection (d).

18 Sec. 7. Walter Reed Redevelopment Fund.

19 (a) There is established as a nonlapsing fund the Walter Reed Redevelopment Fund,
20 which shall be used solely for the purposes set forth in subsection (d) of this section. The Fund
21 shall be administered by the Office of the Deputy Mayor for Planning and Economic
22 Development.

23 (b) All funds deposited into the Fund, and any interest earned on those funds, shall not

1 revert to the unrestricted fund balance of the General Fund of the District of Columbia at the end
2 of the fiscal year, or at any other time, but shall be continually be available for the uses and
3 purposes set forth in subsection (d) of this section without regard to fiscal year limitation, subject
4 to authorization in an approved budget and financial plan.

5 (c) The Chief Financial Officer shall deposit into the Fund all funds received pursuant to
6 D.C. Official Code §47-1005.01 attributable to Developer's lease of the Walter Reed
7 Redevelopment Site for the period ending on the last day of the tax year that is ten years after the
8 date on which Developer commences the demolition of Building 2 on the Walter Reed
9 Redevelopment Site in accordance with the requirements of the LDA.

10 (d) The Fund shall be used solely to support the maintenance, operation and construction
11 activities on the Walter Reed Redevelopment Site.

12 (e) The Office of the Deputy Mayor for Planning and Economic Development shall have
13 the authority to make grants from the Fund to recipients in furtherance of the purposes set forth
14 in subsection (d).

15 Sec. 8. Exemption from registration requirements of vacant buildings.

16 Section 6 of an Act to provide for the abatement of nuisances in the District of Columbia
17 by the Commissions of said District, and for other purposes, approved April 14, 1906 (34 Stat.
18 115; D.C. Official Code §42-3131.06), is amended by adding a new paragraph (9) to read as
19 follows:

20 "(9) Located on the Water Reed Redevelopment Site for so long as the building and the
21 land on which the building sits is subject to the ground lease to the Developer."

22 Sec. 9. Fiscal Impact Statement.

23 The Council adopts the fiscal impact statement in the committee report as the fiscal

1 impact statement required by section 602(c)(3) of the District of Columbia Home Rule Act,
2 approved December 24, 1973 (87 Stat. 813, D.C. Official Code §1-206.02(c)(3)).

3 **Sec. 10. Effective Date.**

4 This Act shall take effect following approval of the Mayor (or, in the event of a veto by
5 the Mayor, action by the Council of the District of Columbia to override the veto), a 30-day
6 period of Congressional review as provided in §602(c)(1) of the District of Columbia Home Rule
7 Act, approved December 24, 1973 (87 Stat. 813, D.C. Official Code §1-206.02 (c)(1)), and
8 publication in the District of Columbia Register.

DISPOSITION ANALYSIS
IN SUPPORT OF DISPOSITION OF REAL PROPERTY

Project Name: Walter Reed Army Medical Center (WRAMC)

Property Description: Portion of PAR 03190005 and all of PAR 03190004 (the "Property")

Size of Property: Portion of PAR 03190005 is approximately 2,885,850 square feet
PAR 03190004 is approximately 47,110

Zoning of Property: WR1, WR2, WR3, WR4, WR5, WR6, WR7 & WR8

Ward: Ward 4

Lessees: Hines-Urban Atlantic-Triden (the "Development Team"). Additionally, DC International School (DCI), Latin American Montessori Bilingual (LAMB) Public Charter School, So Others Might Eat (SOME), HelpUSA, THC and Howard University (NOI Users) are expected to sublease portions of the property.

Description of Development Program:

The Development Team intends to redevelop the Property as a mixed use campus meeting the goals of the Reuse Plan and Small Area Plan that includes (1) 3,100,000 sf of total development, (2) 2,100 residential units including 432 affordable dwelling units, (3) over 200,000 sf of retail including a large format supermarket, (4) 185,000 sf of office space and (5) fourteen (14) acres of preserved open space. The development will include new utility infrastructure as well as improved multimodal roadways throughout the campus. The former Walter Reed medical campus is designated as an historic district and the future development will be subject to review by the Historic Preservation Review Board.

Depictions of the proposed redevelopment project are attached hereto as Attachment 1.

1. Proposed Method of Disposition.

Upon acquisition of the Property from the United States Government, the District will ground lease the property to the Developer for a period not to exceed 29 years and 11 months to allow the Developer to take responsibility for operations and maintenance immediately and begin horizontal development and infrastructure improvements. The District will transfer fee title as individual parcels are sold to Component Developers for vertical construction terminating the Ground Lease in phases.

2. Description of efforts to dispose of Property for direct “public benefit” as described on specific government plan adopted by the Mayor or Council (e.g. Community Development Plan, the Comprehensive Plan, the Strategic Neighborhood Plan, or the Comprehensive Housing Strategy Plan).

As part of the BRAC process, the Local Redevelopment Authority (LRA) solicited Notices of Interest (NOIs) from State and Local Homeless Assistance Providers (HAPs) and Public Benefit Conveyance (PBC) organizations to balance the homeless assistance needs of the community with the economic redevelopment needs of the community.

Throughout the course of the planning process, the LRA received and evaluated 30 requests for NOI uses: 23 requests for NOI uses of buildings during 2010 and 7 requests during 2011 for the new surplus areas.

After thorough review, seven (7) applicants were recommended by the LRA Committee to be included in the Walter Reed Reuse Plan that was subsequently approved by the Council of the District of Columbia and then by the U.S. Department of Housing and Urban Development (HUD). The solicitation and selection process by which the LRA Committee decided to recommend these NOI applicants is described in the LRA’s Homeless Assistance Submission narrative that received HUD approval. The six successful non-District NOI applicants (S.O.M.E., T.H.C., Help USA, LAMB PCS, Yu Ying PCS operating as DCI, Howard University) are to be accommodated under the development program via subleases at no cost. The seventh successful NOI applicant was the District of Columbia Fire and Emergency Management Services (DC-FEMS). The property for that use was transferred separately in December 2014.

The acquisition of this property through the federal Base Realignment and Closure (BRAC) process, required the District, operating as the federally recognized Local Redevelopment Authority, to prepare a reuse plan for the property. The Reuse Plan was developed via community based process that included four (4) public meetings. The Reuse Plan was approved by Council on July 10, 2012 and signed by the Mayor before being approved by HUD in January 2014. The Reuse Plan was the basis for the Walter Reed Small Area Plan and the subsequently adopted zoning categories for the property.

a. Public Benefits Requested in Solicitation.

The Reuse Plan prepared for the Site identifies a combination of rehabilitation and reactivation of historic buildings and new construction. As delineated in the Reuse Plan, the proposed development program provides a mix of uses within the Site in order to create a place that is “activated” by a mix of quality open spaces, retail, residential uses with diverse housing options, commercial office and/or institutional space, medical care and cultural and community uses. The District, as the Planning Local Redevelopment Authority for WRAMC, screened the Site for both Homeless Assistance Providers (“HAP”) and Public Benefit Conveyance (“PBC”) uses (“NOI Applicants”). The LRA selected seven NOI Applicants to lease property on the Site, at no cost from the LRA or

the Master Developer. The selected NOI Applicants were detailed in the RFQ and have been included in the development plan.

b. Describe any Public Benefits in the proposed Developer's Development Plan.

The proposed development plan includes 432 units of affordable housing at 30%, 50% and 80% AMI. This meets the ADU standard in the Walter Reed zoning requirements (11 DCMR §3540). In addition, more than 300,000 sf of space on the former Walter Reed campus will be leased rent free to NOI uses providing affordable housing, education and health care.

The proposed development also includes improvement and preservation of 14 acres of green space and road and sidewalk improvements built to DDOT standards with the intent of future dedication to the District.

c. Public Uses included in proposed Developer's Development Plan (such as public parks, construction of roads, sidewalks, and other public amenities).

The proposed Development Plan will preserve 14 acres of open space including the historic Great Lawn in front of the original 1909 Walter Reed hospital building. The Development Plan also includes approximately 20 acres of streets improved to DDOT standards with the intent of public dedication. The Development plan also includes the inclusion of hiker/biker trails and increased connectivity to the surrounding neighborhoods and to Rock Creek Park.

3. The chosen method of disposition, and how competition was maximized.

a. Description of solicitation process (include form of solicitation, how solicitation was advertised).

The Office of the Deputy Mayor for Planning and Economic Development (“DMPED”) developed and executed a three-phase process to solicit and select a master developer team (“Master Developer”) capable of comprehensive redevelopment of the Site. In the first phase, DMPED released a Request for Qualifications (RFQ) on January 31, 2013 with a submission date of March 15, 2013 and a pre-proposal conference/site visit that took place on February 19, 2013. The RFQ was published on the DMPED website, distributed to DMPED listserv recipients, provided to all impacted ANCs and disseminated through local press coverage of the release of the solicitation. The RFQ process yielded nine responses and the evaluation team shortlisted five of the respondents. In the second phase, DMPED released a Request for Proposals (“RFP”) to the five shortlisted RFQ Respondents on May 16, 2013. RFP submissions were due on July 12, 2013 with three teams providing proposals. The three developers then presented their redevelopment visions to the community on July 18, 2013. The final selection was made in November 2013.

b. Please describe the competitive bid process, including number of responses. Please also summarize each qualified bidder for the Property. If no competitive process was followed, please explain why not, and how the Developer was chosen and all key terms of the arrangement.

The schedule of the RFQ/RFP process was as follows:

- RFQ Issued – January 31, 2013
- RFQ Pre-proposal conference/site visit – February 19, 2013
- RFQ Responses Due – March 15, 2013
- Notification of Prequalified Developers – April 29, 2013
- RFP Issued – May 16, 2013
- RFP Responses Due – July 12, 2013
- Community Presentations on Proposals – July 18, 2013
- Best and Final Offer Submissions Due – September 30, 2013
- Notification of Final Selection – November 5, 2013

DMPED received RFP responses from the following three Development Teams:

- Hines/Urban/Triden
- Roadside Development
- Forest City

An Evaluation Panel including staff from DMPED and the Office of Planning and assisted by an external consultant reviewed Request for Qualification (“RFQ”) responses from nine developers and recommended in April that the Deputy Mayor and Mayor short list five teams and invite them to respond to an RFP. Of the five short-listed teams, three responded to the RFP. The review of the RFP Proposals was conducted by an interdisciplinary team of District Government staff, which included DMPED staff, representation from the Office of Planning and an external consultant provided the Panel with an independent review of the RFQ responses, as well as the RFP Proposals and Best and Final Offers (BAFO’s).

Qualified Bidder Summaries:

All of the shortlisted developers proposed mixed use campus developments based on the Reuse Plan and Small Area Plan. The projects all included housing, office and residential components and varying amounts of retail.

The Hines-Urban-Triden team proposed a mixed-use campus called The Parks at Walter Reed. The proposal included commercial area focused on bio-science and health industries, a hotel/conference center reuse of the historic hospital building and arts space for organizations including Cultural DC, Artomatic and Washington Dance School. Their proposal also included Toll Brothers and Weingarten as component developers focused on portions of the residential and retail respectively.

The Roadside team proposed a mixed use campus anchored by a Wegman’s supermarket and a Childrens Hospital Center for Community and Global Health. Their proposal also included additional medical related uses from National Organization for Rare Diseases,

George Washington University and Howard University. The proposal included a partial demolition of the 2.5 million sf hospital building and reuse of a portion of the building to accommodate the supermarket.

The Forest City proposal for Walter Reed included a mixed use campus featuring an Innovation Hub anchored by Georgetown University. The proposal emphasized neighborhood serving retail and local boutiques. A variety of housing would have been provided by EYA and L&M Development.

c. Please describe any public hearings on the potential disposition and any public comments received during the public hearings.

As part of the BRAC process, DMPED operating as the federally recognized Local Redevelopment Authority (LRA), hosted a series of community meetings from 2006 – 2011 to develop the Reuse Plan for the Walter Reed site. Many of the meetings were facilitated by a third party community engagement firm which moderated the meetings and captured public comments.

The Office of Planning led a series of public meetings on the development of the Small Area Plan (SAP) that was based on the approved Reuse Plan.

To solicit community input on the developer selection, the DMPED hosted a meeting on July 18, 2013 where the three shortlisted developers presented their proposed visions for the redevelopment of the former Walter Reed campus. DMPED offered the community the opportunity to comment on their preferred developer by September 25, 2013. DMPED received comments from individuals, ANC's, community groups, businesses and nonprofits, regarding their preferences. At their respective meetings on September 17, 2013 and September 23, 2013, ANC 4A and ANC 4B voted for resolutions supporting the Hines-Urban Atlantic-Triden proposal.

The Walter Reed LRA Community Advisory Committee continues to meet regularly providing ongoing community input into the project.

4. The manner in which economic factors were weighted and evaluated, including estimates of the monetary benefits and costs to the District that will result from the disposition. The benefits shall include revenues, fees, and other payments to the District, as well as the creation of jobs.

a. Identify all relevant costs, including property value for the subject and surrounding property, cost of potential rehabilitation, current and / or past cost for upkeep on the Property.

As part of the acquisition of the property from the Army, the District engaged RKG Associates, an independent economic development and real estate planning firm which

has advised based redevelopment projects across the country to complete a valuation analysis of the property. RKG's President and lead consultant for this project is a licensed appraiser. The valuation was based on the Reuse Plan approved by Council. The valuation estimated the potential revenues generated by the reuse plan, and the estimated costs necessary to produce the reuse plan, and derived a residual land value. The residual land valuation of \$25,000,000 was the basis for the District's negotiation and was accepted and agreed to by the Army BRAC office, the District and the proposed developer.

DMPED has considered the Property specific development conditions and regulatory requirements for development of the Property. As part of the disposition, the Developer will assume all of the infrastructure requirements necessary to build out the Reuse Plan. In addition, the Developer will accept the NOI Users as subtenants with rent free leases allowing the District to realize the public benefits that the NOI users will bring to the site, including housing for formerly homeless veterans (HelpUSA) and seniors (S.O.M.E.) a public charter school (DCI/LAMB PCS), and an ambulatory care center (Howard University Hospital).

The acquisition/infrastructure costs required will include the following:

| | |
|----------------------------|--------------|
| Land Acquisition | \$25,000,000 |
| Site | \$92,800,000 |
| Preparation/Infrastructure | |
| Utility Infrastructure | \$23,600,000 |
| Maintenance & Operation | \$9,000,000 |

Given the desire to activate the site as quickly as possible, DMPED determined the economic benefits could be maximized leveraging private capital to reactivate the property through disposition to a private master developer.

b. Describe potential revenue that could be derived from the Property and how it was maximized in selected disposition method.

The proposed disposition and development of the Property will allow the District to acquire the property at the developer's cost and derive additional revenues from deed transfers, recordation taxes and property taxes on the Component Developer parcels. The purchase price is the product of a residual land valuation based on the projected revenues and costs from developing the reuse plan.

With respect to land sale proceeds, the District will receive \$25 Million Dollars (\$25,000,000) via the following schedule:

| | |
|------------|-------------|
| At Closing | \$5,000,000 |
| Year 1 | \$5,000,000 |

| | |
|--------|--------------|
| Year 2 | \$1,000,000 |
| Year 3 | \$1,000,000 |
| Year 4 | \$1,000,000 |
| Year 5 | \$1,000,000 |
| Year 6 | \$1,000,000 |
| Year 7 | \$5,000,000 |
| Year 8 | \$5,000,000 |
| Total | \$25,000,000 |

The proposed Development Plan is projected to generate the following additional economic benefits to the District:

| Economic Impacts | |
|---|--------------|
| Construction Jobs (total project) | 2,300 |
| Total Annual Employment for Stabilized Project | 3,460 |
| New Households | 2,100 |
| New Residents (2.1 people per household) | 4,430 |
| Fiscal Impacts | |
| Annual Revenues After Stabilization | \$30,418,000 |
| Note: Revenues include property, sales, corporate, income and gross receipts taxes and non-tax revenues. All revenues are reported as Gross, and do not reflect potential expenditures by the District to provide services to the residents, employees and properties at WRAMC. | |
| Source: WRAMC Reuse Plan | |

5. Please describe all disposition methods considered and provide a narrative of the proposed disposition method that contains comparisons to the other methods and shows why the proposed method was more beneficial for the District than the others in the areas of return on investment, subsidies required, revenues paid to the District, and any other relevant category, or why it is being proposed despite it being less beneficial to the District in any of the measured categories.

For purposes of redevelopment, the primary disposition options were as follows:

- Fee simple transfer or ground lease of individual parcels to developers (with the District acting as Master Developer)
- Fee simple transfer or ground lease of the entire property to a Master Developer who would take full responsibility for the horizontal development of the site

DMPED considered these options being mindful of capital requirements, development feasibility, ongoing maintenance cost, risk management and the community's desire for timely reactivation of the site. DMPED determined that the because of the large capital and maintenance costs the most feasible method to redevelop the site is via a ground lease for the horizontal development period transitioning to fee simple transfers in phases of vertical construction. This structure allows for optimal financeability of the horizontal development and the subsequent vertical/component developments and provides the District with necessary checks and balances on the Developers scope and schedule. This structure also allows the District to

For Council Submission

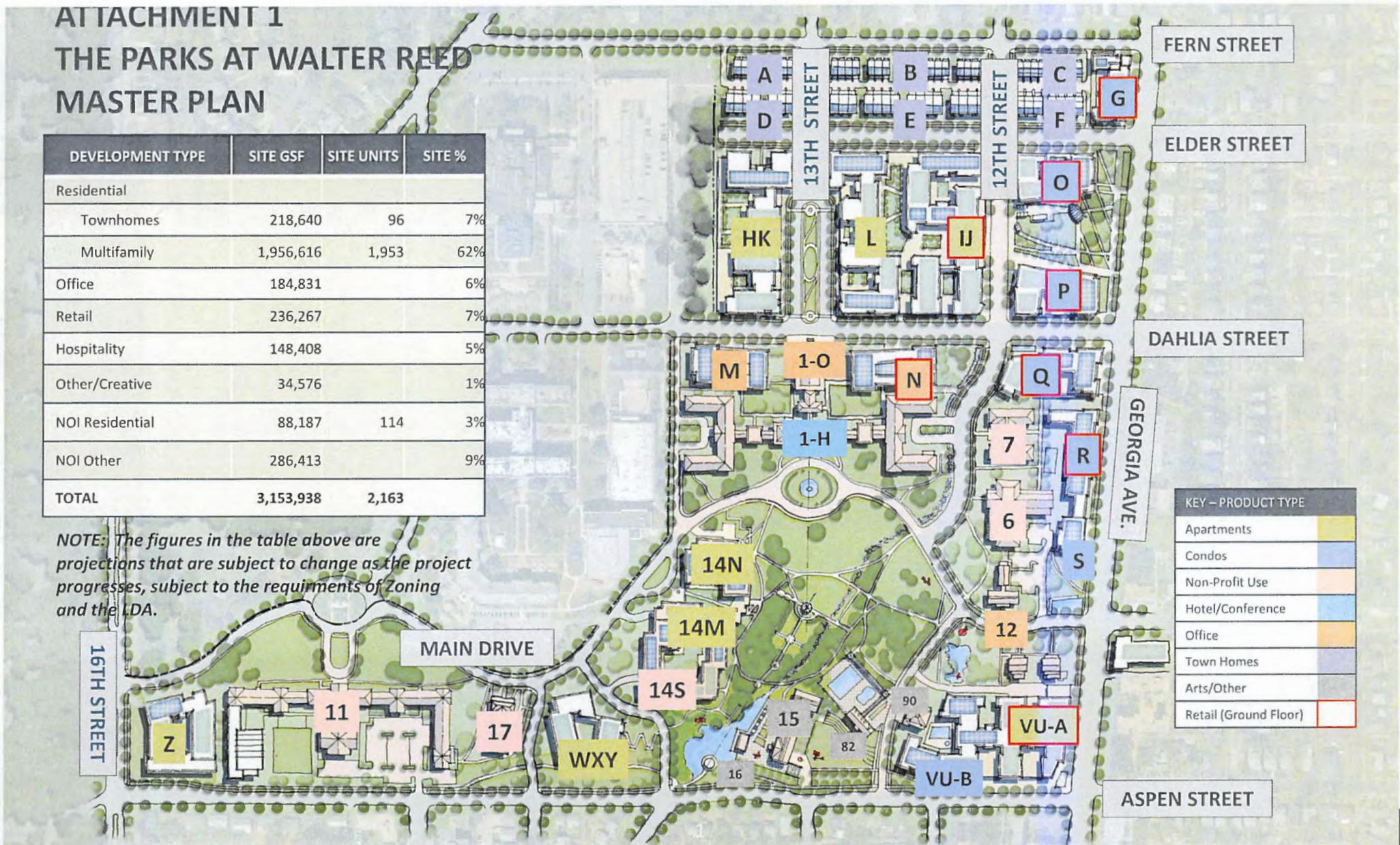
finance the acquisition of the property with private funds and it also requires the Developer to accommodate the NOI users at no cost.

ATTACHMENT 1

THE PARKS AT WALTER REED MASTER PLAN

| DEVELOPMENT TYPE | SITE GSF | SITE UNITS | SITE % |
|------------------|------------------|--------------|--------|
| Residential | | | |
| Townhomes | 218,640 | 96 | 7% |
| Multifamily | 1,956,616 | 1,953 | 62% |
| Office | 184,831 | | 6% |
| Retail | 236,267 | | 7% |
| Hospitality | 148,408 | | 5% |
| Other/Creative | 34,576 | | 1% |
| NOI Residential | 88,187 | 114 | 3% |
| NOI Other | 286,413 | | 9% |
| TOTAL | 3,153,938 | 2,163 | |

NOTE: The figures in the table above are projections that are subject to change as the project progresses, subject to the requirements of Zoning and the LDA.



December 14, 2015

**District of Columbia City Council
Committee of the Whole
Hearing on B21-474, Walter Reed Omnibus Development**

Testimony of Victoria S. Davis
President, Urban Atlantic Development
Member, TPWR Developer, LLC
A Joint Venture of Hines, Urban Atlantic and Triden Development Group

Good Afternoon Chairman Mendelson and Members of the Committee of the Whole. My name is Victoria Davis. I serve as President of Urban Atlantic and a partner of the Hines- Urban Atlantic-Triden Development Group JV. I am joined today by Mr. Chuck Watters, Senior Managing Director of Hines, Michael Jones, Principal of Triden Development, my partners Scott Nordheimer and Caroline Kenney of Urban Atlantic and Katie Wiacek, Director of Hines.

Our venture was selected as the Master Developer by the District of Columbia and Local Redevelopment Agency (LRA) to act as Master Developer of Walter Reed. I am here today to testify and to answer questions on the Walter Reed Development Omnibus Act of 2015.

The development of Walter Reed is one of the largest challenges we as developers and the District of Columbia have ever been presented. In most public-private developments, the City owns the property. In this case, Walter Reed is owned by the United States Army and is subject to complex Federal Legislation under The Base Realignment and Closure Act, or BRAC. I would like to share with you our involvement and responsibilities for the development of Walter Reed.

TEAM

In January 2013, DMPED released the solicitation to select the Master Developer to comprehensively redevelop Walter Reed. The Hines-Urban-Triden JV gathered an experienced, best in class team of experts and responded to a comprehensive, three phase - RFQ, RFP, and BAFO - process. After much community review, our team was selected in November 2013.

Our team includes:

- 2 New York Stock Exchange Companies: Toll Brothers and Weingarten REIT
- 9 CBE's - Triden Development; Torti Gallas Urban Partners; Bowman Consulting DC PC; Graves, Horton, Johnson & Askew; Gorove/Slade; Delucchi Plus; Oehme Van Sweden; EHT Tracerries; and Robinson Associates, and
- 4 local and national non-profits: THC, CulturalDC, Artomatic, and MIT Community Strategies Lab

COMMUNITY PROCESS

Since we first started working on Walter Reed, we have focused on understanding community needs and vision. This very active and knowledgeable community, along with many stakeholders, have come together over the past seven years to shape the Walter Reed redevelopment and reconnect it with its surrounding community and the city.

Over the past three years alone, we have participated in over 150 meetings with local residents, surrounding and nearby ANC's, the Community Advisory Committee, Civic Associations, business associations, churches, service providers, local employers and retailers, seniors centers, veterans groups, historical organizations and neighbors to best understand how to meet their needs and honor the great local love for and national legacy of Walter Reed and create a great community. We have learned a tremendous amount over this time and have incorporated this information in the Walter Reed program.

THE PLAN

The framework of our response was to respect the vision that the District and community had been working on since 2009. Our team of over 80 professionals worked to create a plan that meets community needs within the Small Area Plan Framework:

- The plan creates a series of Parks and linkages to celebrate large open spaces, historic trees and buildings and create great places - The Parks at Walter Reed.
- It provides approx. 3,100,000 SF of total development.
- Residential development totals over 2,000 units, including for sale townhouses, condominiums and rental apartments.
- Based on the fact that Ward 4 has one of the largest Senior populations in the District, and they have overwhelming expressed their desire to remain in the community as they age, we have planned a Senior Village with both affordable and market rate housing.
- Georgia Avenue is connected and activated with retail and housing to create economic sustainability.
- Implementation of NOI developments of approx. 500,000 SF previously procured under the BRAC and HUD processes are prioritized: DCI and LAMB Charter Schools, Homeless Veterans and Seniors Supportive Housing initiatives, and Howard University's ambulatory care center.
- Our RFP response committed to the development of 432 units of affordable housing - twenty percent (20%) affordable housing, more than twice the amount of affordable housing required by IZ as part of our overall economic offer. Of these, 114 units are targeted to households earning below 30% of Area Median Income and offer comprehensive services.
- 236,000 SF of local, regional, and national retail is planned along Georgia Avenue. Eisenhower Village, the town center, includes a large format grocer. There will be an additional 218,000 SF of office, hotel and arts, culture and recreation space.

FINANCIAL COMMITMENT

Our financial offer to the District commits \$160 Million to pay for:

- The LRA acquisition price of the property from the Army,
- Environmental remediation for the site,
- Demolition of over 2,500,000 SF of existing 1970's era hospital and other buildings (equivalent to eight 250,000 SF office buildings)
- New roads, infrastructure replacement and storm water remediation at no cost to taxpayers of the District.
- Total investment of \$948 Million

In simple terms, the cost to acquire and improve the property is a cost of over \$2.1 Million per acre, (\$160 Million / 66 acres = \$2.1 Million per acre) with significant upfront financial exposure over a ten year period.

Additionally, the 66 acre property and buildings must be maintained and secured. The Army incurs \$8,000,000-\$10,000,000 every year to operate the property, now, even after the base was closed. In order for the District not to incur interim operating risk, DMPED required that the developer lease the entire site simultaneous with closing with the Army and be responsible for all operations. We are also required to purchase and maintain environmental insurance for unknown conditions.

ECONOMIC BENEFITS

Walter Reed will have major economic impact on District revenue, job creation, economic development, social and recreational services, and business development. I would like to briefly recap some of the highlights from our analytics.

- Tax Revenue. Approx. \$44 million per year. This is revenue derived from property tax, income tax personal and corporate, transfer and recording taxes, sales tax, hotel and parking tax.
- Employment. 2,000 permanent direct jobs, plus approx. 1600 indirect and induced jobs.
- Economic Activity
 - \$948 million in direct development investment
 - \$230 million in CBE revenue (construction period)
 - \$92 million in annual retail sales
 - \$128 million onsite employment salaries
 - \$168 million New District resident salaries

Over \$7.3 Billion economic development over 20 years

COMMUNITY BENEFITS

The Hines-Urban Atlantic-Triden Team is committed to serving the Ward 4 and District residents, businesses, and communities:

- First Source Agreement and Apprenticeship Program
- 20 percent CBE Equity Participation
- 35 percent CBE Contracting
- 9 CBE's on Team
- 4 Non-profits on Team
- NOI Non-profits within the development plan: HELP, SOME, THC, Howard University, DCI and LAMB Charter Schools
- Several identified Community Partners – Emory Beacon of Light, Brightwood Business Alliance, Georgia Avenue Business Alliance, GABIDDC, Old Takoma Business Association – and actively seeking more

INTERIM ACTIVATION

The Master Developer is responsible for creating interim activities on site as soon as feasible. Reopening Walter Reed to the community is a priority for the district and the development team. We have received input from over 2,000 residents of Ward 4 that show strong support for activities such as a Farmer's Markets, Summer Outdoor Movies, and entertainment, arts and cultural activities targeted to families and seniors.

DEVELOPMENT PHASING

2016:

- Close on property, and commence interim operations
- Coordinate infrastructure with the NOI's. DCI/LAMB School opening fall 2017.

- Coordinate infrastructure and construction for HELP USA housing for homeless veterans and SOME for homeless seniors.
- Design and permitting of demolition of the modern-era, 2 Million SF hospital, (Bldg. 2).
- Start architecture for Bldg Z or VU, market-rate residential buildings along Aspen Street that include affordable units.

2017 -2025

- Initiate multiple phases of development each year, benefiting from the inclusion of component developers Weingarten REIT and Toll Brothers on our team.

SUSTAINABILITY GOALS

The Master Developer is committed to meeting sustainability and energy goals for Walter Reed. The goal is to be Net Zero by 2030, and a minimum required Green Area Ratio of 0.4 is the highest for any development in DC. The development team is working with an energy partner to explore feasibility of an unprecedented plan for an onsite microgrid and possibly 3 tri-generation energy centers.

HISTORIC PRESERVATION

The Walter Reed site is a historic district, with both historic landscapes and buildings. The development team is already actively working with HPRB to ensure that the proud legacy of Walter Reed is preserved and celebrated in the development through history trails, revitalization of existing buildings, partnerships with historic organizations like The Walter Reed Society and The Alliance to Preserve the Civil War Defenses of Washington and community activities that celebrate this rich history of service to our military families.

The entire Development Team and our community partners are excited to begin the next chapter of Walter Reed, The Parks at Walter Reed. It is an honor to serve our City and our Nation in the redevelopment of this historic property.

This concludes my testimony. My partners and I will take any questions that you may have. Thank you.

Victoria Davis
 President
 Urban Atlantic Development
 Member, TPWR Developer, LLC

Testimony of
Ms. Ayris T. Scales
Board of Trustees



**District of Columbia
International School**

Before
The Council of the District of Columbia
Committee of the Whole

Walter Reed Omnibus Act

December 17, 2015

1350 Pennsylvania Ave. N.W.

Room 120

Washington, DC 20004

Good Afternoon Chairman Mendelson and members of the Committee of the Whole. I am Ayris Scales and I serve on the Board of Trustees for the DC International School. DCI will open a new school serving 6th – 12th graders as part of the Walter Reed Redevelopment. D.C. International is a collaborative effort of five language-immersion charter elementary schools, who formed a secondary pipeline where students could continue their amazing language studies.

Before going any further, I would like to thank the council and the administration for your support of DCI, as well as DCI's planned relocation to Delano Hall on the Walter Reed Campus. Just last month our school's parents were joined by the Deputy Mayor for Education and staff from the Deputy Mayor's Office for Planning and Economic Development – who came to speak to our parents amongst their growing angst around the timing and feasibility of DCI going into our new building in time for the next school year, which is tethered to how quickly the Walter Reed transfer can take place.

This is critical because, parents across the District, not just ours, are anxious about finding quality middle and high school options.

Recognizing this, DCI opened its doors in the Fall of 2014, and currently has over 400 students enrolled in grades 6th, 7th and 8th. For school year 2016-17, we expect over 500 students spanning grades 6th-9th.

As more new residents flock to the District and generational Washingtonians remain strong - high quality education is a top priority for both parents and DC residents alike. We know that educational achievement is one of the single most determining factors to ones future socio-economic status and that the need for exceptional middle schools and high schools in our city is imperative. We believe DCI is an answer to this gap and rightful expectation of residents.

Our school and our model have been highlighted and noted in publications such as Ed Innovation DC, The Washington Post, The Examiner, TechPolicy.Org, and The Washington Diplomat.com.

Our foundation consists of:

An International Baccalaureate Programme for all, offering an evidence based framework for language and cultural learning – and standards that families seek.

Fluency in a second language. Students choose Chinese, Spanish or French as their primary language and can opt to take a secondary language as well. Approximately 50% of our students study Spanish, 30% study Chinese and 20% study French.

And lastly, 1:1 technology - Our students learn and study with the help of Chromebook computers and coursework that is interactive, personalized and student-led. The Chromebooks go home with students at night and over the summer.

Our innovative approach to education, leveraging language development and technology - bridges the achievement gap not just between students from SE DC (East of the River) and NW (the Gold Coast), but we believe... globally. In our current incubator space at 16th and Park Streets NW, DCI is one of the most diverse schools in the city. At present, our student community is 42% Black, 33% White, 17% American Indian, 6% Asian and 1% Pacific Islander, of which 40% are Hispanic.

That said, we are fortunate that so many have embraced our concept, so soon. I think it speaks to the need and concerns of

parents. With over 700 students planned for enrollment in the 2017-18 school year, it is imperative that we have an adequate campus to move into. Even with our current enrollment DCI struggles to fit into our existing space and is being forced to spread out onto two sites, and we can only accept students from our feeder schools next year because we are simply out of space. This means hundreds of students are missing out on this learning opportunity since we will not be able to admit students from next year's lottery, as we have for the past two years.

Personally speaking as a parent and community development practitioner, it was performance data like this, coupled with DCI's facility constraints that attracted me to serve on DCI's board and want to ensure its expansion. I wish there had been an educational option such as this, for my daughter when she navigated through DC Public Schools.

This is why we are urging council to please support the Walter Reed Bill. In addition to the countless benefits that this multi-billion dollar development will bring to Ward 4 and the city, we are eager for a transfer as quickly as possible, in order to expedite DCI's plans to start construction, and move onto the Walter Reed site to open a new world class school that will deliver high quality

slots to over 1400 students from all 8 wards in grades 6th -12th. Our board, staff, parents and students are anxiously excited for the new school to open and our team of architects, contractors, and the organization Building Hope, have already designed a wonderful comprehensive plan to build a permanent home at Delano Hall.

After having served for 5 years in DMPED, I understand that these deals and transactions take time. And DCI wants to be a long term partner and contributor to the District. Our plans for growth are clear and achievable and we will need your continued support in a myriad of ways to serve our students, starting with the passing of this bill.

In closing, I want to thank our dedicated staff led by Mary Shaffner, our brilliant and resilient students and their parents for taking the necessary actions to ensure that their children are competitively prepared for their future via DCI. We believe that a student who embraces language, culture and technology is best prepared for future success. That concludes my written testimony. I am happy to answer any questions you may have at this time.

Hello Respected Councilmembers,

My name is Gabriel Madison and I am an 8th grade student at DC International School, a public charter school. DCI is a wonderful secondary school that gives us many opportunities, such as an International Baccalaureate education, a multilingual education in Spanish, Mandarin and/or French and the opportunity of being exposed to many different cultures, as well as technology.

But there is one area that can be improved at DCI - space and facilities. We are taught at DCI that it is important to be balanced, which means knowing how to regulate different aspects of your life, like your physical and academic lives. In order for students to go to a proper gym and stay healthy we must walk 20 minutes away from our current establishment to an area we rent in the All Souls Church on 16th and Harvard. This is terribly inconvenient and it means that students lose instructional time and staff have to take time to supervise our trip. This is enough of a challenge this year, with over 400 students in the school. However, next year, we will grow to over 600 students within the same building. More instructional time will be lost and more staff will be needed to supervise. What effect will this have on the overall learning of our students?

This would be easily resolved if we could obtain our space at the Walter Reed campus at 16th and Aspen. Our school's population is expected to grow by 200 students each year, and our school will not have the space to take on these students. Over the next two years, we will have 800 students and by 12th grade we are estimated to have around 1200 students. These students would need more classes and more space to be physically active. Our current establishment simply can not do that, as it is not fit to hold 1200 students. Please support the Walter Reed bill so we can finally move into our permanent home. Thank You for your time.

Mr. Chairman and committee members, thank you for giving me this opportunity to seek your continued support of DC International at Delano Hall on the Walter Reed Campus.

I arrived to Washington, DC in 1987 and immediately fell in love with this grand city. It was a neglected city with many issues, but like many fellow citizens I joined in to contribute, create solutions, and my love has never wavered. What is astonishing to me, today, is how far we have come, especially with respect to education reform. In 2003, When I was pregnant I recall concerned people asking me if I was now going to move to Virginia or Maryland, because of the "school situation." Historically the enrollment in the traditional public schools dropped off by sixth grade, families would leave the city or seek out charter or private schools. To be honest, I did not have the proof, but I was among the believers in this metropolitan city rich with history and a community of people of all races, religions and walks of life. DC had the perfect blend of tenacity, collective brain power and determination to inspire better education for all children. With the number of families choosing to raise their children in DC, came the added responsibility and opportunity to create quality education. My daughters had reached school age at about the time **Washington Yu Ying, LAMB, DC Bilingual, Elsie Whitlow Stokes, and Mundo Verde** were in its infancy and beginning stages. For those of us who valued fluency in a second language, we now had viable choices.

My eldest was already in a Spanish immersion DCPS elementary school. Yet there was no clear quality path through high school for which my daughters could continue to receive their dual language education. Then along came these 5 high performing elementary schools who joined and created DC International. In an effort to collectively continue their language immersion. I have to say that was purely brilliant. And they thought big. Including **International Baccalaureate, Fluency in a second language.** Where students choose Chinese, Spanish or French as their primary language and can opt to take a secondary language as well. And using **1:1 technology** in a revolutionary model that will soon be the model for future classrooms.

In its first year I was blown away to see the Yu Ying 6th grade students placing in advanced 7th and 8th grade math levels. Most from a non-Chinese households engaged in their language immersion speaking, reading and writing in their second language. I saw the power of what these 200 students coming from 5 feeder schools and the lottery. I saw the 10 children that came along with my daughter from Oyster Adams splinter into Chinese, French and Spanish tracks. All thriving in this new rigorous IB platform. I saw my daughter develop technical, analytical, and STEM skills she did not have previously. Now in its second year, I see a whole new future for the 400 students at DCI (SY 2015-2016.)

With 2000+ families from all 8 wards waiting to come through the front door. The current doors lead into a building with no outdoor space, no gym, no cafeteria, no common area meeting space for the students, staff or teachers. Each feeder school went through the painstaking process making their vision into a reality in the form of a new and bigger home. The difference is, those schools began with early childhood elementary with 4-5-6 year old little able bodies. My daughter at age 12, nearly 5 ft tall is packed along with 400 students into the hallways of this

temporary space. And the children are now 12,13,14 averaging over 5 feet in a sqft space. By SY 2016-2017 we will be close to 700 students! It is imperative that you do EVERYTHING possible to make sure these students have a campus and building to move into. I am here not just for my daughters, but for every family in the feeder school, the lottery and those presently at DCI. Really, it is a shame that we cannot be breaking ground sooner. Middle schools years are crucial for academics but also social aspects, sports and activities. The District is focused on college readiness; without a well-rounded middle and high school experience our kids' chances will be compromised, and the experience gets more and more facility dependent as the kids get older.

I try not to dwell anymore as to why we are not already in Delano Hall, because while time was a wasted, DCI was growing and shining. I saw:

- DCI Students finish in 2nd place in the citywide PCS volleyball tournament. As they kept crushing the competition, the begging question to the attending parents was "where did this DCI School come from?"
- The DCI debate team won 2nd place at the @dcdebate tournament.
- DCI in their first year was in the top 10 middle schools in their performance on the PARCC.
- And in the Washington Post, DCI was listed as one of the most diverse schools in the city.
- I saw a school that in its first year sacrificed space but carved an identity and a name for itself. And we are only just beginning.

I have visited many of your offices in the last year, and have appreciated the support of Council and the city including the Deputy Mayor of Education and team leaders from DMPED who came to speak to our parents in November. Please support the Walter Reed Bill so that DCI can expedite their plan to move to Walter Reed and to open up a WORLD CLASS SCHOOL for our planned 1450 students. The swift vote will mean that the handover can occur as quickly as possible, therefore we can move forward with our plans to start construction, as first quarter 2016. We need our building, for our future world and city leaders.

Muchisimas gracias! I thank you in advance as you make future investments decisions, please keep the children and DC education forefront and center.



DECEMBER 17, 2015

HELP USA COMMENTS ON BILL 21-474
WALTER REED DEVELOPMENT OMNIBUS ACT OF 2015

**BEFORE THE COUNCIL OF THE DISTRICT OF COLUMBIA
COMMITTEE OF THE WHOLE**

STEPHEN MOTT – DIRECTOR OF STRATEGY, HELP USA

HELP USA is honored to be part of the redevelopment of Walter Reed Army Medical Center. We are excited to be working with the District and our non-profit partners, and are looking forward to beginning construction so that we might serve veterans as soon as possible.

HELP USA is a national leader in the development of affordable and supportive housing, and has developed more than 30 residences nationwide, totaling roughly 3000 units of housing, each one providing high-quality apartments, safe and secure housing, and comprehensive supportive services to homeless and low-income Americans. As part of our efforts around the country, HELP USA has placed particular emphasis on the development of permanent supportive housing for veterans. In fact, we have developed more than seven buildings specifically to serve this population.

Our vision for Washington, DC is a simple one, and one that has been molded through discussions with experts, the LRA, and members of the community. We will renovate the southern portion of Building 14 (Abrams Hall) to provide 75 units of permanent supportive housing for homeless veterans. We believe that this project is an essential service to veterans and the District; it will provide housing to people in need, and immediate commerce and economic revitalization to the neighborhood. As such, it is imperative that we be able to proceed as soon as possible.

Our work on this project officially started in 2012 when we were given a lease to develop a portion of the site. Since then we have worked closely with the LRA and with DMPED to design the program, and to ensure that the community was involved and had a strong voice. In the intervening years we have secured financing for the building, both private and public. We have sourced rental assistance funds to ensure that homeless veterans could live without the worry of overwhelming rent burdens. We have completed environmental testing, architectural planning, and countless engineering and technical schematics.

We have done all of this preparation as the timeline for development has been delayed. Our initial hope of beginning to serve homeless veterans in 2014 has changed into a race to begin serving them in 2016. While we understand the overwhelming complexity of the issues – and the speed at which the federal government moves – it is time to do everything we can to get this project moving.

HELP USA COMMENTS ON BILL 21-474 WALTER REED DEVELOPMENT OMNIBUS ACT OF 2015

DECEMBER 17, 2015

Page 2

It is our mission to provide housing and services to homeless and low-income individuals and Veterans. We have been doing this work for 27 years in locations across the country, and have seen first-hand the tremendous value we can bring to clients, neighborhoods and cities. There is no reason to delay work that can be so transformative and so beneficial. We know that the District leadership agrees wholeheartedly; they indicated as much when they chose HELP USA as part of the NOI process. We know the community supports the project, we have seen and heard their support at the countless hearings and community meetings where we have presented our plan. Most importantly, we know that veterans need and support this project.

Stephen Mott

Director of Strategy
HELP USA

**Testimony of Dennis Desmond, LiUNA Local 11 Business Manager
at the DC Council Committee of the Whole Hearing on
Bill 21-474, the “Walter Reed Development Omnibus Act of 2015”**
Thursday, December 17, 2015

Thank you Chairman Mendelson for holding this hearing on B21-474. My name is Dennis Desmond. I am the Business Manager of Local 11 of the Laborers' International Union of North America, or LiUNA for short. LiUNA is one of the largest trade unions in the nation. We represent more than 500,000 members across the United States and Canada. In the Baltimore-Washington area, LiUNA has about 6,300 members, including 1,600 members who are part of Local 11.

Local 11 is a heavy/highway local. Our members also perform demolition and asbestos removal. The Walter Reed project is important to us because it includes a great deal of infrastructure work and building knock-downs.

Without doubt, the Walter Reed project is transformative. We support the redevelopment of Walter Reed because it will create jobs, affordable housing, a large public park, and other amenities.

However, LiUNA believes that Walter Reed should be considered a public works project so that the job quality standards of the Davis Bacon Act apply to all construction on the site. Currently, the land disposition agreement between the District and the development team stipulates that Davis Bacon shall apply, where applicable. This simply shifts the risk of what wages to pay—Davis Bacon or private rate—to the development team. As the property owner, the District has the power to apply Davis Bacon and establish job quality standards for the construction of this and other city economic development projects.

Application of Davis Bacon sets a floor for construction wages. It allows firms to compete by providing value, not by scrimping on workers' pay. Consistent wages means a consistent work force. A consistent work force means a good quality product. A good quality product means good value for District residents, which means District residents are being served in the best way possible.

If the Walter Reed project is considered enough of a public project to have First Source and CBE requirements apply, then it should also be considered enough of a public project to have the job quality standards of the Davis Bacon Act apply.

Thank you Chairman Mendelson for the opportunity to comment on B21-474.



5101 16th Street, NW • Washington, DC • 20011

T 202.291.5535 F 202.291.0192 www.thcdc.org

December 14, 2015

Re: Bill 21-474, the "Walter Reed Development Omnibus Act of 2015"

Good Afternoon,

My name is Philip Hecht and I am President and CEO of Transitional Housing Corporation (THC) and its affiliate, THC Affordable Housing, Inc. (THCAH).

For more than 25 years, THC has provided affordable housing and comprehensive support services to families experiencing homelessness in the District of Columbia. I am proud to state that THC works directly with more than 500 families throughout the District and operates three affordable housing facilities with a total of 150 affordable housing units in Wards 4 and 7. THC is currently headquartered at 16th Street and Colorado Avenue, NW in Ward 4, but we are excited by the prospect of relocating our programmatic and office space to Building 14 on the Walter Reed Campus.

THC strongly urges passage by the Council of Bill 21-474, the "Walter Reed Development Omnibus Act of 2015", to authorize the Mayor to acquire and dispose of a portion of the former Walter Reed Army Medical Center and, more particularly, to authorize the provision of grants by the Deputy Mayor for Planning and Economic Development in connection with the redevelopment and operation of the site.

As you are well aware, there is a great need for affordable housing throughout the District, including in Ward 4. The Urban Institute's 2014 study on housing security in the Washington region indicates that almost half of all renter households have struggled to meet high housing costs, including more than 150,000 households experiencing a severe housing cost burden.¹ Since the Urban Institute published its study, the need for affordable housing has only increased. THC's mission is to ameliorate this burden, especially for families who have experienced homelessness or are at risk of becoming homeless, and to do our part to end family homelessness in the District of Columbia by 2020.

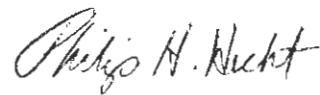
The District and Master Developer are contemplating a plan for the Walter Reed Campus that delivers 432 units of affordable housing, which is 20 percent of the planned 2,099 units and nearly double the 10 percent of affordable residential square footage required under the Inclusionary Zoning law. With 114 units by SOME and HELP USA, 30 percent of the total 1,507 rental units planned for the site will be dedicated to very low-income households earning up to 30 percent of Area Median Income (AMI), exceeding the low-income threshold set by the most stringent standards applied to District-owned land. Not only do these units target vulnerable households, they are also geared to homeless seniors and veterans. This new housing will provide comprehensive supportive services and meet the housing need of two of our city's most vulnerable populations. The remaining affordable rental and homeownership

units are targeted to a mix of 50-80 percent AMI households, ensuring a mixed-income community at the new Walter Reed.

The plan for the Walter Reed Campus is consistent with THC's mission to end family homelessness, and will give a significant boost to the District of Columbia's effort to end homelessness in all affected populations. The plan also will give THC, for the first time since its founding in 1990, sufficient office space for all of our staff in one location – Building 14 – which will enhance the communication and collaboration among THC's nearly 60 staff members. This enhanced collaboration will greatly improve THC's delivery of services to our resident families.

For these reasons, THC is pleased to support Bill 21-474 and urges the Council to pass it without delay.

Respectfully submitted,



Philip H. Hecht
President and CEO

¹ <http://www.urban.org/UploadedPDF/413161-Housing-Security-in-the-Washington-Region.pdf>

December 14, 2015

**District of Columbia City Council
Committee of the Whole
Hearing on B21-474, Walter Reed Omnibus Development**

Testimony of Brenda Speaks

Commissioner, ANC 4B (Single Member District 5B05)
Member, Walter Reed Community Advisory Committee

Good Evening, Honorable Members of the Committee of the Whole,

I am ANC Commissioner Brenda Speaks. I am a member of the Walter Reed Community Advisory Committee, designated Walter Reed representative from ANC 4B.

I have lived in this community almost all of my life and have strong family ties to Walter Reed itself as my parents were in the hospital there after I was born. For many years now I have been an active participant and supporter of the redevelopment of Walter Reed. I care deeply about my community and would like to see development happen that benefits all of the people in the community. I personally strongly support this development plan and team, as does the CAC and the ANC 4B.

Specific things I think are most valuable include:

1. Creating a great street along Georgia Avenue and bringing in new retail to serve our community.
2. Bringing lots of jobs and business opportunities directly to people who need them in the community.
3. Building homes where people of all incomes, ages, families, and backgrounds can live. This developer has made a strong commitment to creating great affordable housing. They have shown our ANC where and how much affordable housing will be provided: 432 homes – many of which serve veterans and seniors.
4. The proposed development was presented several times to my ANC and the CAC over the past years and I have worked closely to make sure that it includes all of the things that are precious to me – historic preservation, shops, restaurants and stores for people to enjoy, keeping the big open spaces and the great lawn, affordable housing for seniors, jobs for people in the neighborhood who need them, and developers who listen and care about this community.

I strongly support the Council's approval of the development and can't wait for it to get started!

Thank you for your time and attention. Happy Holidays!

**Tanya Hilton
Interim Executive Director
CulturalDC**

*Testimony Before the
City Council committee of the Whole (COW)
December 17, 2015*

Good morning members of the City Council Committee of the Whole (COW), my name is Tanya Hilton and I am the Executive Director of CulturalDC. As many of you know the arts are a driving force in building sustainable communities across the District of Columbia and CulturalDC works with real estate developers, community based organizations and neighborhoods make space for art. With a wide range of programs and services that support artists' ability to live and work in the District, we give audiences access to affordable and accessible cutting-edge visual and performing art from contemporary artists living and working today.

At our spaces Flashpoint and Source Theater, we are creating platforms that deliver art to thousands of residents across the region. Visual artists make headlines at Flashpoint Gallery and performing artists gain new followings at the Mead Theatre Lab at Flashpoint. During Source Festival, 300 members of the creative community join forces to create 3 weeks of new work, including 18 10-minute plays, three full-length plays and four Artistic Blind Dates. We also spearhead creative place making initiatives through art space development, public art and artist housing.

I am testifying before you today in support of Hines-Urban Atlantic-Triden Joint Venture because many in the arts community want to see the City Council Committee of the Whole's (COW) approval of the Walter Reed transaction in which the Hines-Urban Atlantic-Triden joint Venture buys the site from the District. These companies have come together with an impressive overall package that achieves all small area plan (SAP) goals by providing a mix of uses, creating jobs and revenue and activating the site, to benefit the entire Washington metropolitan area. Equally as important from an arts community perspective is that the proposal also promotes major renovations to historic landmarks by placing art studios in historic building 82 and 90, and an accessible visitor center and museum in historic building 12.

The team proposes to further enhance the overall project with organic gardens, an interactive sculpture park and summertime grill surrounding building 15. When these buildings are combined with the Cameron Glen amphitheater and Artist housing is placed within the existing

building 14, there will be a thriving artist community that will support the development of a successful creative economy with activities for residents of all backgrounds and interests. I must add that this plan speaks to the future of our city as we seek to conserve natural resources, preserve environmental quality, and provide services to the surrounding community.

After reviewing the overall package, we concur with the City Council Committee of the Whole's assessment that there are real benefits in this for visitors, residents and those in underserved areas of our communities, alike. The Hines-Urban Atlantic-Triden joint Venture, will provide over 4500 jobs during the construction phases alone, with over 1600 permanent jobs projected. The programs will engage vets and seniors, while the arts and history components will foster community engagement for all, to ensure that the Hines-Urban Atlantic-Triden approach is sound and sustainable.

Finally, Hines-Urban Atlantic and Triden all have long histories and commitments to the District's arts organizations and continue to work with nonprofit arts organizations to sponsor diverse, high quality initiatives on behalf of the community. Similar to CulturalDC, they understand the value the arts and artists play in the creative economy. This is the quality of corporate social responsibility we expect to see continue under their joint venture in the Walter Reed project.

We all understand that this development is more than real estate development project. It is also about jobs, the community it serves, and investing in the creative economy. Recently, a major developer emphasized in his keynote before the Washington DC Economic Partnership's Annual Luncheon that the driving force for economic development in District neighborhoods is the arts.

If you look at the H Street corridor, Union Market, NOMA, and the SW waterfront, you can see the transformative impact the arts are having in every major development. Likewise, this joint venture is in keeping with the economic advancement we have all come to know and expect for the District. We ask the members of the City Council Committee of the Whole (COW) to consider Hines-Urban Atlantic-Triden's Joint Venture before you as a continuation of the advancement in economic development, community, sustainability, arts and culture, and long-term growth for the city.

Thank you.



So Others Might Eat

71 "O" Street, NW
Washington, DC 20001
Tel: (202) 797-8806
Fax: (202) 265-3849
Web: www.some.org

**Testimony of Ken Ellison, Senior Housing Advisor,
SOME, Inc. (So Others Might Eat)
To the Committee of the Whole
December 17, 2015**

Good evening, Council Chairman Mendelson, members of the Committee and members of the public. My name is Ken Ellison. I am the Senior Housing Advisor at SOME, Inc. (So Others Might Eat). SOME is an interfaith and nonprofit organization. For 45 years, we have been providing comprehensive services to District residents who are homeless or at risk of homelessness. We have been developing housing with services for more than 10 years and currently have more than 900 adults and 340 children in our housing.

I would like to voice our support for Bill 21-474, the "Walter Reed Development Omnibus Act of 2015" and encourage you to vote for the bill. In compliance with the BRAC process, SOME is part of the redevelopment plans for the site and will be converting Building 17 into 40 efficiency units for seniors who meet the HUD definition of being homeless. This has been a long process to get to this point, but we are excited that the redevelopment work will begin in earnest soon and that this great need will be filled in part by utilizing the site for affordable housing. With confirmation that the site will be transferring, our architects will begin the full architectural plans for the building. The construction will be a full gut-rehab, including adding an elevator and creating wheelchair accessibility for the seniors. SOME will provide on-site supportive services for the seniors, who will also have access to the rest of our continuum of care.

Obviously, there is still much work to be done for both our project and the entire site. In particular, we look forward to finalizing the details of the Master Lease and shared cost and utility arrangements with the Master Developer. We will certainly do our part so that the work can begin and, more importantly, homeless seniors can have a new home as soon as possible..

Thank you for your attention. I will be happy to answer any questions.

Restoring Hope & Dignity One Person at a Time



Chairman Phil Mendelson
Committee of the Whole

PUBLIC HEARING on
Bill 21-474, the "Walter Reed Development Omnibus Act of 2015"

Thursday, December 17, 2015
1:00 P.M.
Room 120
John A. Wilson Building
1350 Pennsylvania Avenue, N.W., Washington, DC

Thank you Chairman Mendelson for the opportunity to testify on Bill 21-474, the "Walter Reed Development Omnibus Act of 2015"

My name is George C. Koch I am a 39 year resident of the 16th Street Heights community just south of former Walter Reed Army Medical Center and a 50 year resident of the District of Columbia. Currently I am President and CEO of the Center for the Creative Economy. The Center is working to establish creative economy champions within the 6 creative clusters identified in the Office of Planning study "Creative Capital: The Creative DC Action Agenda". The study is an initiative of the DC Office of Planning and the Washington, DC Economic Partnership. The Center also presents opportunities for conversations with DC Creative Economy thought leaders via Brown Bag Lunch and Communal Table Breakfast Discussions. The Center is also assisting efforts among national creative economy leaders in some 35 States and cities to meet here in DC and hosted with the Inter American Development Bank.

The Walter Reed develop including the master plan touches each of the 6 creative economy clusters, **visual arts** and crafts/designer products, **performing arts**, **culinary arts**, **building arts**, **museums and heritage**, and **media and communications**.

The city's "creative sector"—a phrase referring to enterprises in and for which creative content drives both economic and cultural value, including businesses, individuals, and organizations engaged in every stage of the creative process—acts as a local economic driver creating a significant number of jobs, income, and revenues for the city and its residents.

Bill 21-474, the "Walter Reed Development Omnibus Act of 2015" is a blueprint for the public, private, and nonprofit sectors as well as for residents as we all seek to realize the following outcomes as envisioned in the May 2010 "Creative Capital: The Creative DC Action Agenda".

I would like to paraphrase from the report a section which provides context for the creative economy within DC which link directly to the Walter Reed development:

Revitalization of neighborhoods through arts and creative uses that generate new business creation, employment for residents, and income for communities;

Generation of new work opportunities for youth, entrepreneurs in the creative economy, and the underemployed;

Furthering a “sense of place ” for both city residents and visitors in distinctive DC communities such as Columbia Heights, 14th and U streets, Anacostia, and Brookland;

Livelier streets and neighborhoods through active use of currently vacant and underutilized space;

More impact at the neighborhood level, including art and culture, and strategic efforts to raise the level of retail activity; and

Greater linkages between the District's assets and support systems, including public education and workforce development.

Prompt action by the Council will allow the transfer to take place and allow the master development team to move forward.

Thank you for the opportunity to offer our comments and support for Bill 21-474, the “Walter Reed Development Omnibus Act of 2015”



George C. Koch

Center for the Creative Economy

President and CEO

[202-607-0879](tel:202-607-0879) - cell

georgec.koch@gmail.com

george@cce-ac.org

www.cce-ac.org

<http://www.linkedin.com/in/georgekoch1939>

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**Testimony before the
Council of the District of Columbia
Committee of the Whole
on**

Bill 21-474

the

“Walter Reed Development Omnibus Act of 2015”

Presented by

Dr. Hugh E. Mighty, MD

Dean, College of Medicine & Vice President, Clinical Affairs

Howard University

December 17, 2015

Good afternoon Chairman Mendelson and members of the Council, my name is Hugh Mighty. I am the Dean of the College of Medicine and Vice President of Clinical Affairs for Howard University. I would like to thank you for holding this hearing on Bill 21-474, the "Walter Reed Development Omnibus Act of 2015". I am here on behalf of Howard University to express our support for the Walter Reed Redevelopment Project and our continued excitement to be a key part of the development initiative.

Howard University is a private institution with an international reputation for moral leadership and academic achievement that is deeply embedded in the nature and fabric of its 148-year history. It consists of 13 schools and colleges, and its hospital, with an annual enrollment that approaches 11,000 students who come from across the nation and more than 100 countries around the globe. The Carnegie Foundation for the Advancement of Teaching classifies Howard as a doctorate-granting university with high research activity.

The University contributes significantly to the economy of the District, as it is one of the District's larger employers with more than 5,000 employees. The University has three campuses throughout the District, namely the main campus in Ward 1, which includes its hospital, the West campus in Ward 3, and the East campus in Ward 5.

The University's Health Sciences programs, including the Colleges of Pharmacy, Nursing and Allied Health Sciences, Dentistry, and Medicine, have graduated over 25,000 healthcare professionals including physicians, nurses, pharmacists, dentists, physician assistants, and other allied health professionals. An array of institutes

and centers address a number of national and international health disparities as well as those of the immediate Washington DC vicinity. These facilities are conducting ongoing research, serving as national clearinghouses and otherwise serving their varied constituencies. Areas of emphasis include cancer, sickle cell disease, HIV/AIDS, family planning, handicapped children and youth, housing, child development and family life, drug abuse and addiction.

Let me take a few moments to address the global environment. As I'm sure each of you have recognized, our healthcare system has been rapidly transforming to provide care closer to home and work – a more efficient delivery model than the traditional hospital visit. The Affordable Care Act is increasingly bringing more of our community who were outside the formal systems of care into a system where they are able to access the services they need.

In addition, technology and advancements in care are quickly redefining those who need to be treated in a hospital, and who can be seen in an ambulatory setting or even in their own homes. Howard University's mission to train the health care professionals of tomorrow requires us to provide settings for both students and our faculty that reflect the evolution of healthcare.

Every health provider in this city and surrounding region is rebalancing their health services from hospital settings to ambulatory networks to better serve patients, while helping to improve the efficiency of those services. Convenience, access and quality are the driving factors today's patients consider important in their healthcare provider. Bringing care closer to "home and work" in a building

designed specifically for outpatient care offers better medicine for our patients and is a more efficient use of valuable resources for everyone.

Thus, the location of Walter Reed is ideal for the development of an ambulatory care site, as Howard University Hospital and its physicians serve a substantial number of patients that live and/or work within 3 miles of the development site.

As a strong supporter of the Walter Reed project, the University has continually participated in the community meetings regarding the Walter Reed reuse plan, as well as remained engaged with Office of the Mayor and the Local Reuse Authority (LRA). Under the new leadership of Dr. Wayne Frederick, Howard's President, a new team is now in place and positioned to implement the vision. Experienced health care, community and real estate leadership are supported by strategic health care advisory, development and financial consultants.

In support of Howard University's commitment to the "The Parks at Walter Reed" redevelopment initiatives, we have partnered with the Hammes Company – which has been the #1 healthcare facility development firm in the U.S. since 1999, and also is a leading investor and strategic planning consultant for ambulatory projects. Hammes has been assisting hospitals in the planning and building of health care facilities for over two decades with many successful projects in DC, the region and nationally. Their experience with more than 400 health facility projects will be of value for this important and time-sensitive work.

Together our team will consider:

1. The physical conditions of the building and space use potential,
2. The market dynamics and clinical service opportunities – including the benefits to the local community
3. The development structure and funding approaches, and
4. the financial feasibility and impact for Howard University.

Howard's vision for Walter Reed is to provide high quality non-emergency, outpatient services to residents of the District and surrounding jurisdictions. We will renovate Buildings 6 and 7 to create an environment that will meet the needs of the community and support Howard's mission of Healing, Teaching, and Discovering. Services we are considering in our new ambulatory care center include:

| | |
|---|--|
| <ul style="list-style-type: none">• Geriatrics• Ophthalmology• Endocrinology• Orthopaedics• Gastroenterology• Podiatry | <ul style="list-style-type: none">• Cardiology• Urology• Pediatrics• General Surgery• Women's Health• Urgent Care |
|---|--|

We will continue to refine the Center's program and strategy and look forward to bringing a new healthcare facility to the Walter Reed campus consistent with the District's 2018-2021 target. With our partner, Hammes, we are actively creating a business plan with the intention of leveraging private sector capital.

Howard has the opportunity not only to recognize and demonstrate the benefits of healthcare and health education reform, but also to have an impact on the health outcomes of District residents, particularly residents of Ward 4. Howard seeks to

accomplish this by imbedding physicians and other health care professionals who have broad experience and in-depth expertise in providing high quality, compassionate care to racially/ethnically diverse and socio-economic diverse populations. Howard University Hospital is actively being repositioned and will be expanding its services to meet the expectations and health needs for those we serve. Our initiative in “The Parks at Walter Reed” is an important part of that commitment to the city.

Howard’s presence at Walter Reed will provide the following benefits to the residents of Ward 4:

- Support the District's efforts to revitalize the Georgia Avenue corridor
- Re-establish a stable, professional work force on the Walter Reed site who will contribute to the economic vitality of the community
- Provide convenient healthcare services for the surrounding neighborhoods
- Preserve the historic character of Building 6

We look forward to working with the District as we bring the health services of Howard University physician/faculty to the Walter Reed site.

Thank you for allowing me to testify. I am available to answer any questions you may have.

**The Council of the District of Columbia
The Committee of the Whole**

**Walter Reed Land Disposition Agreement
B21-0474
December 17, 2015**

Testimony by Faith Wheeler

Thank you, Chairman Mendelson, for allowing me to testify today on this important step in the redevelopment of 66.57 acres of the former Walter Reed Army Medical Center.

Much time and effort has been invested in this project already over the past ten years and much more is to come. During 2010, 2011 and 2012, eleven community workshops were held with an average of 50 – 100 participants. This extensive effort resulted in the Reuse Plan and the Small Area Plan. As you know, the Reuse Plan formed the basis for the federally required Homeless Assistance Submission to the United States Department of Housing and Urban Development (HUD), and the Council-approved Small Area Plan was required to establish land use designations.

Now we are about to enter a new phase: the transfer of ownership from the Army to the District of Columbia, the long-term leasing of the property to the Master Developer, and the beginning of the actual reuse of the repurposed campus.

A valued component of the preparation for this moment has been the active participation of so many neighbors -- in addition to the formal Local Redevelopment Authority and Community Advisory Committee. In representation of the Advisory Neighborhood Commission 4B, I was a member of both bodies. I also participated in the community meetings.

I noticed that, at the time of this writing, the Land Disposition Agreement does not include "Schedule 10.15. Community Participation Program and Community Participation Plan". I ask the Council, as our legislative representatives, to ensure that community stakeholders, including neighbors, continue to have a voice in the "Program" and the "Plan" as the Master Developer proceeds with repurposing the Walter Reed campus.

On our shoulders, we carry the responsibility of honoring both the Civil War soldiers who fought and died there as well as the thousands of soldiers in more recent wars who recovered their health there and some who didn't. For all of them, we must continue the legacy of innovation and excellence for which Walter Reed became known.



Alliance to Preserve the Civil War Defenses of Washington

Phone: 202-306-4988 | www.dccivilwarforts.org | info@dccivilwarforts.org

President Lincoln at Ft. Stevens. July 1864

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December 16, 2015

**District of Columbia City Council
Committee of the Whole**

Re: Hearing on B21-474, Walter Reed Omnibus Development

Dear Councilmembers:

I am a Ward 4 resident, a former ANC 4G Commissioner, and also the Treasurer and co-founder of the Alliance to Preserve Civil War Defenses of Washington (the "Alliance"). I submit this testimony on behalf of the Alliance. Founded in 2008, the Alliance is a private, 501(c)(3) non-profit organization dedicated to historic preservation and education regarding the Civil War Defenses of Washington, particularly those within the boundaries of the District of Columbia. Our mission is to create an alliance of individuals and groups to work with the federal and District governments to better preserve, protect, improve, interpret, and connect the Civil War Defenses of Washington, D.C.

As you may know, on July 11 and 12, 1864, our Capital (and the Nation itself) was saved by the Union's success at the Battle of Fort Stevens. The attack led by Confederate General Jubal A. Early was repulsed by a combination of Union forces and Washingtonians assembled just in the nick of time to fill the defenses and stave off defeat. President Abraham Lincoln personally observed the fighting and was under fire while inside of Fort Stevens. The main phase of the battle itself took place when Union forces, led by Major General Frank Wheaton (for whom the nearby town was later named), marched into the fields in front of Fort Stevens to engage the Confederate skirmishers. Some of this area of battle later became the Water Reed site. Most of the Union dead are buried at nearby Battleground National Cemetery (for whom the Alliance laid wreaths on Dec. 12, 2015), while most of the Confederate dead are buried at Grace Episcopal Church in Silver Spring.

Although residential and commercial development has overtaken most of the actual battlefield (and presently threatens to further encroach on Ft. Stevens itself), significant portions of the battlefield have been long preserved on the grounds of Walter Reed. Thus, the Alliance has taken an interest in the redevelopment of Walter Reed. Notably, while most of the Walter Reed sites were previously closed to the general public (being behind Walter Reed gates), they will now be largely open for tours by the general public. The master development team has reached out to the Alliance for input on the plan, which has been taken into account in planning for interim and long term activation of the site. To date, we are impressed with the efforts of the master development team to preserve and interpret the Civil War history at the site, such as:

- The southeast corner will include an area called “Lincoln’s Landing,” given the connection to Lincoln’s appearance at the battle (other areas will also be named after military figures, such as Pershing Park and Eisenhower Village).
- There will be several historic markers relating to the battle in the southeast corner of the development, such as the site of the Confederate “sharpshooter tree.” As these markers are created, the Alliance will be keenly interested in their content and presentation.
- These historic markers will be linked into a trail that will connect to Fort Stevens and Battleground National Cemetery, making for an exciting overall tour.
- Building 12 will be made available for historic photographic and other exhibitions, providing a base of interpretation for the larger walking tour.
- Overall, attention has been made to preservation of 10 Historic Buildings (Buildings 1, 7, 8, 9, 11, 12, 17, 15, 82, and 90) as well as The Green Lawn, Rose Garden, Main Drive alignment, and the overall historic character of the site.

The Walter Reed site is rich with history, and a successful mixed-use development incorporates and highlights this history. With the inclusion of preservation and education regarding the Civil War history at the site, the general public will be able to tour the entire battle area and gain an understanding of the events of July 1864.¹

We thus encourage the Council to prioritize our Civil War history as the development proceeds, and presently, to vote in favor of moving forward with the Walter Reed legislation in order to expedite the transfer.



Gary Thompson
Treasurer/Board Member

¹ We also take the opportunity to remind the Council of a pending proposal by the National Park Service to swap land with the Emery Methodist Church to allow them to build a proposed development on NPS land east of Georgia Ave. as opposed to the area behind the historic church itself, as the development would otherwise abut and overshadow the remaining portions of Fort Stevens (one of the most important historic sites in D.C.).

Testimony of Sara Green - Walter Reed Land Disposition Agreement – B21-0474

DC City Council, Committee of the Whole, Dec. 17, 2015

7106 Piney Br. Rd., NW

saragreendc@yahoo.com (202) 829-8802

Thank you for the opportunity to testify.

My name is Sara Green and I am a former Advisory Neighborhood Commissioner, representing the 4B01 SMD, which is directly across the street from Water Reed. I agree wholeheartedly with Ms. Wheeler and the Committee of 100, particularly with respect to the need for strengthened community participation in all elements and phases of the project.

Our Community Advisory Committee (CAC), which includes representatives from ANC 4A and 4B, meets regularly in public, and meetings include community comment, a good thing. Several years ago the Council had to step in to adopt legislation establishing the CAC. The earlier group was so limited that there was no requirement that it conform to the city's Open Public Meetings regulations.

An effective CAC is key. Walter Reed's newly adopted zoning regulations have given developers major density increases over the what is now permitted elsewhere on Upper Georgia Avenue as a matter of right, instead of through the Planned Unit Developments (PUD) process. This eliminates the PUD's big advantages -- ongoing community input in each building's design and a continued role in public benefits and amenities, including affordable housing, recreation, and parking and transportation.

The 20 percent affordable housing requirement in the city's agreement with the developer is a very good start, but as the old saying goes, "the devil is in the details" and how those details work out over decades.

Please monitor carefully and on an annual basis:

1. The effectiveness of the CAC.
2. The number of affordable housing units, their location, and the number of families to be housed. We need more than studio or one bedroom apartments.
3. The location and value of public recreation facilities. What groups are being served? What is the public's role in developing them?
4. Walter Reed's zoning regulations give the developer great flexibility in providing parking spaces. But what public transportation services will be provided to mitigate the need for parking?

Finally, the Council should carefully monitor how successful the new Walter Reed is in stimulating small business growth on Upper Georgia Avenue. If the results aren't good, the city should step in and require changes.

Thank you for considering these issues.

Government of the District of Columbia



Office of the Deputy Mayor for Planning and Economic Development

Committee Hearing on
"Walter Reed Omnibus Act of 2015" B21-0471

Testimony of
Brian T. Kenner, Deputy Mayor for Planning and Economic Development
Office of the Deputy Mayor for Planning
and Economic Development

Before the
Council of the District of Columbia
Committee of the Whole, Chairman Phil Mendelson

December 17, 2015
1:00 p.m.

John A. Wilson Building, Room 120
1350 Pennsylvania Avenue, NW
Washington, DC 20004

Testimony of Brian Kenner, Deputy Mayor
Office of the Deputy Mayor for Planning and Economic Development on Walter Reed
Development Omnibus Act of 2015 " B21-0471

Good afternoon Chairman Mendelson, members and staff of the Committee of the Whole. My name is Brian Kenner. I am the Deputy Mayor for Planning and Economic Development ("DMPED"). I am here to testify in support of B21-0471, the "Walter Reed Development Omnibus Act of 2015".

The approval of this Act would authorize the Mayor to acquire 66.27 acres of the former Walter Reed Army Medical Center and dispose of the property to the Master Development Team. I would like to thank the Chairman for holding this hearing and I would like to recognize the invaluable contributions of the community, particularly Ward 4 Councilmember Todd, ANC 4A and 4B, as well as our dedicated development team, Hines Interests, Urban Atlantic and Triden. The community has been engaged in this process for nearly a decade when the District first began planning for the eventual closure and relocation of the Walter Reed installation. Most recently, our office has been engaged with the Walter Reed Community Advisory Committee ("CAC"), which was formed with representatives from the Shepherd Park, Brightwood and Takoma neighborhoods. The CAC meets regularly to discuss issues and objectives of the project. The CAC also benefits from representation from the Chairman's staff and Councilmember Todd's office as well. Lastly, I would also like to acknowledge and thank the Department of Defense's Office of Economic Adjustment (OEA) for their financial and technical support over the last 6 years to bring the project to this point and the US Army's BRAC office and caretaker staff. As I'm sure you are aware, there were a number of competing interests on this site, with the Army seeking to maximize its compensation, the LRA Committee focusing on project viability and the Development Team's need to satisfy private sector capital requirements, all of which need to be

balanced.

During this testimony, I would like to provide you with some context for this legislation including the history of the property, an overview of the Base Realignment and Closure (BRAC) process, a description of the property, the Master Developer selection process, the property valuation, the proposed mechanics of a simultaneous acquisition and disposition, the Development Plan, Notice of Interest (NOI) users, site due diligence and zoning.

There are specific challenges to this transaction including: the market land payment and guarantees to the Army; the need to construct significant infrastructure to support new uses; the number of historic buildings and landscapes in varied conditions; the need to demolish the 2.6 million sf, 12-story modern hospital in a neighborhood sensitive manner; challenging topography and a development horizon that could include up to 20 years of market changes. In light of these challenges we have structured a balanced deal for the District. Some highlights of the project:

- 14 acres of public open space including the historic Great Lawn
- Additional recreational, cultural and historic features
- Preservation and restoration of 500,000 SF of historic buildings
- Extension of the street network throughout the site to include new and critical east-west and north-south connections for vehicles, bikes, and pedestrians
- Incorporation of innovative sustainable strategies, such as the possibility of the District's first micro grid and net zero energy system, the use of photovoltaics, green roofs, and stormwater management strategies
- Adding to the vibrancy of the Georgia Avenue corridor
- Creation of a connection between the Georgia Avenue street frontage and a new town

center

Additionally, the redevelopment is expected to generate:

- 2,300 construction jobs, 3,460 estimated annual employment at stabilization,
- An estimated \$30,000,000 to \$40,000,000 in cumulative annual revenue at project stabilization (approximately \$1,000,000,000 in new revenue over 30 years).
- Development of a vibrant town center and over 200,000 SF of retail to help reduce retail leakage along the upper Georgia avenue corridor

History:

For over a century, the Walter Reed Army Medical Center (“Walter Reed” or “Property”) provided facilities for patient care, medical research and educational development for the Armed Forces of the United States. Patients have included soldiers from all branches of the Armed Forces, their dependents, retired military personnel, heads of state and high ranking government officials. The central hospital and administration building (Building 1) was completed in 1908 and opened May 1, 1909 with administrative offices, room for 75 patients, an operating room and a kitchen. During its more than 100 years of activity, Walter Reed served over 150,000 active duty and retired personnel from all branches of the military. In addition to US Military members, the President, Vice President, and Members of Congress have received care at Walter Reed.

Base Realignment and Closure Commission (BRAC) Requirements:

In 2005, the Base Realignment and Closure Commission (“BRAC”) recommended that the Army close the Walter Reed Army Medical Center, with the name to be carried over to the new Walter Reed National Military Medical Center (“WRNMMC”) in Bethesda, Maryland.

This closure announcement triggered a series of federally mandated actions by the Army and the District in its interest in acquiring a portion of the property. First, in 2006 the District secured Federal recognition for the Walter Reed Local Redevelopment Authority, the “LRA,” which operates within the office of the Deputy Mayor for Planning and Economic Development. The BRAC process requires the LRA to complete a Homeless Assistance Plan, through which the LRA would demonstrate its attempts to accommodate homeless assistance providers or other public benefit uses on the former military site. The Homeless Assistance Plan was prepared with community input via dozens of community meetings and eventually included in the Reuse Plan. This Council approved the Reuse plan in July 2012, allowing the LRA to submit the plan for approval by the US Department of Housing and Urban Development (HUD), another BRAC requirement. HUD approved the reuse plan in January 2014.

The LRA simultaneously pursued the necessary local land use requirements— creating the Small Area Plan. Working with the Office of Planning, a Small Area Plan was developed that incorporated the previously approved Reuse Plan. The Small Area Plan was approved by the Council in April 2013. The site also required zoning regulations as its zoning had not been addressed during the Army’s century of occupancy. Using the Small Area Plan as a guide, the Zoning Commission unanimously approved the new Walter Reed zoning categories in July 2015. In addition, development of the property required the closure of several paper streets that existed on the Highway Plan. The Council approved the required street closures in June 2015.

Property Description:

The former Walter Reed Army Medical Center is approximately 110 acres in total. The site is bounded by Alaska Avenue, NW and Fern Street, NW to the north, Georgia Avenue, NW to the

east, Aspen Street, NW to the south and 16th Street, NW to the west. The Army is expected to or has already disposed of the site to three parties: United States Department of State; a Public Health User and the District of Columbia.

- (1) The United States Department of State has already received approximately 30 acres in the western portion of the site along 16th Street and Alaska Avenue. The anticipated use for the Department of State Property is an International Chancery Center similar to the facility off Connecticut Avenue near UDC. The Department of State is currently updating its development plan and draft Environmental Impact Statement (EIS).
- (2) An approximately 10-acre portion of the site bounded by Fern Street, NW, Alaska Avenue, NW, 14th Street, NW, and Dahlia Street, NW is expected to transfer to a “Public Health User” with a focus on research. The anticipated use of this property will be a health research facility. The Army selection is in process.
- (3) The District has negotiated to purchase the remaining 66.27 acres bounded by Fern Street, NW to the north, Georgia Avenue, NW to the east, and Aspen Street, NW to the south. The District has already received title to the former Walter Reed building 18 at the corner of Georgia Avenue, NW & Butternut Street, NW, where ground was recently broken for the relocation of DC Fire and Emergency Medical Services Engine Co. 22.

Master Developer Solicitation:

The Office of the Deputy Mayor for Planning and Economic Development (“DMPED”) developed and executed a three-phase process to solicit and select a master developer team (“Master Developer”) capable of comprehensive redevelopment of the Site. In the first phase, DMPED released a Request for Qualifications (RFQ) on January 31, 2013 and received nine

responses. In the second phase, DMPED released a Request for Proposals (“RFP”) to the five shortlisted RFQ Respondents on May 16, 2013 and received three proposals. The three developers then presented their redevelopment visions to the community on July 18, 2013. The final selection was made in November 2013.

Valuation:

As part of the acquisition of the property from the Army, the District engaged RKG Associates (“RKG”) an independent economic development and real estate planning firm. RKG are licensed appraisers familiar with the BRAC process and have advised on base closings across the country. RKG determined the residual land value to be \$25,000,000. The residual land value was based on the Council approved Reuse Plan and estimated potential revenues and project costs. The residual land valuation was accepted and agreed to by the Army BRAC office, the District and the proposed developer.

Simultaneous Acquisition & Disposition:

Following authorization from the Council, the LRA intends to purchase fee title to the approximately 66 acre property from the Army at the negotiated price of \$22,500,000.

| | |
|------------|--------------|
| At Closing | \$10,000,000 |
| Year 2017 | \$12,500,000 |

On the same day, the District would ground lease the property to the Master Development Team for a period not to exceed 29 years and 11 months. The Master Development Team will pay the District \$25,000,000 per the following schedule:

| | |
|------------|--------------|
| At Closing | \$5,000,000 |
| Year 1 | \$5,000,000 |
| Year 2 | \$1,000,000 |
| Year 3 | \$1,000,000 |
| Year 4 | \$1,000,000 |
| Year 5 | \$1,000,000 |
| Year 6 | \$1,000,000 |
| Year 7 | \$5,000,000 |
| Year 8 | \$5,000,000 |
| Total | \$25,000,000 |

The proposed disposition and development of the Property will allow the District to acquire the property at the developer's cost and derive additional revenues from deed transfers, recordation taxes and property taxes on the Vertical Component Developer parcels.

The Master Developer will assume the responsibility for all of the horizontal development necessary to complete the Reuse Plan, including infrastructure, road improvements and new utilities. Additionally, they will fund that horizontal development with private funds. The developer is responsible for more than \$116,000,000 of infrastructure costs including the demolition of the 2.6M SF Building 2, equivalent to 8 downtown office buildings and construction of the roads onsite, most of which will be dedicated back to the District. Should the Master Developer find a viable implementation strategy for the proposed micro grid at Walter Reed, their private investment could increase by an additional \$50,000,000. As individual building pads are ready for vertical construction, those pads will be sold to

Component Developers. The District will convey fee title to the Component Developers at that time and receive an Administrative Fee equaling 1% of the sale price. Two of the Component Developers have already been identified as Toll Brothers and Weingarten. Toll Brothers is a national homebuilder that will construct townhomes on the site. Weingarten is a national Real Estate Investment Trust that will be responsible for the retail developments on the property.

Reinvestment and Redevelopment Funds:

The legislation before you also establishes the following two Walter Reed special funds:

- The Reinvestment Fund is being established to comply with Army BRAC requirements that the District separate and report sales proceeds related to the property. During the first seven years (Reinvestment Period) Those funds must be used for 12 approved categories of costs or refunded to the US Army
- The Redevelopment Fund is being established to capture the possessory interest taxes on the leased property, allowing the project to self fund interim operations, maintenance and construction costs. This structure limits the District's risk for interim costs that are often borne by the local jurisdiction in other BRAC transactions.

Development Plan:

The Development team's proposed Master Plan presents the District with an exciting opportunity to realize the community's Reuse and Small Area Plans that creates a new mixed use campus that serves the surrounding communities and provides new employment, residential and retail opportunities to the District of Columbia while respecting and preserving much of the

history that makes the former Walter Reed campus a landmark for the District, the region and the nation. Under the Master Plan the Development team will restore the historic Building 1 and the Great Lawn, provide 14 acres of open space, provide new housing and retail options and approximately 5,000 total jobs. In addition, the Development team, in response to community interest, has been in early discussions with other agencies and programmers for additional public services, such as an aquatic center or additional library programming. These discussions have included public presentations to the Walter Reed Community Advisory Committee (CAC).

The overall development program will include 2,100 units of housing including 432 affordable units at 30%, 50% and 80% of AMI. It will also include 200,000 sf of retail anchored by a large format supermarket.

Finally there are seven non-profit uses, referred to as Notice of Interest (NOIs) that were selected by the LRA Committee pursuant to BRAC process. These NOIs will be subtenants to the Master Developer and will deliver specific public benefits to the projects including permanent supportive housing and homes to veterans.

Notice of Interest (NOIs)

As part of the BRAC process, the Local Redevelopment Authority (LRA) went through an extensive community needs planning process whereby the LRA Committee solicited Notices of Interest (NOIs) from State and Local Homeless Assistance Providers (HAPs) and Public Benefit Conveyance (PBC) organizations to balance the homeless assistance and public benefit needs of the community with the economic redevelopment goals. Throughout the course of the planning process, the LRA received and evaluated 30 requests for NOI uses: 23 requests for NOI uses of buildings during 2010 and seven requests during 2011 for the new surplus areas.

After thorough review, seven applicants were recommended by the LRA Committee to be included in the Walter Reed Reuse Plan that was subsequently approved by the Council of the District of Columbia and then by the U.S. Department of Housing and Urban Development (HUD). The solicitation and selection process by which the LRA Committee decided to recommend these NOI applicants is described in the LRA's Homeless Assistance Submission narrative that received Council & HUD approval. The six successful non-District NOI applicants (S.O.M.E., T.H.C., Help USA, LAMB PCS, Yu Ying PCS operating as DCI, Howard University) are to be accommodated under the development program via subleases at no rental cost to them.

The seventh successful NOI applicant was the District of Columbia Fire and Emergency Management Services (DC-FEMS). The property for that use was transferred separately in December 2014 and DMPED & DGS broke ground on the site for the relocated Engine 22 fire station last month. Of the 3.1 million square feet of proposed development on the site, 300,000 SF or approximately 10% will accommodate these Notice of Interest users providing significant benefits to the community.

Site Due Diligence & Studies:

Throughout the Reuse planning and implementation phase of this process, numerous studies have been conducted including market research, environmental testing, transportation impact studies and others. As a follow up to the transportation impact study completed as a part of the Reuse Plan and based on community concerns raised at recent Walter Reed Community Advisory Committee meetings around potential traffic impacts along Aspen Street between Georgia Avenue NW & 16th Street NW, DMPED will measure existing traffic at select

intersections around the site as part of the Transportation Demand Management plan to be completed with the developer and DDOT prior to the closing of this transaction.

Zoning Commission:

In July of 2015, the Zoning Commission voted 5-0 to adopt the new Walter Reed zones (WR1-WR8) to provide for matter-of-right development of Walter Reed. DMPED is proud that 432 units of affordable housing, ranging from 30-80% of AMI will run with the land through this zoning action.

Conclusion:

The former Walter Reed Army Medical Center Campus has served the nation for over a century, treating America's leaders and military heroes. For the neighborhoods of Ward 4, Walter Reed has been an anchor that supported neighborhood jobs, businesses and local veterans. The acquisition and disposition authorized by this legislation represents an historic opportunity for the District to chart the course of the next hundred years of the Walter Reed property, reintegrating the campus into the surrounding communities and offering District residents and our neighbors in the region a new and unique opportunity to work, shop and live in Ward 4 and the District of Columbia.

Thank you for your time, this concludes my testimony. My team and I are happy to answer any questions you may have.



Committee of the Whole Hearing on Walter Reed Omnibus Act of 2015

B21-O471

Office of the Deputy Mayor for Planning & Economic Development
December 2015

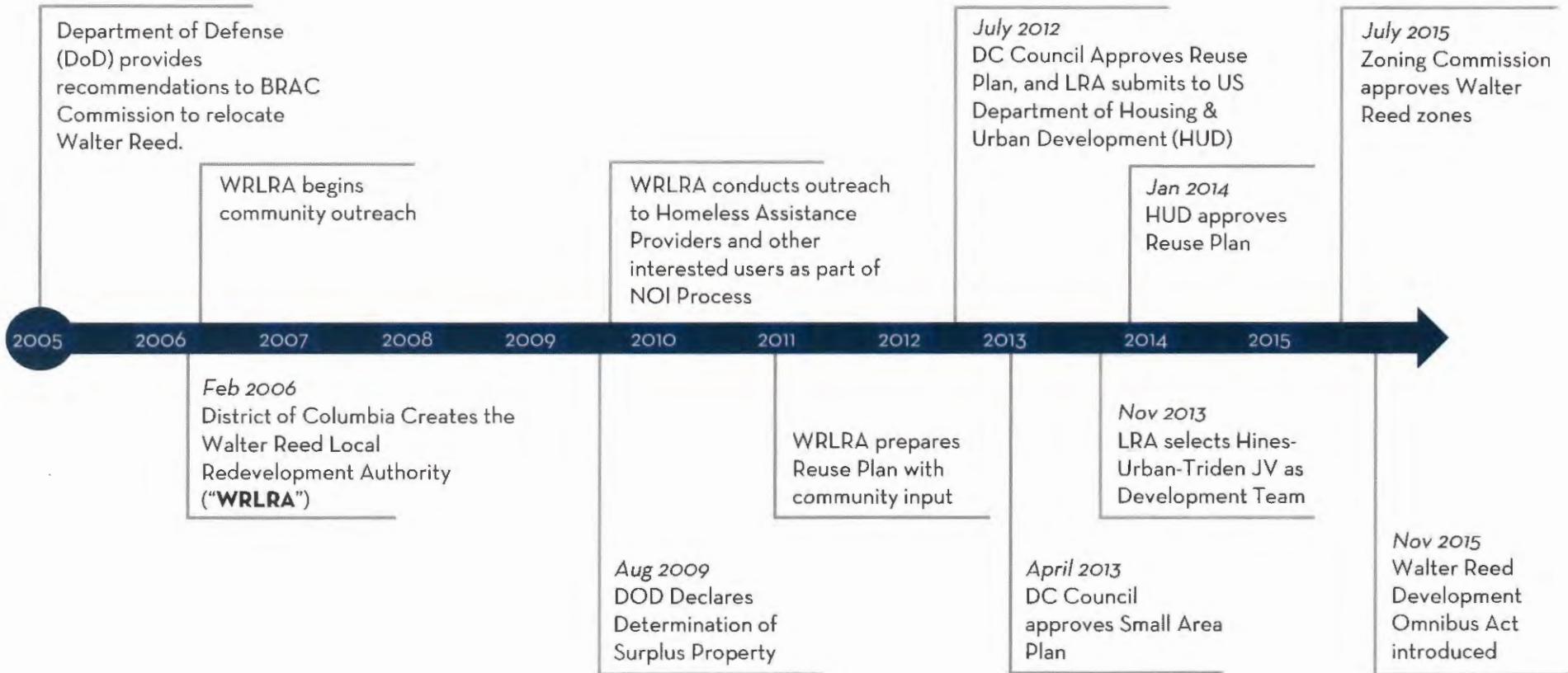




WALTER REED BRAC PROCESS TIMELINE

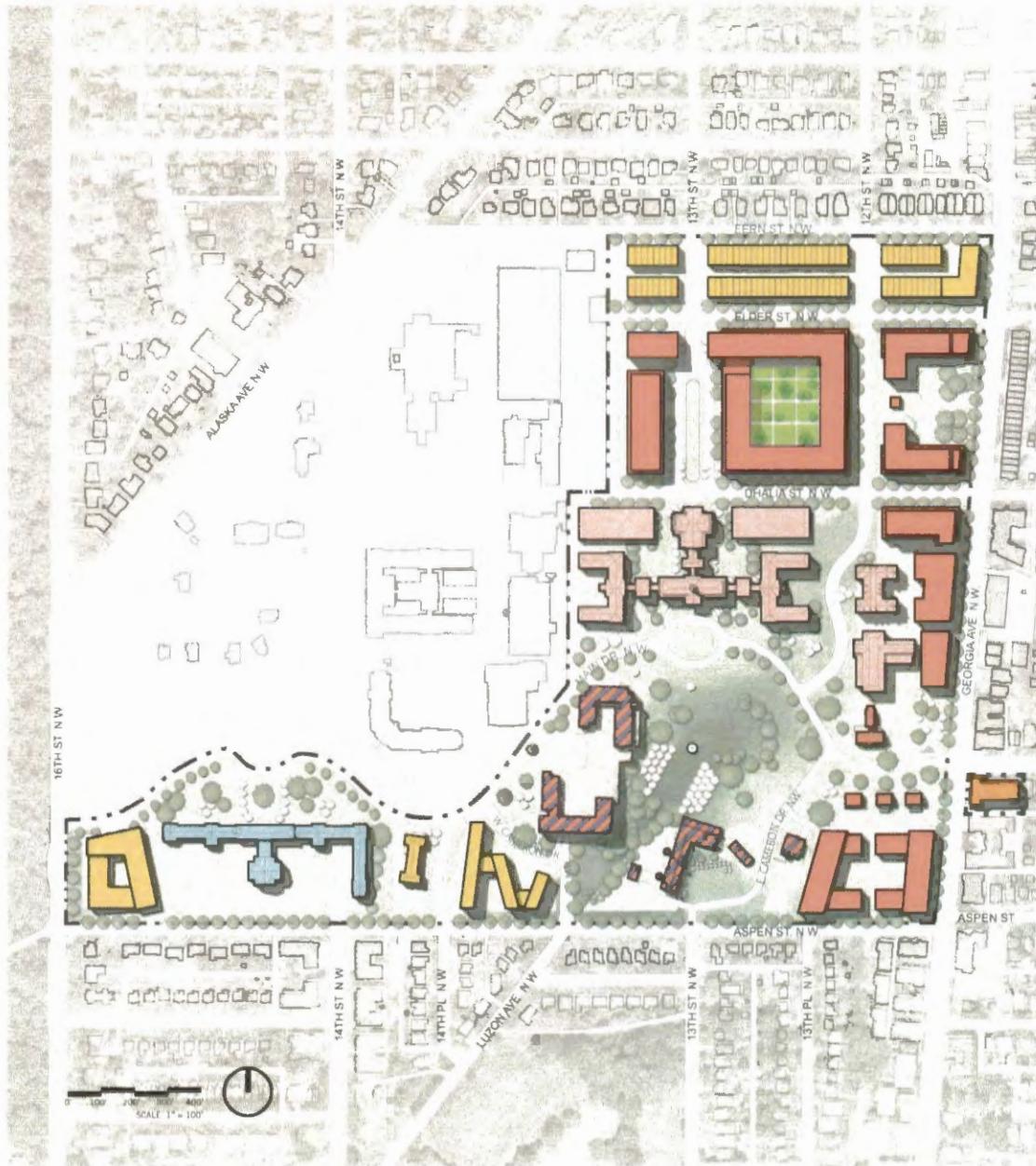


Base Realignment and Closure (**BRAC**): Federal process for closure and disposition of military properties





COUNCIL-APPROVED REUSE PLAN - 2012



Total Development Program per Use (including Recommended NOI Users)

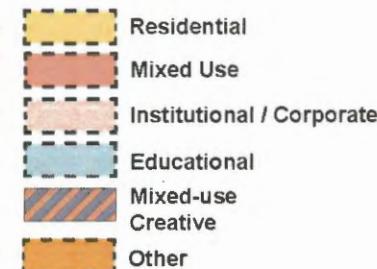
| | Site GSF | Site Units | Site % |
|----------------|------------------|--------------|-------------|
| Residential | | | |
| Townhomes | 272,000 | 90 | 9% |
| Multi-Family | 1,673,000 | 1,864 | 54% |
| Office * | 767,000 | | 25% |
| Retail | 212,000 | | 7% |
| Other/Creative | 176,400 | | 6% |
| TOTAL | 3,100,400 | 1,954 | 100% |

* Includes K-12 and Howard University (approx. 265,000 SF)

Recommended NOI Uses (included in Total Development Program)

| | Site GSF | Site Units | Site % |
|-----------|----------|------------|--------|
| HAP / PBC | 358,894 | 100 | 12% |

- 14+ acres of Open Space (21% of Site)
- ~550,000 SF Reuse of Existing Buildings (18% of Program)





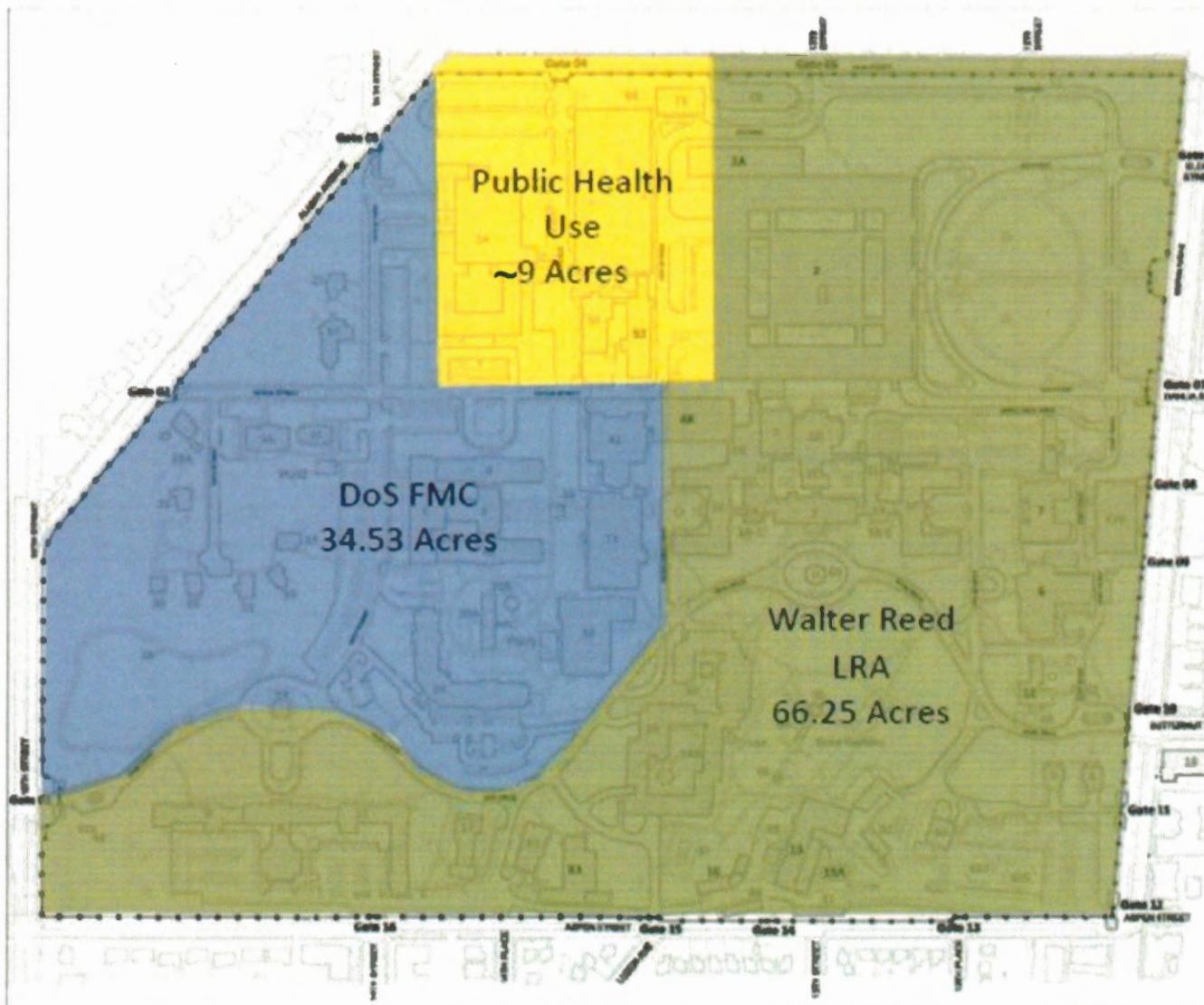
WALTER REED TODAY



Aerial view looking north from Aspen St NW



BRAC DISPOSITION - ANTICIPATED TRANSFERS



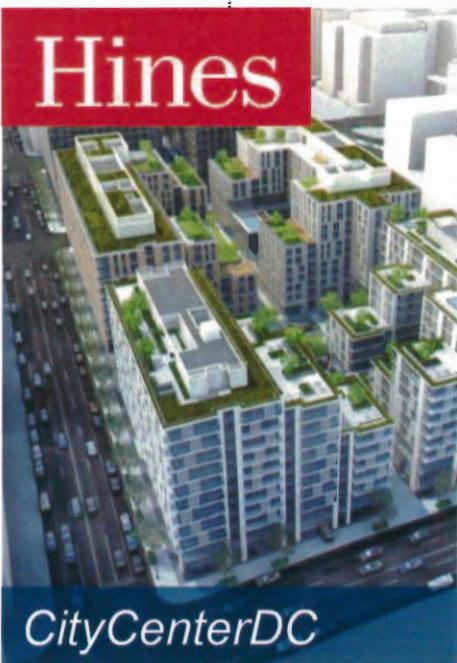
The Army will transfer 110 total acres to the District, Department of State, and a Public Health User



TEAM: MASTER DEVELOPER & COMPONENT DEVELOPERS



Hines-Urban Atlantic-Triden JV will be the Master Developer



Weingarten REIT & Toll Brothers will be 2 of the Component Developers

WEINGARTEN

Toll Brothers®



WALTER REED CONVEYANCE AT CLOSING



Closing between Army & District, Early 2016

Army
conveys title of Walter Reed to District

District
pays Army \$10M and then an additional \$12.5M one year later

Developer



\$10M in 2016
\$12.5M in 2017



WALTER REED CONVEYANCE AT CLOSING



Closing between District & Developer, Early 2016

Army

District
ground leases for 29
years and 11 months
to Developer

Developer
pays District \$5M in
2016 & makes
payments over 8 years
for a total of \$25M*



*The \$2.5M difference in price is consideration for accelerated payment



THE PARKS AT WALTER REED MASTER PLAN

| DEVELOPMENT TYPE | SITE GSF | SITE UNITS | SITE % |
|------------------|------------------|--------------|--------|
| Residential | | | |
| Townhomes | 218,640 | 96 | 7% |
| Multifamily | 1,956,616 | 1,953 | 62% |
| Office | 184,831 | | 6% |
| Retail | 236,267 | | 7% |
| Hospitality | 148,408 | | 5% |
| Other/Creative | 34,576 | | 1% |
| NOI Residential | 88,187 | 114 | 3% |
| NOI Other | 286,413 | | 9% |
| TOTAL | 3,153,938 | 2,163 | |

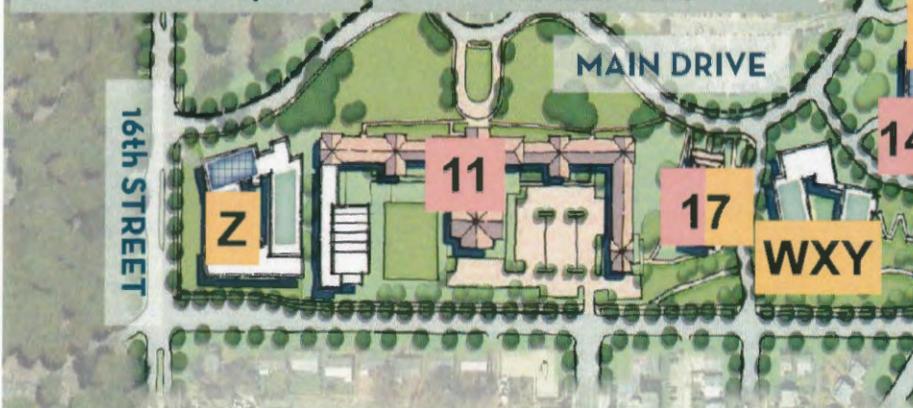
NOTE: The figures in the table above are projections that are subject to change as the project progresses, subject to the requirements of Zoning and the LDA.





THE PARKS AT WALTER REED PARCEL DESCRIPTION

| NEW | USE | EXISTING | USE |
|-------------|-------------------------|-----------------------------|--|
| C F | Townhouses/ 2-over-2 | 1 | Hotel/Office |
| B E | Townhouses/ 2-over-2 | 12 | Office |
| A D | Townhouses/ 2-over-2 | 82 | Creative |
| HK | Multifamily | 90 | Creative |
| IJ | Multifamily/Retail | 15 | Creative |
| L | Multifamily/Retail | 14 N | Multifamily |
| IJ | Multifamily/Retail | 14 M | Multifamily |
| L | Multifamily/Retail | 16 | Creative |
| G | Multifamily/Retail | <i>NOI & Other Uses</i> | |
| O P | Multifamily/Retail | 6 | Healthcare - Howard Hospital |
| Q R S | Multifamily/Retail | 7 | Healthcare - Howard Hospital |
| | | 8 | Residential - Military Housing Lease |
| | | 9 | |
| VU-A | Multifamily/Retail | 11 | Educational - DCI/LAMB |
| VU-B | Multifamily/Retail | 14 N | Office - Transitional Housing Corp (THC) |
| M | Office | 14 S | Multifamily - Help USA |
| N | Office/Retail | 17 | Multifamily - So Others Might Eat (SOME) |
| WXY | Multifamily | 18 | Fire Station - FEMS |
| Z | Multifamily | | |

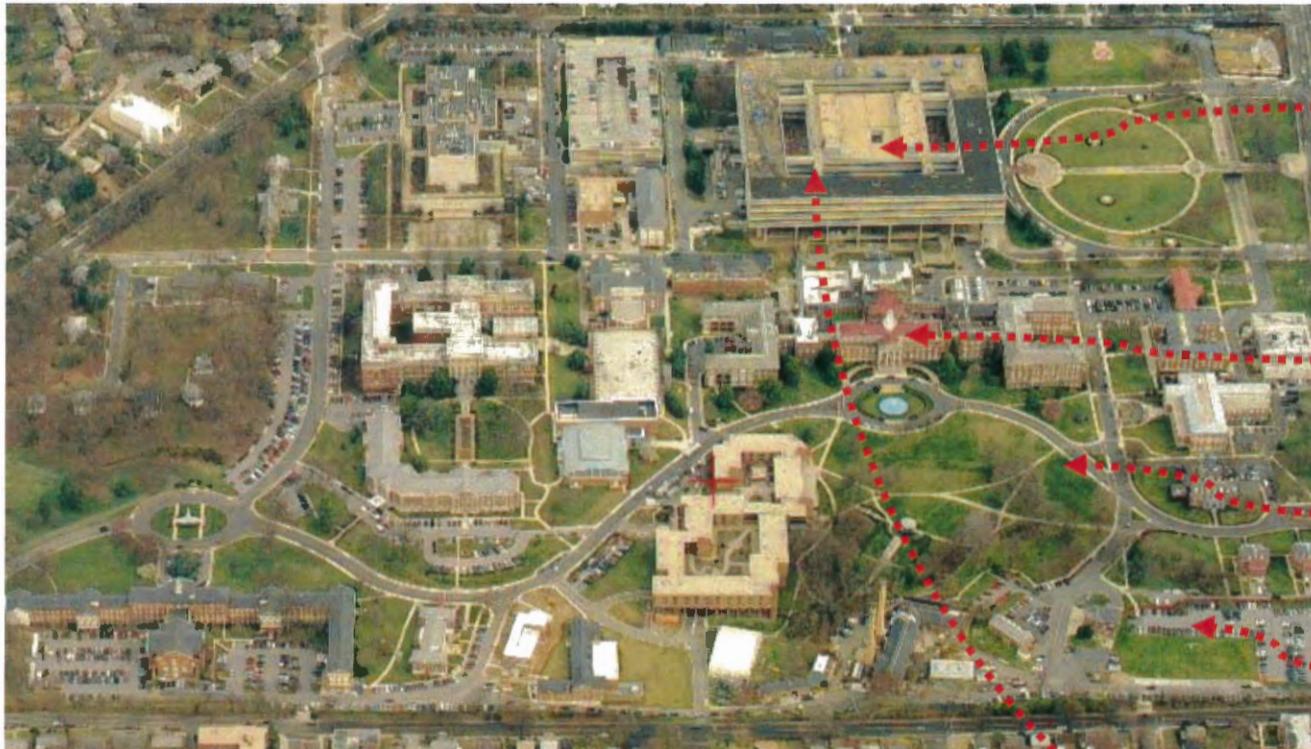


KEY - PRODUCT TYPE

- Apartments
- Condos
- Non-Profit Use
- Hotel/Conference
- Office
- Town Homes
- Arts/Other



PHASING AND MILESTONES



Commence Demolition of **Building 2** Jan. 2017.

*It will take approx. 18 months to demolish due to size & complexity

Commence interim use of **Building 1** by Jan. 2023

Public access to **Great Lawn** by Apr. 2018
Completion by Apr. 2021

Public access to **open space** & interim use by April 2017

Complete 1.5M SF including **Town Center** (anchored by full-service grocery store) by April 2026

Development Milestones:

Assuming early 2016 Closing with Army & Developer:

- By spring 2021: Complete 600,000 SF
- By 2031: Complete 2.2M SF
- By 2036: Complete 3.1 M SF
- By 2039: Substantially complete all vertical development



PHASING AND MILESTONES FOR NOIs



NOI (Notice of interest): All NOIs are non-profits which were competitively selected to go on the Walter Reed campus.

The District is ground leasing property to the Developer. Developer is doing all the horizontal infrastructure. District will transfer title in fee to component developers and Developer. The Developer will then ground lease (rent-free) to the NOIs.



District of Columbia
International School



Charter School 100,000SF

Charter School
30,000SF

Opening **Fall 2017**



Permanent
supportive
housing for
seniors 40
units

Office Space
6,000 SF



Permanent
supportive
housing for
veterans
Up to 75 units



Ambulatory
Care Facility
116,00 SF



Engine 22
Fire Station
25,000 SF

Slated to Deliver
January 2017

Slated to Deliver **2018-2021**
(possibly sooner)

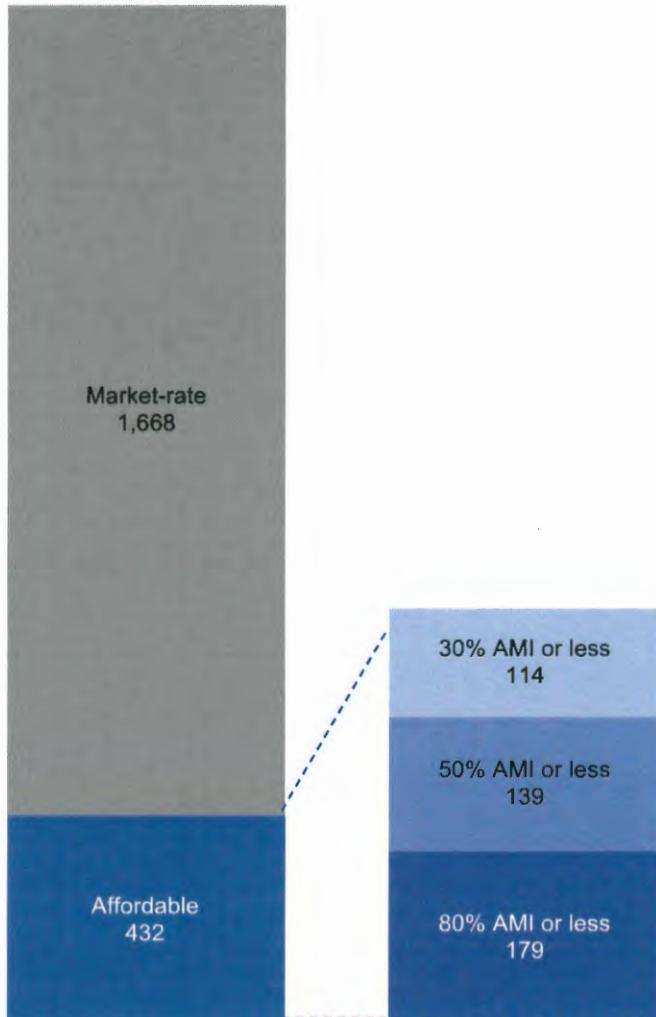


AFFORDABLE HOUSING



Walter Reed Housing Units

Total 2100

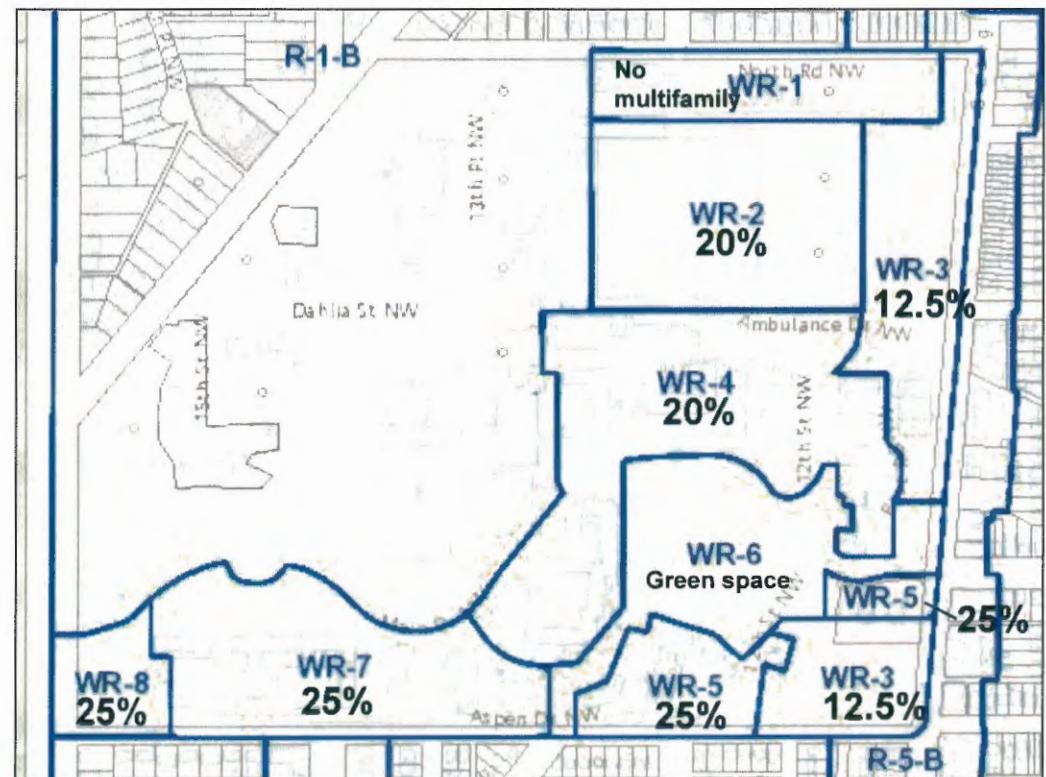


Note: AMI is \$109,200
for a family of four.

Affordable Housing by Zone

All zones require **8% of residential units** to be affordable.

Multifamily Housing: higher requirement





THE PARKS AT WALTER REED AFFORDABLE HOUSING

The Development is required to have a minimum of 432 units of affordable housing or "ADUs" on the site.

- They will be distributed throughout the site on the gray, yellow and purple buildings.
- 114 of the 432 will be created by HELP & SOME.
- Unlike other projects, the Developer & NOIs are paying for the affordable housing- the District is not providing any subsidy through this LDA
- The ADUs covenant will run with the land for 40 years.

HELP & SOME (NOI users) will create 114 units of permanent supportive housing for seniors and veterans.



GOVERNMENT OF THE DISTRICT OF COLUMBIA
Department of Employment Services

MURIEL BOWSER
MAYOR



DEBORAH A. CARROLL
DIRECTOR

November 9, 2015

Charles K. Watters, Jr.
Senior Managing Director
TPWR Developer, LLC
800 10th Street, NW
Suite 600
Washington, DC 20001

Dear Mr. Watters, Jr.:

Enclosed is your copy of the signed First Source Employment Agreement between the D.C. Department of Employment Services (DOES) and TPWR Developer, LLC. Under the terms of the Agreement, you are required to use DOES as the first source to fill all new jobs created as a result of Project: The Parks at Walter Reed. In addition, at least 51% of the newly created jobs must be filled by D.C. residents. Further, District residents registered in programs approved by the District of Columbia Apprenticeship Council shall work 35% of all apprenticeship hours worked in connection with the Project.

You should post your job vacancies to the Department of Employment Services' Virtual One-Stop (VOS) at www.dcnetworks.org. Please contact DeCarlo Washington at (202) 698-5772 to receive assistance with identifying qualified District residents for placement.

The First Source Program has implemented an electronic compliance database which will provide a more efficient way for employers to enter and track their monthly First Source data. If you have any questions regarding the Monthly Compliance Reporting Database, please contact DeCarlo Washington at (202) 698-5772.

Thank you for participating in the First Source Employment Agreement Program, and we are looking forward to working with you.

Sincerely,

Drew Hubbard
Associate Director
First Source Program

Enclosure

★ ★ ★
Government of the District of Columbia
FIRST SOURCE EMPLOYMENT AGREEMENT
★ ★ ★

Contract Number: N/A

Employer Name: TPWR Developer LLC

Project Contract Amount: N/A

Employer Contract Award: N/A

Project Name: The Parks at Walter Reed

Project Address: 6900 Georgia Ave. NW Ward: 4

Nonprofit Organization with 50 Employees or Less: Yes No

This First Source Employment Agreement, in accordance with The First Source Employment Agreement Act of 1984 (codified in D.C. Official Code §§ 2-219.01 – 2.219.05), The Apprenticeship Requirements Amendment Act of 2004 (Codified in D.C. Official Code §§ 2-219.03 and 32-1431) for recruitment, referral, and placement of District of Columbia residents, is between the District of Columbia Department of Employment Services, hereinafter referred to as "DOES", and TPWR Developer LLC, its members and assigns, and their affiliates, hereinafter, referred to as EMPLOYER. Under this Employment Agreement, the EMPLOYER will use DOES as its first source for recruitment, referral, and placement of new hires or employees for all new jobs created by the Project. The Employer will hire 51% District of Columbia residents for all new jobs created by the Project, and 35 % of all apprenticeship hours be worked by DC residents employed by EMPLOYER in connection with the Project shall be District residents registered in programs approved by the District of Columbia Apprenticeship Council.

I. GENERAL TERMS

- A. Subject to the terms and conditions set forth herein, the EMPLOYER will use DOES as its first source for the recruitment, referral and placement for jobs created by the Project.
- B. The EMPLOYER will require all Project contractors with contracts totaling \$100,000 or more, and Project subcontractors with subcontracts totaling \$100,000 or more, to enter into a First Source Employment Agreement with DOES.
- C. DOES will provide recruitment, referral and placement services to the EMPLOYER, which are subject to the limitations set out in this Agreement.
- D. The participation of DOES in this Agreement will be carried out by the Office of Employer Services, which is responsible for referral and placement of employees, or such other offices or divisions designated by the Office of the Director, of DOES.
- E. This Agreement will take effect when signed by the parties below and will be fully effective for the duration of the Project contract and any extensions or modification to the Project contract.

- F. This Agreement will not be construed as an approval of the EMPLOYER'S bid package, bond application, lease agreement, zoning application, loan, or contract/subcontract for the Project.
- G. DOES and the EMPLOYER agree that, for purposes of this Agreement, new hires and jobs created for the Project (both union and nonunion) include all EMPLOYER'S job openings and vacancies in the Washington Standard Metropolitan Statistical Area created for the Project as a result of internal promotions, terminations, and expansions of the EMPLOYER'S workforce, as a result of this project, including loans, lease agreements, zoning applications, bonds, bids, and contracts.
- H. This Agreement includes apprentices as defined and as amended, in D.C. Law 2-156. D.C. Official Code §§ 32-1401-1431.
- I. The EMPLOYER, prime subcontractors and subcontractors who contract with the District of Columbia government to perform construction, renovation work, or information technology work with a single contract, or cumulative contracts, of at least \$500,000, let within a 12-month period will be required to register an apprenticeship program with the District of Columbia Apprenticeship Council; and this includes but is not limited to, any construction or renovation contract or subcontract signed as the result of, a loan, bond, grant, Exclusive Right Agreement, street or alley closing, or a leasing agreement of real property for one (1) year or more. In furtherance of the foregoing, the EMPLOYER shall enter into an agreement with its contractors, including the general contractor, that requires that such contractors and subcontractors for the Project participate, in apprenticeship programs for the Project that: (i) meet the standards set forth in Chapter 11 of Title 7 of the District of Columbia Municipal Regulations, and (ii) have an apprenticeship program registered with the District of Columbia's Apprenticeship Council.

II. RECRUITMENT

- A. The EMPLOYER will complete the attached Employment Plan, which will indicate the number of new jobs projected to be created on the Project, salary range, hiring dates, residency status, ward information, new hire justification and union requirements.
- B. The Employer will post all job vacancies in the DOES' Virtual One-Stop (VOS) at www.jobs.dc.gov within five (5) days of executing the Agreement. Should you need assistance posting job vacancies, please contact Job Bank at (202) 698-6001.
- C. The EMPLOYER will notify DOES, by way of the First Source Office of its Specific Need for new employees for the Project, within at least five (5) business days (Monday - Friday) upon Employers identification of the Specific Need. This must be done before using any other referral source. Specific Needs shall include, at a minimum, the number of employees needed by job title, qualifications, hiring date, rate of pay, hours of work, duration of employment, and work to be performed.
- D. Job openings to be filled by internal promotion from the EMPLOYER'S current workforce do not need to be referred to DOES for placement and referral. However, EMPLOYER shall notify DOES of such promotions.

E. The EMPLOYER will submit to DOES, prior to commencing work on the Project, the names, residency status and ward information of all current employees, including apprentices, trainees, and laid-off workers who will be employed on the Project.

III. REFERRAL

- A. DOES will screen applicants and provide the EMPLOYER with a list of applicants according to the Notification of Specific Needs supplied by the EMPLOYER as set forth in Section II (B).
- B. DOES will notify the EMPLOYER, prior to the anticipated hiring dates, of the number of applicants DOES will refer.

IV. PLACEMENT

- A. The EMPLOYER will make all decisions on hiring new employees but will, in good faith, use reasonable efforts to select its new hires or employees from among the qualified persons referred by DOES.
- B. In the event that DOES is unable to refer qualified personnel meeting the Employer's established qualifications, within five (5) business days (Monday - Friday) from the date of notification, from the EMPLOYER, the EMPLOYER will be free to directly fill remaining positions for which no qualified applicants have been referred. Notwithstanding, the EMPLOYER will still be required to hire 51% District residents for all new jobs created by the Project.
- C. After the EMPLOYER has selected its employees, DOES will not be responsible for the employees' actions and the EMPLOYER hereby releases DOES, and the Government of the District of Columbia, the District of Columbia Municipal Corporation, and the officers and employees of the District of Columbia from any liability for employees' actions.

V. TRAINING

- A. DOES and the EMPLOYER may agree to develop skills training and on-the-job training programs; the training specifications and cost for such training will be mutually agreed upon by the EMPLOYER and DOES and will be set forth in a separate Training Agreement.

VI. CONTROLLING REGULATIONS AND LAWS

- A. To the extent that this Agreement is in conflict with any federal labor laws or governmental regulations, the federal laws or regulations shall prevail.
- B. DOES will make every effort to work within the terms of all collective bargaining agreements to which the EMPLOYER is a party.
- C. The EMPLOYER will provide DOES with written documentation that the EMPLOYER has provided the representative of any collective bargaining unit involved

with this Project a copy of this Agreement and has requested comments or objections. If the representative has any comments or objections, the EMPLOYER will promptly provide them to DOES.

VII. EXEMPTIONS

- A. All contracts, subcontracts or other forms of government-assistance less than \$100,000.
- B. Employment openings the contractor will fill with individuals already employed by the company.
- C. Job openings to be filled by laid-off workers according to formally established recall procedures and rosters.
- D. Construction or renovation contracts or subcontracts in the District of Columbia totaling less than \$500,000 are exempt from the requirements of Section I(H) and I(I) of the General Terms hereof.
- E. Non-profit organization with 50 or less employees are exempt from the requirements.

VIII. AGREEMENT MODIFICATIONS, RENEWAL, MONITORING, AND PENALTIES

- A. If, during the term of this Agreement, the EMPLOYER should transfer possession of all or a portion of its business concerns affected by this Agreement to any other party by lease, sale, assignment, merger, or otherwise this First Source Agreement shall remain in full force and effect and transference shall remain subject to all provisions herein. In addition, the EMPLOYER as a condition of transfer shall:
 - 1. Notify the party taking possession of the existence of this EMPLOYER'S First Source Employment Agreement.
 - 2. Notify DOES within seven (7) business days of the transfer. This advice will include the name of the party taking possession and the name and telephone of that party's representative.
- B. DOES will monitor EMPLOYER'S performance under this Agreement. The EMPLOYER will cooperate with the DOES monitoring and will submit a Contract Compliance Form to DOES monthly.
- C. To assist DOES in the conduct of the monitoring review, the EMPLOYER will make available to DOES, upon request, payroll and employment records for the review period indicated for the Project.
- D. The Employer will provide DOES additional information upon request.
- E. With the submission of the final request for payment from the District, the EMPLOYER shall:

1. Document in a report to DOES its compliance with the requirement that 51% of the new employees hired by the EMPLOYER for the Project be District residents; or
2. Submit to DOES a request for a waiver of compliance of the requirement that 51% of the new employees hired by the EMPLOYER for the Project be District residents which will include the following documentation:
 - a. Documentation supporting EMPLOYER'S good faith effort to comply;
 - b. Referrals provided by DOES and other referral sources; and
 - c. Advertisement of job openings listed with DOES and other referral sources.

F. The DOES may waive the requirement that 51% of the new employees hired by the EMPLOYER for the Project be District residents, if DOES finds that:

1. A good faith effort to comply is demonstrated by the EMPLOYER; or
2. The EMPLOYER is located outside the Washington Standard Metropolitan Statistical Area and none of the contract work is performed inside the Washington Standard Metropolitan Statistical Area:

The Washington Standard Metropolitan Statistical Area includes the District of Columbia, the Virginia Cities of Alexandria, Falls Church, Manasas, Manasas Park, Fairfax, and Fredericksburg; the Virginia Counties of Fairfax, Arlington, Prince William, Loudoun, Stafford, Clarke, Warren, Fauquier, Culpeper, Spotsylvania, and King George; the Maryland Counties of Montgomery, Prince Georges, Charles, Frederick, and Calvert; and the West Virginia Counties of Berkeley and Jefferson.
3. The EMPLOYER enters into a special workforce development training or placement arrangement with DOES; or
4. DOES certifies that there are insufficient numbers of District residents in the labor market possessing the skills required by the EMPLOYER for the positions created as a result of the Project. No failure by Employer to request a waiver under any other provision hereunder shall be considered relevant to a requested waiver under this Subsection.

G. Willful breach of the First Source Employment Agreement by the EMPLOYER, failure to submit the Contract Compliance Report, or deliberate submission of falsified data, may be enforced by the DOES through imposition of penalties, including monetary fines of 5% of the total amount of the direct and indirect labor costs of the contract for the positions created by EMPLOYER.

H. The parties acknowledge that the provisions of E and F of Article VIII apply only to First Source hiring.

I. Nonprofit organizations with 50 or less employees are exempt from the requirement that 51% of the new employees hired by the EMPLOYER on the Project be District residents.

- J. The EMPLOYER and DOES, or such other agent as DOES may designate, may mutually agree to modify this Agreement.
- K. The EMPLOYER's noncompliance with the provisions of this Agreement may result in termination.

IX. LOCAL, SMALL, DISADVANTAGED BUSINESS ENTERPRISE

A. Is your firm a certified Local, Small, Disadvantaged Business Enterprise (LSDBE)?
 YES NO

If yes, certification number: _____

X. APPRENTICESHIP PROGRAM

A. Do you have a registered Apprenticeship program with the D.C. Apprenticeship Council? YES NO

If yes, D.C. Apprenticeship Council Registration Number: _____

XI. SUBCONTRACTOR

A. Is your firm a subcontractor on this project? YES NO
If yes, name of prime contractor: _____

Dated this 6th day of November 2015

D. M. R. /m/
Signature Dept. of Employment Services

Signature of Employer

SEE ATTACHED SIGNATURE SHEET

Name of Company

Address

Telephone

E-mail

TPWR DEVELOPER LLC
A Delaware Limited Liability Company

By: Hines WR LLC
A Delaware Limited Liability Company
A Managing Member

By: Hines TPWR Associates Limited Partnership
Its Sole Member

By: Hines Interests Limited Partnership
Its General Partner

By: Hines Holdings, Inc.
Its General Partner

By: 
Charles K. Watters, Jr.
Senior Managing Director
Phone: (202) 347-6337
Email: chuck.watters@hines.com

EMPLOYMENT PLAN

NAME OF EMPLOYER: **TPWR Developer LLC**

ADDRESS OF EMPLOYER: C/O Hines, 800 10th Street, NW, Suite 600, Washington, DC 20001

TELEPHONE NUMBER: (202) 347-6337 FEDERAL IDENTIFICATION NO.: **30-0838526**

CONTACT PERSON: **Charles K. Watters, Jr.** TITLE: **Senior Managing Director**

E-MAIL: chuck.watters@hines.com TYPE OF BUSINESS: **Real Estate Development**

DISTRICT CONTRACTING AGENCY: Deputy Mayor for Planning and Economic Development

CONTRACTING OFFICER: **Randall Clarke** TELEPHONE NUMBER: (202) 727-1692

TYPE OF PROJECT: **Real Estate Development** CONTRACT AMOUNT: **N/A**

EMPLOYER CONTRACT AMOUNT: **N/A**

PROJECT START DATE: **5/1/16** PROJECT END DATE: **4/30/31**

EMPLOYER START DATE: **5/1/16** EMPLOYER END DATE: **4/30/31**

NEW JOB CREATION PROJECTIONS: Please indicate ALL new position(s) your firm will create as a result of the Project. If the firm WILL NOT be creating any new employment opportunities, please complete the attached justification sheet with an explanation. Attach additional sheets as needed.

| JOB TITLE | | # OF JOBS F/T P/T | SALARY RANGE | UNION MEMBERSHIP REQUIRED NAME LOCAL# | PROJECTED HIRE DATE |
|-----------|---------------------|----------------------|-----------------|--|------------------------|
| A | PLEASE SEE ATTACHED | | | | |
| B | | | | | |
| C | | | | | |
| D | | | | | |
| E | | | | | |
| F | | | | | |
| G | | | | | |
| H | | | | | |
| I | | | | | |
| J | | | | | |
| K | | | | | |

CURRENT EMPLOYEES: Please list the names, residency status and ward information of all current employees, including apprentices, trainees, and transfers from other projects, who will be employed on the Project. Attach additional sheets as needed.

JUSTIFICATION SHEET: Please provide a detailed explanation of why the Employer will not have any new hires on the Project.

First Source Employment Agreement
The Parks at Walter Reed

New Job Creation Projections
As of 10/30/15

NOTE: TPWR Developer, LLC, is a joint venture of Hines, Urban Atlantic and Triden Development. The following lists new job creation projections for each company for the Master Development.

| JOB TITLE | # OF JOBS F/T P/T | SALARY RANGE | UNION MEMBERSHIP REQUIRED NAME LOCAL# | PROJECTED HIRE DATE |
|---|----------------------|-----------------------|--|------------------------|
| HINES | | | | |
| Analyst | 1 F/T | \$65,000 - \$90,000 | NA | 6/1/2017 |
| Assistant Construction Manager | 1 F/T | \$75,000 - \$115,000 | NA | 6/1/2017 |
| Accountant | 1 F/T | \$60,000 - \$115,000 | NA | 6/1/2018 |
| Associate | 1 F/T | \$90,000 - \$125,000 | NA | 6/1/2019 |
| Construction Manager | 1 F/T | \$90,000 - \$155,000 | NA | 6/1/2019 |
| Assistant Construction Manager | 1 F/T | \$75,000 - \$115,000 | NA | 6/1/2021 |
| Director | 1 F/T | \$125,000 - \$175,000 | NA | 6/1/2022 |
| Construction Manager | 1 F/T | \$90,000 - \$155,000 | NA | 6/1/2023 |
| URBAN ATLANTIC | | | | |
| Development Associate | 1 F/T | \$75,000 - \$120,000 | NA | 6/1/2016 |
| Development Associate | 1 F/T | \$75,000 - \$120,000 | NA | 6/1/2018 |
| Development Associate | 1 F/T | \$75,000 - \$120,000 | NA | 6/1/2022 |
| Project Accountant | 1 F/T | \$70,000 - \$90,000 | NA | 6/1/2016 |
| Project Accountant | 1 F/T | \$70,000 - \$90,000 | NA | 6/1/2018 |
| Project Accountant | 1 F/T | \$70,000 - \$90,000 | NA | 6/1/2022 |
| Financial Analyst | 1 F/T | \$75,000 - \$120,000 | NA | 6/1/2016 |
| Financial Analyst | 1 F/T | \$75,000 - \$120,000 | NA | 6/1/2018 |
| Financial Analyst | 1 F/T | \$75,000 - \$120,000 | NA | 6/1/2022 |
| TRIDEN | | | | |
| <i>Small business that does not project increasing staff at this time</i> | | | | NA |

First Source Employment Agreement
The Parks at Walter Reed

Master Developer List of Current Employees
As of 11/06/15

NOTE: TPWR Developer, LLC, is a joint venture of Hines, Urban Atlantic and Triden Development. The following lists employees currently working on the project for each of these companies.

| NAME OF EMPLOYEE | CURRENT DISTRICT RESIDENT Please Check | WARD |
|---|--|------|
| HINES | | |
| Lee, Yolanda | | |
| Marcus, Dawn | | |
| Mullins, Patrick | | |
| Smith, Ashley | X | 2 |
| Spivey, Greg | | |
| Thomas, Mary | X | 1 |
| Watters, Chuck | X | 3 |
| Wiacek, Katie | X | 1 |
| URBAN ATLANTIC | | |
| Boyd, Jill | | |
| Brooks, Kelli | | |
| Davis, Vicki | | |
| Fried, Lois | | |
| Kenney, Caroline | X | 6 |
| Nordheimer, Scott | | |
| Schechter, Neil | X | 2 |
| TRIDEN | | |
| N/A -- Triden is an LLC and has no employees. | N/A | N/A |

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE ATTORNEY GENERAL



ATTORNEY GENERAL
KARL A. RACINE

Legal Counsel Division

MEMORANDUM

TO: Keiko Yoshino
Legislative Director
Office of the Deputy Mayor for Planning & Economic Development

FROM: Janet M. Robins
Deputy Attorney General
Legal Counsel Division

DATE: October 30, 2015

SUBJECT: Walter Reed Development Omnibus Act of 2015
(AE-15-678)

This is to Certify that this Office has reviewed the legislation entitled the "Walter Reed Development Omnibus Act of 2015" and found it to be legally sufficient.

In addition, the Commercial Division of the Office of the Attorney General examined the following documents provided by the Office of the Deputy Mayor for Planning and Economic Development:

1. Unsigned Term Sheet ("Disposition of the Former Walter Reed Army Medical Center"), dated October 29, 2015, for signature by Deputy Mayor for Planning and Economic Development, Hines WR LLC, and UAD Walter Reed LLC.
2. Unsigned Agreement between United States Department of the Army and the District of Columbia for the Economic Conveyance of a Portion of the Former Walter Reed Army Medical Center, dated October 26, 2015, without Exhibits A, B-1 – B-4, C-1 – C-2, E, F, G-1 – G-3, H-1 and H-2, for signature by Deputy Mayor for Planning and Economic Development and Deputy Assistant Secretary of the Army (Installations, Housing and Partnerships).
3. Unsigned Land Disposition Agreement by and between the District of Columbia and TPWR Developer LLC (or a new entity to be formed by TPWR and an institutional lender/investor prior to signing), for signature by Deputy Mayor for Planning and Economic Development and TPWR Developer LLC (or new entity), without any Exhibits, and without the following

Schedules: 2.1, 3.2.2, 4.2, 4.4, 6.2.9, 9.1(13), 9.2.1, 9.2.2, 9.2.5, 9.5.1, 9.5.2, 9.10.1, 9.11, 10.6.1, 10.7.2, 10.10.1, 10.15, 12.5, and 12.14.

- 4. Undated and unsigned Draft Ground Lease (labeled "DC Comments 10/28/15") between the District of Columbia and the party with whom the District entered into the Land Disposition Agreement. Ground lease is to be executed after the LDA is signed.**

After examination of these documents, we conclude that the transaction documents provided in their present form appear to structure a transaction and future development performance framework that is satisfactorily designed to accomplish the District's stated objectives for the project described in the "Walter Reed Development Omnibus Act of 2015", and do not contravene or violate any other known legal requirements, obligations or commitments of the District government. Accordingly, in their present form, as described above, we discern no reason to determine that the transaction documents are not legally sufficient, and the transaction documents are therefore approved for legal sufficiency.

This Office has not reviewed any transactional documentation other than the above Documents, and provides no legal opinion about any transactional documentation other than the above Documents.

If you have any questions, please do not hesitate to call me at 724-5524.



Janet M. Robins



Hearing on Bill 21-474, the "Walter Reed Development Omnibus Act of 2015"

December 17, 2015

Founded 1923

Chair

Nancy J. MacWood

Vice-Chair

Monte Edwards

Secretary

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Bobbie Faul-Zeitler

Alma Gates

Stephen Hansen

Erik Hein

Kathy Henderson

George Idelson

Jim Nathanson

Elizabeth Purcell

Laura M. Richards, Esq.

Marilyn J. Simon

Frank Vespe

Bill Wright

945 G Street, N.W.

Washington, D.C. 20001

202.681.0225

info@committeeof100.net

The Committee of 100 notes that, at the time of this hearing, the Land Disposition Agreement does not include Schedule 10.15 - Community Participation Program and Community Participation Plan. The Committee of 100 requests the Council to ensure that ample opportunity is provided for meaningful community participation in the "Program" and the "Plan" by Advisory Neighborhood Commissions 4A and 4B, neighbors and other community stakeholders in addition to the Community Advisory Committee.

The Walter Reed redevelopment project generated an extraordinary amount of interest, participation and anticipation in the initial phases of this process (i.e., the Reuse Plan and the Small Area Plan) in which the overarching Vision and set of Goals were developed. Once the federal property is deeded to the District of Columbia, the implementation of the four goals stated in the Small Area Plan will impact the community as well as the city as a whole:

1. Integrate the Site with the Community
2. Provide a Mix of Uses
3. Create Jobs and Revenue for DC
4. Activate the Site

We thank the Council in advance, as our legislative representatives, for your support of community participation as the Council-approved vision and goals are implemented over the next twenty to thirty years.

My name is Alice Giancola, I have been a resident of Takoma, DC neighborhood since 1981 and have been active in the community for a majority of that time encouraging the economic development of Takoma and Georgia Avenue. I served on Council Member Jarvis' committee that studied Georgia Avenue and made recommendations for the development of the corridor. When the Army decided to close the Walter Reed site, I was appointed in 2006 to be a citizen representative of the Walter Reed LRA advisory committee where I served for seven years, until it was reconfigured.

I am quite familiar with all the planning by staff and community that went into the development of the Reuse Plan of 2012.

I would like to state that I unequivocally support moving forward in as expeditious manner as possible.

Sincerely,

Alice R. Giancola, MURP
528 Cedar Street, NW
Washington, DC 20012
202 723-1859

**RESOLUTION OF THE WALTER REED COMMUNITY ADVISORY COMMITTEE
TO THE DC CITY COUNCIL OF THE WHOLE
SUPPORTING PASSAGE OF THE “WALTER REED DEVELOPMENT OMNIBUS
ACT OF 2015”
DECEMBER 31, 2015**

WHEREAS, Sec. 2102. The Walter Reed Army Medical Center Base Realignment and Closure Homeless Assistance Submission Approval Act of 2012, effective October 16, 2012 (D.C. Law 19-175; D.C. Official Code § 10-1901 et seq.), was amended by adding a new section 6a, which established an advisory committee to be known as Community Advisory Committee (WRCAC);

WHEREAS, Section 6a(c) of the DC law notes that the CAC shall advise the Local Redevelopment Authority (LRA) and Master Developer with respect to the following:

- (1) The needs of the community, including providing retail uses that are accessible to the community that serve the needs of both the community and visitors to the Walter Reed Army Medical Center Site, and adequate security in and around the Walter Reed Army Medical Center Site;
- (2) Parking issues;
- (3) Transportation issues;
- (4) Economic-development opportunities;
- (5) Development of environmental guidelines, including the mitigation of adverse noise and air-quality impacts;
- (6) Any request for proposal or contract modification for economic-development projects, streetscape or pedestrian movement projects, and transportation or parking projects; and
- (7) Other issues directly related to the operation or redevelopment or reuse of the Walter Reed Army Medical Center Site that are likely to have an impact on the community;

WHEREAS, the WRCAC consists of representatives of neighborhoods adjacent to WR, the Office of the Deputy Mayor for Planning and Economic Development (DMPED), and the Walter Reed Local Redevelopment Authority (WRLRA):

1. Stephen A. Whatley – representing Advisory Neighborhood Commission 4A
2. Brenda Speaks – representing Advisory Neighborhood Commission 4B
3. Leila Batties – representing Shepherd Park
4. Margaret Singleton – representing Brightwood
5. Sherryl Newman – representing Ward 4 Councilmember Brandon Todd
6. Cynthia LeFevre – representing Councilmember Phil Mendelson
7. Jason Cross – Representing DMPED
8. Randall Clarke – Director WRLRA

WHEREAS, in good faith and reasonable reliance of the same, the District government and its residents have invested significantly of their time and resources in anticipation of acquisition and redevelopment of a portion of the former WRAMC in compliance with the rules

and regulations of the Defense Base Closure and Realignment Act of 1990, as amended (Title XXIX of Public Law No. 101-510, 10 U.S.C. 2687 note);

WHEREAS, in 2005, the Federal government declared 62.5 acres on the main post of WRAMC in northwest Washington, DC as surplus property, thereby making it available to the LRA for reuse, which initiated an intensive and sustained community-oriented process to develop a reuse plan for the site;

WHEREAS, that process included well over 100 public meetings including public workshops, site tours, town hall-style meetings, LRA committee meetings, executive sessions, task force meetings and the Community Advisory Committee (CAC) meetings;

WHEREAS, on March 17, 2011, it was announced that the District would have an opportunity to reuse a larger, 66.57 acre, portion of the former WRAMC site;

WHEREAS, for the next 16 months the LRA again convened public meetings, tours, workshops, town-hall style meetings, committee meetings, and executive sessions;

WHEREAS, on July 12, 2012 the Council of the District of Columbia unanimously approved the reuse plan, and it was signed into law by Mayor Vincent Gray on July 24, 2012.

WHEREAS, on April 30, 2013, the Council unanimously approved a small area plan, which guides the site's future land use;

WHEREAS, since that time District officials have been engaged in due diligence efforts, including environmental analyses, predevelopment studies, procurement of a master developer, and acquisition negotiations;

WHEREAS, the District of Columbia and its residents have expended vast resources of time, effort, and money in the process of developing a reuse plan that will serve Ward 4 and the District at large for decades to come;

WHEREAS, the WRCAC concurred with the four goals as espoused in the SAP. The goal of the WRCAC in developing its resolution of support was to find a fair way to develop the property with the least adverse impact on the neighborhood, enhancing the amenities available to the residents of the community and the District of Columbia; while preserving the opportunity for the developer to earn a reasonable rate of return on their investment and minimizing the cost to the District of Columbia government.

WHEREAS, in 2012, the WRCAC supported and the DC Council approved the Reuse Plan and the Homeless Assistance Submission through the "Walter Reed Army Medical Center Base Realignment and Closure Homeless Assistance Approval Act of 2012". The Reuse Plan envisioned a vibrant campus integrated into the community through expanded retail opportunities, preservation of open space, creative use of historic assets into cultural and educational uses, job creation for District residents, and the development of various housing options to support a range of incomes and needs.

WHEREAS, the Office of the Deputy Mayor for Planning and Development (DMPED), as the Walter Reed Local Redevelopment Authority (WRLRA), developed the Walter Reed Reuse Plan which includes approximately 2,100 residential units (including affordable), 2 charter

schools, a town center with a large format grocer and neighborhood serving retail, accommodation for homeless veterans and seniors, a non-emergency ambulatory care clinic, and preservation of many historic buildings and 14 acres of open space. This is consistent with the Comprehensive Plan, and would implement the objectives and development parameters of the approved Small Area Plan (SAP), which supplements the Comprehensive Plan. The SAP focused on four goals:

1. Integrate the site with the community
2. Provide a Mix of Uses
3. Create New Jobs and Revenue for DC
4. Activate the site;

WHEREAS, in July 2015, the DC Zoning Commission took final action voting 5-0 in support of the new Walter Reed zones which allows matter-of-right development on Walter Reed to implement the Reuse Plan and included a specific requirement for 432 affordable units within the site. WRCAC concurred with the zoning plan and the vote taken by the DC Zoning Commission. The proposed text and map amendments would create and implement the Walter Reed (WR) Zone, which would allow mixed use development on the former Walter Reed site, including development ranging from moderate- to high-density.

WHEREAS, there are 5 major key points that the WRCAC makes concerning economic development and benefits of the site as proposed by the Master Developer:

1. A. Tax Revenue

There is an anticipated **\$44 million in new annual taxes** including the following:

- \$11.1 million in property taxes
- \$19.7 million in income taxes (personal and corporate)
- \$4.3 million in transfer and recordation taxes (average annual over development period)
- \$6.9 million in sales taxes
- \$2.1 million in hotel and parking taxes
- \$190 thousand in corporate taxes.

B. Job Creation

There is an estimated increase in jobs:

- 5,499 temporary direct jobs, plus an additional 4,399 indirect and induced jobs, over the development period
- 2,073 permanent direct jobs, plus an additional 1,659 indirect and induced jobs, in research, healthcare, management, sustainability, retail and hospitality.

2. Economic Activity

There is a potential increase in economic activity in Ward 4:

- \$948 million in development investment
- \$230 million in CBE revenue (construction period)
- \$92 million in annual retail sales
- \$128 million in onsite employment salaries
- \$168 million in new District resident salaries
- \$7.3 billion over 20 years.

3. Local Business Development including CBE

Local Business development is a part of the development plan. The proposed levels are:

- 20% CBE Equity Participation Commitment

- 35% CBE Contracting Commitment,
- CBE Participation on Development Team Local Nonprofit Participation on Development Team
- Local Business Development Goals established with District agencies and Ward 4 economic development organizations:
- Connect District businesses, in particular local Ward 4 businesses, to contracting opportunities related to the WRAMC development
- Connect local businesses to small business resources available in the District
- Leverage the WRAMC project to create economic development opportunities and benefits to local Ward 4 businesses and strengthen the Georgia Avenue corridor.

4. Workforce Development including Local Hiring

Local Hiring is part of the Workforce Development Plan:

- First Source & Apprenticeship Program Agreement Commitment – goals established according to DSLBD guidelines effective at time of project planning – minimum 51% of new hires
- Workforce Development Goal established with District agencies and Ward 4 economic development organizations: Connect District residents to job training and job placement opportunities related to the WRAMC development
- Workforce Development Resources & Partners identified to date:
 - a. Master Development Team Members – MIT Community Strategies Lab*, THC*
 - b. District of Columbia Agencies – Workforce Investment Council* (DC American Job Centers, Youth Grants, Certifying Workforce Trainers, Workforce Intermediary Pilot Project); Dept. of Employment Services* (American Job Centers, Apprenticeships, Project Empowerment, Senior Community Service Employment Program); UDC Workforce Development & Lifelong Learning; Dept. of General Services Workforce Incentive Program
 - c. Citywide Non Profit & Private Organizations – SOME*, NURISH*, UPO, Opportunities Industrialization Center, Bread for the City
 - d. Ward 4 Economic Development Organizations – Listed under Small Business Development Above*
 - e. * = Master Developer has already met and begun planning with these organizations in order to ensure that the foundation is laid for training and placing District residents in jobs created by WRAMC.

5. Development Program

The WRCAC notes that development of the site will encompass different concepts. The goals, vision and development program set forth by the SAP and envisioned by the Master Developer include several components with particularly significant economic development impacts:

- **Science & Commerce Industry Hub**

The Master Development Team has committed Bioscience and Health users ready to locate in the Science & Commerce Park. George Washington University's School of Medicine and Life Sciences has proposed to bring its McCormick Genomic and Proteomic Center, Genomic's Technology Transfer Incubator, Genomics Summer Camp, Medical Faculty Associates and the Clinical and Translational Science Institute in partnership with Children's

National Medical Center. BioTrial SA, one of Europe's leading pharmaceutical research companies, would also like to open its Mid-Atlantic headquarters at Walter Reed. Together with Howard University Hospital, these institutions form the foundation for a healthy innovation center at Walter Reed, strengthening the District's ability to compete for Bioscience companies to locate in the city and bringing new jobs to the District.

- **Retail**

- The Development Team's retail partner, Weingarten, has strong relationships with the over 5,000 tenants in its 280 retail centers nationwide, including several of the anchors that have been targeted by the District for Walter Reed, such as Wegman's, Target and Whole Foods. Combined with their commitment to and experience with including local retailers, they have the capacity to execute world class retail at Walter Reed and bring new jobs to the District.

- **Affordable Housing**

- Without creating affordable and workforce housing, a city cannot create true economic development. The Development Team's affordable housing plan for Walter Reed commits to twice the District's requirements under Inclusionary Zoning: 20% affordable and workforce housing at Walter Reed, including 114 units targeted to the very lowest level income of 30% AMI or lower. Too many of the government employees and service sector employees who serve us have to commute over two hours a day from wide distances outside the District of Columbia. This situation does not result in a sustainable workforce, and the Development Team's plan seeks to help change it.

WHEREAS, DMPED has negotiated for the acquisition of the property with the U.S. Army to affect an Economic development conveyance of the parcel after securing DC Council approval. The key here is the district is buying the site from the Army and the Development Team will be buying or leasing the property from the District.

WHEREAS, upon Council approval of the "ACT", the District will be able to acquire title to the land from the U.S. Army. Simultaneously, the district will effectuate a 29 year 11 month ground lease to the Developer. Over the term, the District will then transfer some parcels to component developers in fee simple.

THEREFORE, the WRCAC requests that the Council approve the "Walter Reed Omnibus Act of 2015". The WRCAC hopes the Council will look at the recent development in Petworth, U Street, and the Navy Yard and the impact on the nearby communities. Thank you for the opportunity for the WRCAC to submit a resolution on this topic.

Respectfully submitted,

Walter Reed Community Advisory Committee

**Emory Beacon of Light, Inc.
Testimony of Hazel Broadnax, President
Submitted for the
District of Columbia Council
Committee of the Whole for
Bill 21-474, the "Walter Reed Development Omnibus Act of 2015**

December 17, 2015

Chairman Mendelson and other council members The Emory Beacon of Light welcomes the opportunity to provide support for the Walter Reed Development Omnibus Act of 2015 which will provide the Walter Reed Reinvestment Fund.

The Beacon of Light grew out of the ministries of Emory United Methodist Church located in the 6100 block of Georgia Avenue so Walter Reed has always been our neighbor.

We welcome the promised redevelopment and revitalization of the land and buildings the District will acquire from the Walter Reed Site. Businesses on the Georgia Avenue corridor have suffered greatly with the closing of Walter Reed as a medical center. Some have gone out of business in the last two years.

We believe the establishment of the Walter Reed Redevelopment Fund by the Mayor which will authorize the provision of grants by the Deputy Mayor for Planning and Economic Development in connection with the redevelopment and operation of the site; and to exempt the buildings on the site from vacant building registration requirements for a certain period of time will provide much needed stimulus for improvement and revitalization of services and economic development in our ward.

Residents and businesses are all anxiously waiting for the redevelopment of Walter Reed to bring back some activity and vibrancy to this area of Georgia Avenue and our Ward.

Thank you for the opportunity to provide this testimony in support of the act.



So Others Might Eat

71 "O" Street, NW
Washington, DC 20001
Tel: (202) 797-8806
Fax: (202) 265-3849
Web: www.some.org

**Testimony of Ken Ellison, Senior Housing Advisor,
SOME, Inc. (So Others Might Eat)
To the Committee of the Whole
December 17, 2015**

Good evening, Council Chairman Mendelson, members of the Committee and members of the public. My name is Ken Ellison. I am the Senior Housing Advisor at SOME, Inc. (So Others Might Eat). SOME is an interfaith and nonprofit organization. For 45 years, we have been providing comprehensive services to District residents who are homeless or at risk of homelessness. We have been developing housing with services for more than 10 years and currently have more than 900 adults and 340 children in our housing.

I would like to voice our support for Bill 21-474, the "Walter Reed Development Omnibus Act of 2015" and encourage you to vote for the bill. In compliance with the BRAC process, SOME is part of the redevelopment plans for the site and will be converting Building 17 into 40 efficiency units for seniors who meet the HUD definition of being homeless. This has been a long process to get to this point, but we are excited that the redevelopment work will begin in earnest soon and that this great need will be filled in part by utilizing the site for affordable housing. With confirmation that the site will be transferring, our architects will begin the full architectural plans for the building. The construction will be a full gut-rehab, including adding an elevator and creating wheelchair accessibility for the seniors. SOME will provide on-site supportive services for the seniors, who will also have access to the rest of our continuum of care.

Obviously, there is still much work to be done for both our project and the entire site. In particular, we look forward to finalizing the details of the Master Lease and shared cost and utility arrangements with the Master Developer. We will certainly do our part so that the work can begin and, more importantly, homeless seniors can have a new home as soon as possible. .

Thank you for your attention. I will be happy to answer any questions.

Restoring Hope & Dignity One Person at a Time

December 31, 2015

To The Committee of the Whole

For the Public Hearing Record: Walter Reed Development Omnibus Act of 2015 - (Bill 21-474)

Submitted by: Sara Green, 7106 Piney Branch Rd., NW, Washington, DC 20012

Email: saragreendc@yahoo.com

To The Council:

This is both a letter of thanks for your questions during the Committee of the Whole's December 17, 2015 hearing on the Walter Reed Development Omnibus Act of 2015 (Bill 21-474) along with a few additional points. Please add these comments to the record, along with the written testimony I submitted on December 17.

Please Legislate Formal City Council Oversight

There are several reasons why the DC City Council, not just the Advisory Neighborhood Commissions (ANCs) and the Walter Reed Community Advisory Committee (CAC), should have regular, formal oversight hearings concerning Walter Reed, at least for the next five years.

First. This is roughly a \$1 billion project. There is absolutely no way that ANC 4A and 4B, who together receive less than \$45,000 a year for part-time staff, rent, phone, printing and other expenses, can ensure that the promised affordable housing, green space, contracting and financial requirements are met. And, at best, ANCs can only advise. They have no enforcement powers. The CAC's role is also limited to recommendations.

We know that the city has failed to enforce affordable housing and minority contracting requirements elsewhere -- in smaller, less complex projects. Why assume that Walter Reed will be different?

Could the provisions in Article 11 (District Review and Approval) of the Land Disposition Agreement be amended to include City Council oversight? Or could you, as the Chair, could simply schedule such public hearings.

Please Require Meaningful Public Participation

Chair Mendelson noted that the Land Disposition Agreement submitted to the Council lacked its exhibits, including the one detailing the Public Participation plan. Meaningful public participation should include developer/city presentations to the CAC/public, the ANCs, and to other community groups in advance of key decisions, well-publicized, and with enough advance notice so that ANCs can comment and impact the project as much as possible under law.

Please Require Recreation Planning

I cannot find any requirement(s) in the Land Disposition Agreement about recreation facilities, recreation planning, or recreation financing. The Master Developer is being given a significant increase

To The Committee of the Whole – December 31, 2015, Page Two

For the Public Hearing Record: Walter Reed Development Omnibus Act of 2015 - (Bill 21-474)

Submitted by: Sara Green, 7106 Piney Branch Rd., NW, Washington, DC 20012

Email: saragreendc@yahoo.com

in density *as a matter of right, instead of through a Planned Unit Development (PUD) process*, where recreation facilities are a fairly common, negotiated “community benefit.” The city and the developer note that the Agreement includes significant green space, affordable housing , and other community benefits. However, recreation should not be forgotten.

The CAC has already endorsed a pool, to be paid for by the DC Department of Parks and Recreation. The pool may well be a good idea, but the decision to provide it, at taxpayer expense, was made without an overall recreation plan for the entire site. Such planning, common in other jurisdictions for large projects, should begin now, with significant public input and with developer contributions detailed in writing.

Require Employment of DC Residents

Councilmember Silverman noted that the Agreement could include specific requirements for employing DC residents. Please include this requirement in your legislation.

Thank you for considering these issues.

From: Michael Jackson [<mailto:mikejacksondc@yahoo.com>]
Sent: Thursday, December 24, 2015 12:41 PM
To: Smith, Monique (Council); Moore, Brian (COUNCIL); btodd@dccouncil.us; May, LaRuby (Council); Davis, Alfreda (Council); Bonds, Anita (Council); Turner, Dolly (Council); esilverman@dccouncil.us; Richards, Katharine "Kitty" (Council); srosenmamy@dccouncil.us; Fox, Ashley (Council); McDuffie, Kenyan (Council); rgulstone@dccouncil.us; Calhoun, Dionne (Council); Meadows, David (Council); Finnell, Tamika (Council); Tate, Takiyah (Council); dgrosso@dcouncil.us; Thompson, Juan (Council); mcgeh@dcouncil.us; Willingham, Jonathan (Council); Rentz, Nicole (Council); jevan@dccouncil.us; Grant, Schannette (COUNCIL); Kimbel, Sherri (COUNCIL); Alexander, Yvette (COUNCIL); Hart, John (Council); Nadeau, Brianne K. (Council); Jackson, Tania (Council); Orange, Vincent B. (Council); iborwn@dccouncil.us; Allen, Charles (Council); Snowden, Courtney R. (EOM); Clarke, Randall (EOM); Cross, Jason (EOM); jfink@dc.gov; Kelvin Dixon; Wayne White; Andre Carley; Richard Layman; Genell Anderson; Joseph Dempsey; Julio Palomo; ddesmond@maliuna.org; Christopher Holte; Clarence Pearson; Scott Nordheimer
Subject: Fw: Closing statements to my testimony on December 17th 2016 for the Walter Reed funding ACT/Bill

12/24/1

Subject: Fw: Workforce is the solution

12/24/15

Chairman Mendelson
DC City Council

This correspondence closes out my written testimony for The Water Reed Funding Act/Bill. The solution presented herein for the Walter Reed funding Act/Bill, is a resolutions to solve workforce problems through out the District of Columbia.

The return on investment to the tax base of the District of Columbia for the investment of \$150,000.00 requested for 4 workforce classes is \$221,000.00 or 67 % annually.

The taxable income is based on 80 jobs at \$35,000.00 per hirer, and taxes on adjunct professors teaching the class at UDC.

If implemented for 5 years, the DC Council through the funding requests for Walter Reed generates 400 jobs.

We as a community organization are ask to participate by the Developer of Record, and to get up to business speed. How do you deliver jobs with no resources?

The DC government has paid 1.1 million for the pre-development work on the Walter Reed campus for Phase1 Environmental studies. For your edification the "Environmental Existing Building Surveys" required to implement Phase 2 work, is what we have the capacity to do. The same scopes of work are implemented for DHCD over the last 10 years. UDC/ARI prepares the architectural plan, specifications, bid package and permits for all DHCD programs. I prepared the

environmental assessment for the scopes of work prior to starting our non-profit, as the Risk Assessor.

My point is the DC government needs workforce. How do you to build employment on the back end. Contracts are granted at the pleasure of Developers and/or contractors.

Submitted for your review are justification and needs to be address prior to the start of implementation of work. This is a DC Government owned project. The justification is a model for Best Practices, with no- negative fiscal impact. What we offer is a means to implement both training and Scopes of Work to put DC residents to work.

Budget for Workforce classes to be included in Walter Reed funding Act/Bill

| | | | |
|--------------------------|--------------|-----------------------|--|
| Total requested fund | \$150,000.00 | | |
| 4 classes/2 per semester | \$100,000.00 | \$25,000.00 per class | 20 students per session 96 hours certification 24 days |

| | | | |
|-------------------|-------------|---|--|
| Breakout of cost | | | |
| Instructor cost | \$48,000.00 | \$12,000.00 per class | @ \$500 per 4 hour session \$125.00 per hour |
| UDC indirect cost | \$ 3,120.00 | 26 % of salary | |
| GaBiDDc outreach | \$ 3,120.00 | 26% of salary | |
| Equipment | \$ 3,720.00 | FF&E required, hazmat equipment | |
| Books | \$ 3,000.00 | @\$150.00 per unit 20 per session 1,081pages per manual | |

\$50,000.00 Project cost:

Jobs and CBE Engine/Retention for graduates of the course. The purpose is for employment with private sector Businesses, DCPS High Schools, and development of a Interagency systems to implement DOES/VOS applications, identification system of personnel needs matching skill sets.

Scopes of Work, (SOW's), for the Environmental portion of Walter Reed

THE CURRENT STATUS OF PRE-DEVELOPMENT SCOPES OF WORK IS ENVIRONMENTAL STAGE OF PHASE 1.PHASE 2 REQUIREMENTS IMPELEMNTS THE WORK, AS FOLLOWS:

EXISTING BUILDINGSURVEY ANALYSIS

Risk assessment

2 Risk Assessors
GaBiDDC/UDC/ARI

| | | |
|--|---|------------------------|
| Existing building surveys | 6 | Construction Analysis |
| Plan specifications and permitting the scope of work | | UDC/ARI |
| Laboratory Analysis | 2 | Laboratory technicians |
| Testing components for Soil, Water, Lead, and Mold | | UDC/ARI |
| Building materials components stress testing | 2 | UDC/CAUSES |

REMEDIATION WORK

| | | |
|--|----|----------|
| Workers could become part of maintenance staff | 15 | CBE |
| Mothballing | 15 | CBE |
| Grounds landscaping | 15 | CBE |
| | | 144Acres |

Deconstruction, and demolition 15 CBE

These type of job's are what we have discuss with the Master Developer DMPED, and the DC Workforce Council, the community could be train to deliver. Out of the 3,000 permanent job's 73, plus 7 management job's equals 80 job's. This is less than 3% of the workforce planned for Walter Reed.

In the city of Baltimore, The Bio-Tech Association provided jobs has proven evidence that 34% of Bio-tech job's require less than a B/S degree. 1020 job's in computer generated graphics, and support job's could be a approximates number that could be trained to implement scopes of work. Computer Generated Graphic technology transcends all disciplines of employment related to research, bio-tech, and pharmaceutical trades.

For your edification these are the scopes of work that are scheduled to be on the campus of Walter Reed. Employment The requirements do not fall solely on the back of the Master Developer. Business operations within the complex with DC Government contract over \$500,000.00, are required to have training and/or apprenticeship programs.

----- Forwarded Message -----

From: Michael Jackson <mikejacksondc@yahoo.com>

Sincerely, Michael A. Jackson (202) 604-3097

----- Forwarded Message -----

From: Michael Jackson <mikejacksondc@yahoo.com>

To: ddesmond@maliluna.org <ddesmond@maliluna.org>; Genell Anderson <ganderson@udc.edu>

Sent: Friday, December 18, 2015 3:08 PM

Subject: Fw: Workforce is the solution

12/18/15

Chairman Phil Mendelson
DC City Council

Yesterday, I testified before your committee for approval of funding resources for Walter Reed. You informed me, your staff did not receive my written testimony. I sent my testimony to Mr.Cash, one of your staffers. Here it is again.

I trust you will receive the correspondence this time. I am sending it to Ms. Monique Smith. We request a meeting with you upon your review. The justification of my testimony, and meeting is to show case and relevancy to add workforce implementation funds to the pending funding bill for Walter Reed. The applications of a fund to implement workforce training for the purpose of generating permanent (FTE's) at Walter Reed, is the chance of a lifetime for DC residents, and the Government of the District of Columbia. We train and put people to work in need of employment,

Here is the testimony I gave yesterday, and attached is supporting data.

Written testimony of Michael Jackson

Funding of Walter Reed Act/Bill
to be supplemented with
Workforce Funds
Specific Training Application

I represent the Georgia Avenue Business Improvement District Development Corporation. (GaBiDDc), is a registered non-profit with 501- C (3) status, and a designated DMPED Great Streets Partner. The testimony is relevant to the hearing and community outcomes for workforce opportunities. The outcomes builds the taxable, and workforce base of the District of Columbia.

Workforce goes hand in hand with Development.

The use of Walter Reed, as a workforce incubator and laboratory would provide a hand-on space of implementation. The outcome would solve workforce deliver issues, lack of hand-on training space is one that comes to mind .

A presence of DC workers at Walter Reed addresses opportunity for actual employment of DC constituencies The facilities on site, provide a asset for various permanent jobs, scheduled for the site and within the DC Government.

Specifically, the objectives are to implement applications for employment of entry level trades in custodial, environmental, and building maintenance workers, city wide. The DC government maintains over 25 million square feet of buildings and facilities.. The need is based on the growth of the District of Columbia. Construction worker can be easily assimilated into permanent full time positions.

GaBiDDc, has and is developing curriculum, in collaboration with the University of the District of Columbia /Architectural Research Institute.

I have worked to accredit courses for UDC, and the Holy Comforter- Saint Cyprian Community Action Group. Outcomes of our join effort generated 150 jobs during the DCPS Schools Blitz for Non-Profits and DOES.

The course curriculum, is applicable to the mission and purpose of maintaining a cleaner, safer working environment within food, public and transportations facilities in the District of Columbia. The course, is Biological Chemical and Environmental, (BEC101). The purpose is to train workers in the science of cleaning, neutralization and containment of (BCE) hazards. A battery of courses related to Computer Generated Graphic's, could be applied and are applicable to the research businesses planned for the Walter Reed site. UDC provides some of these courses.

As a community non-profit (GaBiDDc) request, is for all non-profits mentioned in my verbal testimony. Catholic Charities, Community Action Group, Earth Conservation Corp, Sasha Bruce, United Planning Organization, the DC Department of Corrections, and Department of Employment Services,(DOES)Projects on Virtual Operating Systems, (DOES/VOS) will be the beneficiaries of the DC City Council decision to implement funding for workforce application within the Walter Reed Funding Bill.

What ever the final name of the, Act/Bill pending may be, workforce funds are a justifiable, fundamental component need of the District of Columbia. A process similar in format implemented for the justification of funds for pre-development work already under way at Walter Reed, is sound and has no negative fiscal impact for the Government of the District of Columbia. Members of the City Council, your hearing committee, the Developer of Records

concur. Workforce coupled with funding the acquisition for disposition of Walter Reed leads to permanent employable positions. for DC residents in all Wards.

Please allow our team to meet with you, for the purpose of validating outcomes possible, if implemented with "Scope of Work" required specific to the subject matter presented within the testimony. Attached is a article from the Washington Post, last week related to the issue of funding Workforce Programs.

The solution presented is a resolutions to solve the problem.

Respectfully,

Michael A. Jackson
(202) 604-3097

Subject: Fw: Workforce is the solution

9/12/15

Councilmember Grasso

The Georgia Avenue, Business Improvement District Development Corporation (GABIDDC), builds solution for sustaining our youth through workforce development. The outcomes of the work implemented, could lead to less guns and crime on the streets of Washington DC, if the DC Government would implement what is within the attachments. Please meet with me and the Executive Director of the Black Student Fund, we work together for the same cause. GABIDDC has work with Holy Comforter-St Cyprian Community Action Group, Earth Conservation

Corp, and UDC implementing workforce programs. During the school blitz Turnerallow 150 people to be trained, and put them to work. We can do the same for Walter Reed 3,000 job will be available. 1000 permanent jobs, could be for DC residents.

We are developing new curriculum. Coupled with the non-profit entices and DCPS High School the mission can be accomplished through collaboration. Walter Reed is a DC Government project that could effectively deliver employment factor for the District of Columbia. We need help in securing Walter Reed as a hand on workforce site, now. Training needs to start now for the work that will be under way, and/or is underway. The timeline, and scheduling of scope of work could be and should be a party to the pre-development schedule, rather than waiting to start when work begin.

The type of work area's we are concern about are environmental remediation and permanent caretaker grounds and maintenance work. The developer agrees with our organization on the type of jobs that can be permanent positions. How we get there, is yet to be determine.

Respectfully,

Michael Jackson
Chairman
GABIDDC
363616th Street, NW,
Unit BSF-421
Washington, DC 20010
(202) 604-3097

----- Forwarded Message -----

From: Michael Jackson <mikejacksondc@yahoo.com>
To: "tste@loc.gov" <tste@loc.gov>
Sent: Saturday, September 12, 2015 10:22 AM
Subject: Fw: Tax Deduction Slip

Sincerely, Michael A. Jackson (202) 604-3097

----- Forwarded Message -----

From: Michael Jackson <mikejacksondc@yahoo.com>
To: Christopher Holte <chris_holte@yahoo.com>; Yosef'joe Orlow <ganicmarket@yahoo.com>; Noe Villatoro <invillatoro101@gmail.com>; Elishewa Shalom <naturereflections@gmail.com>; Richard Layman <rlaymandc@yahoo.com>; Leroy Nesbitt <lnesbitt@blackstudentfund.org>; Andre Carley <andre.carley@gmail.com>; Weshunt21 <weshunt21@aol.com>; Harpal Mangat <harpalsmangat@me.com>; Patrick Farley <pfarley@wau.edu>; "LWasserman@lewcorp.com" <LWasserman@lewcorp.com>; "MBriglio@lewcorp.com" <MBriglio@lewcorp.com>; "Michael.Kelly@nycha.gov" <Michael.Kelly@nycha.gov>; Scott Nordheimer <snordheimer@urban-atlantic.com>; Todd Brandon (Council) <btodd@dccouncil.us>; Concerned Neighbors <concernedneighbors@hotmail.com>; Turner Dolly (Council) <dtturner@dccouncil.us>; Genell Anderson <ganderson@udc.edu>; Wayne White <dqwwhite@gmail.com>; Alan Forde <afwineseller@gmail.com>
Sent: Friday, September 11, 2015 1:12 PM
Subject: Fw: Tax Deduction Slip

9/11/15

Colleagues,

Support for young adults to become active, participating members of society and the economy directly correlates to lowering crime, and homicide rates in urban areas. In 2007 the DC Government commissioned the Brookings Institute, to prepare a study. The title of the study was entitled, "Building a City From Within".

Development of solutions, is the work of the Georgia Avenue Business Improvement District Development Corporation, (GABIDDC), based on outcomes recommended within the Brookings Institute study. (GABIDDC) capacity with educational partners, offers workforce training. Creating solutions for employment has the greatest return on investment

The objectives of the government of the District of Columbia, is to raise awareness for business economic development. GABIDDC through Maker Space Programs, and Workforce Training classes will participate in the DC Fair. The DC State Fair, will be helpful for citizen awareness.

GABIDDC delivers commonality to community goals, implementing action plans for programs. The purpose is to generate business and employment on Georgia Avenue, coupled with educational institutions. (GABIDDC's) plan, is to designate Georgia Avenue, as a destination for arts, biological, chemical and environmental scientific research. Building a presence on the campus of Walter Reed, through Workforce Programs, and EB-5 Programs is needed. Implementation in collaboration with educational entities Washington Adventist University, the University of the District of Columbia, the Black Student Fund and Certified Business Enterprises is how services, products and economic community benefits can be delivered.

Thank you for your support,

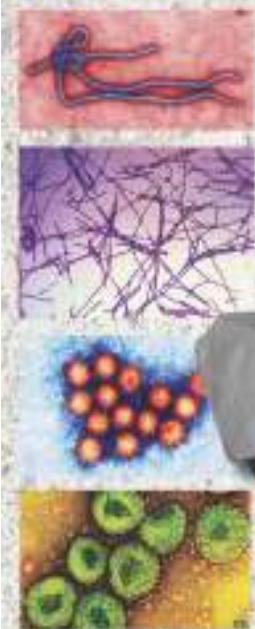
Michael A. Jackson
Chairman
GABIDDC
3636 16th Street, NW,
Unit BSF-421
Washington, DC 20010
(202) 604-3097

Georgia Avenue Business Improvement District &
Development Corporation

GABIDDC



The Workers and First Responders Manual for Biochemical and Environmental Hazards



By Michael A. Jackson, Risk Assessor
Dr. Richard Lee, D.D.S.



Georgia Avenue
Business
Improvement District
& Development
Corporation
GABIDDC

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(delete and change, using INSERT + TOC function, when chapters change – delete this instruction when chapter titles and headings are complete)

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Learning Objectives

The Objective of this class is to prepare students for dealing with Hazardous Waste and Bio Hazards. Students will learn how to **Prepare For, Recognize, Contain, Decontaminate, and Clean Up** threats, while protecting their own health and safety.

- 1. Preparation!:** Students will learn how to plan and prepare for an emergency or nearly any contingency. They will learn to keep a preparation kit available with basic supplies for self-preservation and response.
- 2. Recognize!:** Students will learn to **identify** and be able to deal with a comprehensive list of known threats and be generally prepared for unknown threats.
- 3. Triage!:** Students will learn how to prioritize what to do first based on symptoms, history and conditions. They will learn to get history information and how to transmit it to first responders or medical personnel.
- 4. Contain!:** Students will learn to protect themselves and the environment around them from the threat of spread of pathogens or exposure to hazardous substance and how to isolate the substance so it can be dealt with. Students will learn how to **isolate individuals** who have been exposed to a pathogen, for how long and what measures will protect everyone on scene from being contaminated themselves. They will learn procedures for protecting both their environment and person and to follow those directions precisely.
- 5. Decontaminate!:** Students will learn to **kill** and **eliminate** pathogens and how to **neutralize** hazardous substances using chemistry and cleaning agents. They will learn how to judge when an area is decontaminated.
- 6. Clean up!:** Students will learn to clean up a hazardous site so that it can safely be entered into or used again after the cleanup with confidence that no one will be harmed by contact with what was there.

Intr odu ction

It is vital for the general public to know — what to do — if one is faced, with a hazardous waste or Chemical, Biological, Radiological or Nuclear Explosive (CBERN) or other contamination emergency. It is intended to provide a reference guide for preparing for and dealing with such situations! "What to do if..."

The general population should be confident, that federal and local governments, are taking precautions as best practices, against the extreme conditions listed within this reference book. However, while precautions minimize and mitigate risk they do not eliminate them entirely. More than likely, we will face acts of terrorism, various Flu, Meningitis, Whooping Cough mutations, or other environmental hazards at some point. This detailed training manual is intended to be available to municipalities, schools, public and commercial facilities for the sake of both first responders, transportation and infrastructure providers and general cleaning staff who may be faced with an emergency. The goal of all emergency training is "Hope for the Best, Prepare for the Worst." One should train and drill personnel in the science of cleaning and what to do for containment situations — in order to avoid problems.

Sco pe

This Manual is intended to read in a manner similar to a physician's desk manual. It's intended to be a quick reference, as well as course material for both cleaning personnel and first responders. It is meant to be basic training in dealing with biohazards. This book is intended to provide essential information to be implemented with contextual hands-on learning techniques. It is based

on curriculum approved by HUD and EPA updated with information provided by other Subject Matter Experts (SME). This method of training is intended for Lead, Mold and Bio-cleaning abatement workers as well as people encountering contaminated environments in general.

Ho

w

to Use This Book

T

his book is written as a “Desk Manual” based on case studies and is meant to teach about bio-hazards, illustrate what to do and not to do in dealing with contaminants, disease and hazardous substances. This book was prepared using easy to understand industry standards and methodologies to better disseminate information. Thus it is intended to serve as a reference book as well as an instruction book. Each section includes illustrations and case studies outlining the telltale signs needed for a risk assessment of current conditions and appropriate counter-measures. Key data is from reference material for further reading listed in Appendix C. And additional information for detailed Cleaning Scenarios is in Appendix D. Definitions and Acronyms are listed in Appendix A.

Preparing for a CBRN Event

Lesson Mission:

Students will learn how to plan and prepare for an emergency or nearly any contingency. They will learn to keep a preparation kit available with basic supplies for self-preservation and response.

A Little Planning Can Go a Long way

Preparation before an incident will save time in implementing containment and cleaning counter measures – During an incident quick and accurate decisions and actions save lives. Doing some homework in advance is critical when a hazardous environmental issue presents itself. Preparing in advance thus has a giant payoff.

What should be in my readiness kit?

Before you even sit down tonight to rest, there are a few steps you should follow.

Ask yourself why? The FIRST thing you should ALWAYS do before going out into public spaces is to remember to pack a safety kit! One should carry the small essentials of PPE in your purse and/or brief case and keep such a kit handy. The Kit should contain:

- 1 Dusk mask
- 2 Tyvek suit(s)
- 3 Plastic gloves
- 4 Small spray bottle of Clorox bleach
- 5 Alcohol based cleaning swipes
- 6 Protective eye goggle(s)

Calculate their weight and space requirements. These protective PPE line item weigh less than 3 pounds and can easily fit into a purse, brief case and/or school bag. What's the point? They might save your life and the lives of someone you know from environmental hazards.

Situation Awareness:

The most important survival tool a person can have is Situation Awareness

The First Step in Containing The Threat is self protection:

Cleanliness is Self Preservation:

Dawning the Gear:

Deliberate Speed:

Good Habits require drilling oneself:

Knowledge Base Self Quiz

Identifying the Threats

Lesson Mission:

Recognize!: Students will learn to **identify** and be able to deal with a comprehensive list of known threats and be generally prepared for unknown threats.

Identifying Virus, Bacteria, Fungus agents

Infections can be either airborne or contact agents. **Airborne pathogens** are usually either a virus or the spore of a **bacteria** or **fungus** pathogen. Different pathogens have different durability. Some, like anthrax or mold spores, can be dangerous for long periods of time. Others, like Ebola or more common virus types are only contagious in a window while contained in droplets from nose or pours, blood or other agents.

What kind of virus, or contagion, one is dealing with is vital to know when dealing with a contamination incident. One should never assume that the contaminant is harmless however. One should always identify the particular contaminant and meanwhile treat infected surfaces as if the agent is durable, deadly and could get airborne, for the purpose of cleaning and decontamination. Even the common cold or the influenza virus can kill the vulnerable. Outside the scope of this manual are things like mosquito born viruses,

Identifying Biological Contaminants

What is...?*

Bacteria, Fungus and other Single Celled Organisms are tiny lifeforms that can cause infection when they get into a human or animal. Some can form spores that can survive outside the body for a long time. Most bacteria and other single celled organisms are harmless, commensal (where one benefits and other is unaffected) or even symbiotic (where both benefit) — but some are not.

What is...?*

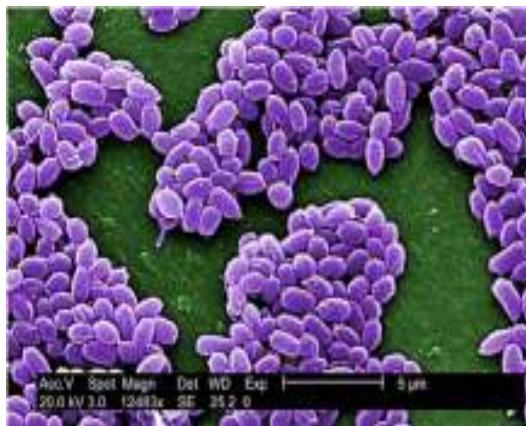
Anthrax

Anthrax is an acute disease caused by the bacterium *Bacillus anthracis*. Most forms of the disease are lethal, and it affects mostly animals. It is not normally contagious but can be transmitted through contact or consumption of infected meat. Effective vaccines against anthrax are available, and some forms of the disease respond well to antibiotic treatment.

B. anthracis can form dormant endospores (often referred to as "spores" for short, but not to be confused with fungal spores) that are able to survive in harsh conditions for decades or even centuries. Such spores can be found on all continents, even Antarctica. When spores are inhaled, ingested, or come into contact with a skin lesion on a host, they may become reactivated and multiply rapidly.

Superbugs & Tuberculosis

At one time tuberculosis cases were a leading cause of death in modern cities. It was nearly eradicated through the combination of isolating patients and treating them aggressively with antibiotics and cleaning and decontaminating the places they had been. The Bacteria which produces Tuberculosis is making a comeback due to *the spread of antibiotic resistance among pathogenic bacteria in general*.



Cholera And enteric Diseases

Some diseases present with nausea, diarrhea or similar (enteric disease). Some of them are bacteria and some are virus caused. Among the bacteria causing enteric diseases are cholera, dysentery and diseases caused by pathogenic cousins of otherwise commensal bacteria.



What is...?*

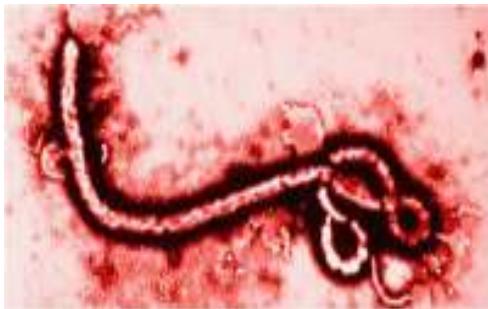
Viruses:

A Virus is a microbial agent that uses our own bodies individual cellular DNA and RNA to take over cells and cause disease. Some Viruses are harmless, some only can survive outside body for limited times. The largest category of infections are in the virus category. Viruses come in literally millions of forms. Some are airborne, waterborne, live on surfaces, in the earth, on our skins or in our bodies. The vast majority are innocuous.



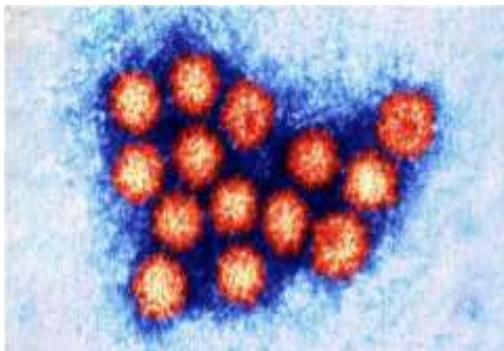
Ebola

Ebola virus disease (EVD; also Ebola hemorrhagic fever, or EHF), or simply Ebola, is a disease of humans and other primates caused by ebola viruses. Signs and symptoms typically start between two days and three weeks after contracting the virus with a fever, sore throat, muscular pain, and headaches. Vomiting, diarrhea and rash usually follow, along with decreased function of the liver and kidneys. At this time some people begin to bleed both internally and externally. The disease has a high risk of death, killing between 25 and 90 percent of those infected, with an average of about 50 percent.



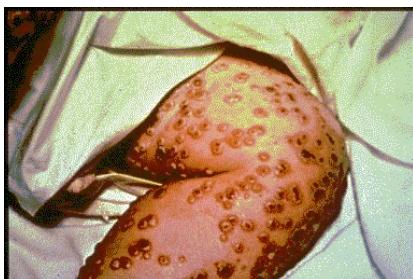
Norovirus & Rotavirus

Norovirus sometimes known as the winter vomiting bug in the UK, is the most common cause of viral gastroenteritis in humans. It affects people of all ages. The virus is transmitted by fecally contaminated food or water, by person-to-person contact, and via aerosolization of the virus and subsequent contamination of surfaces. The virus affects around 267 million people and causes over 200,000 deaths each year; these deaths are usually in less developed countries and in the very young, elderly and immunosuppressed. A similar virus "Rotavirus" mainly kills children



Smallpox

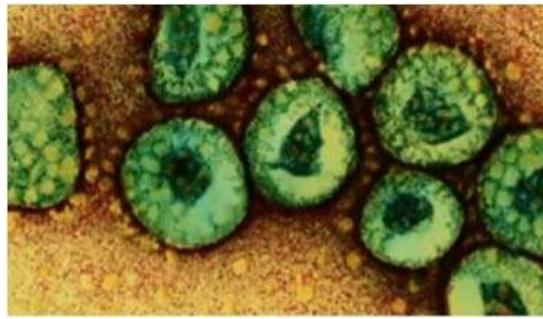
Smallpox is another virus that was nearly eradicated due to heroic inoculation and isolation efforts. It too started to make a comeback due to warfare, poverty and the failure of the World Community to follow through on eradication efforts.



What is...?*

SARS

Severe acute respiratory syndrome (SARS) is a viral respiratory disease caused by the SARS coronavirus (SARS-CoV). Between November 2002 and July 2003, an outbreak of SARS in southern China caused an eventual 8,096 cases and 774 deaths reported in multiple countries with the majority of cases in Hong Kong (9.6% fatality rate) according to the World Health Organization (WHO). Within weeks, SARS spread from Hong Kong to infect individuals in 37 countries in early 2003.



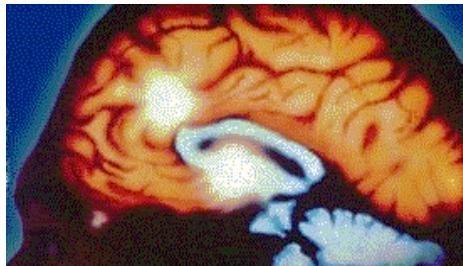
Mold

A mold or mould is a fungus that grows in the form of multicellular filaments called hyphae. Molds are considered to be microbes and do not form a specific taxonomic or phylogenetic grouping, but can be found in the divisions Zygomycota and Ascomycota. Molds cause biodegradation of natural materials, which can be unwanted when it becomes food spoilage or damage to property. They also play important roles in biotechnology and food science in the production of various foods, beverages, antibiotics, pharmaceuticals and enzymes. Some diseases of animals and humans can be caused by certain molds: disease may result from allergic sensitivity to mold spores, from growth of pathogenic molds within the body, or from the effects of ingested or inhaled toxic compounds (mycotoxins) produced by molds.



Meningitis

Meningitis is an inflammation of the membranes (meninges) surrounding your brain and spinal cord. The swelling associated with meningitis often triggers the "hallmark" signs and symptoms of this condition, including headache, fever and a stiff neck.



Most cases of meningitis in the U.S. are caused by a viral infection, but bacterial and fungal infections also can lead to meningitis.

Chemicals, Toxins, Radiological Contaminants

Chemicals, Toxins and Radiological contaminants are liquid, gaseous, or solid substances that require special handling, protective gear. These pose a variety of threats including fire, explosiveness. Contact immediate or "acute" poisoning, "stochastic" long term impacts from exposure, burning to skin or internal organs and asphyxiation. Sometimes the threats come in combination. Radioactive substances

can burn the skin but draw most of their danger from their effects within individual living cells which can cause cancers and energy related disease in the long term. The same is true with some bio-chemical toxins.

What is...?*

Lead

Lead is a chemical element in the carbon group with symbol Pb and atomic number 82. Lead is a soft, malleable and heavy post-transition metal. Metallic lead has a bluish-white color after being freshly cut, but it soon tarnishes to a dull grayish color when exposed to air. Lead has a shiny chrome-silver luster when it is melted into a liquid. It is also the heaviest non-radioactive element. Lead is used in building construction. If ingested, lead is poisonous to animals and humans, damaging the nervous system and causing brain disorders. Excessive lead also causes blood disorders in mammals. Lead is a neurotoxin that accumulates both in soft tissues and the bones.



Heavy Metals,

In addition to lead there are other heavy metals with similar or worse profiles of toxicity; Mercury, Cadmium, Arsenic all can be environmental contaminants and poison people.

Radioactive Heavy metals

In addition to their toxicity there are some radioactive materials that also cause radiation poisoning: Polonium, radioactive bismuth, Uranium, Thorium, Plutonium, etc... all belong to a list of periodic table elements that have more or less neutrons than they should in order to be stable atomically. These elements shed three primary kinds of radioactivity regularly: Alpha radiation (a helium nucleus), Beta Radiation (an excited electron) and gamma radiation. In addition some elements eject neutrons and more exotic radiation. They are very dangerous and workers need to not only wear protective gear, but also limit any time around them and avoid getting too near.

What is...?*

Toxic Petro-chemicals

There are literally thousands of petro-chemicals ranging from Methane through Pentane to exotic things like the Benzene ring and chemicals that have bioactivity. A lot of them are also toxic.

Identifying Symptoms

Many infectious diseases and toxic chemicals have overlapping Symptoms. So in some cases one is dealing with symptoms that could be caused by different agents. The following pages show some of the more likely symptoms one may encounter.

How to Identify Symptoms of:*

Bacteria, Fungus and other Single Celled

Organisms are tiny lifeforms that can cause infection in a variety of ways. For that reason for the layperson it is best to focus on similar diseases because similar symptoms will be treated similarly.

Anthrax

A skin lesion will create a really ugly sore like the one in the image. But the airborne form produces respiratory and enteric symptoms:

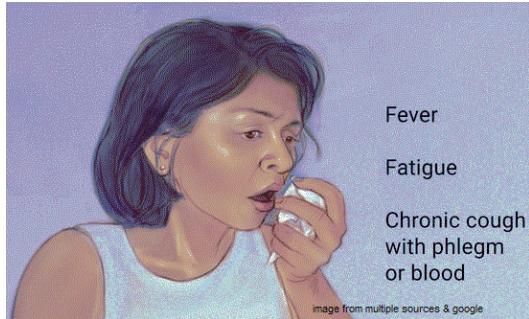
- Nausea.
- Vomiting.
- Abdominal pain.
- Headache.
- Loss of appetite.
- Fever.
- Severe, bloody diarrhea in the later stages of the disease.
- Sore throat and difficulty swallowing.



How to Identify Symptoms of:*

Tuberculosis

- Excessive coughing, coughing up of blood, persistent cough for three weeks or more
- Fever
- Weight loss, loss of appetite
- Chills
- Fatigue, malaise
- Night sweats



Cholera And enteric Diseases

Some diseases present with nausea, diarrhea or similar (enteric disease). Some of them are bacteria and some are virus caused. Among the bacteria causing enteric diseases are cholera, dysentery and diseases caused by pathogenic cousins of otherwise commensal bacteria.



Enteric Viruses:

A Virus is a microbial agent that uses our own bodies individual cellular DNA and RNA to take over cells and cause disease. Some Viruses are harmless, some only can survive outside body for limited times. The largest category of infections are in the virus category. Viruses come in literally millions of forms. Some are airborne, waterborne, live on surfaces, in the earth, on our skins or in our bodies. The vast majority are innocuous.

Ebola and Hemorrhagic fever:

- 1 fever,
- 2 sore throat,
- 3 muscular pain, and headaches.
- 4 Vomiting, diarrhea and rash usually follow,
- 5 decreased function of the liver and kidneys.
- 6 bleeding internally and externally.

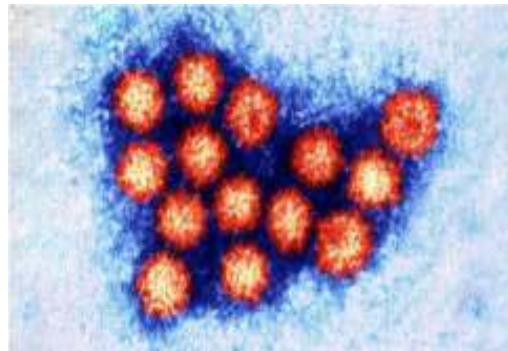


How to Identify Symptoms of:*

Norovirus & Rotavirus,

Infection is characterized by:

- 1 nausea,
- 2 forceful vomiting,
- 3 watery diarrhea,
- 4 abdominal pain, and in some cases, loss of taste.
- 5 General lethargy,
- 6 weakness, muscle aches, headache, and
- 7 low-grade fever may occur.



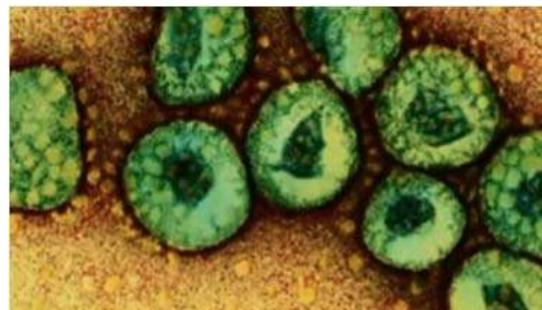
Symptoms of Smallpox

- 1 Fever
- 2 Appearance of spots—initially on face, hands, forearms and trunk. These lesions turn into blisters. Scabs form into deep scars.
- 3 Headache
- 4 Severe fatigue
- 5 Severe back pain
- 6 Vomiting
- 7 Chills
- 8 Abdominal pain
- 9 Reddened eyes



Symptoms of SARS

1. Headache
2. Diarrhea
3. High fever
4. Dry Cough
5. Shortness of breath
6. Chills
7. Muscle aches
8. Pneumonia

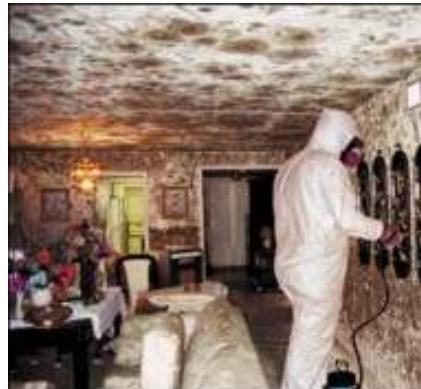


How to Identify Symptoms of:*

Mold:

Allergic sensitivity to mold spores or other Allergens

- 1 Sneezing.
- 2 Runny or stuffy nose.
- 3 Cough and postnasal drip.
- 4 Itchy eyes, nose and throat.
- 5 Watery eyes.

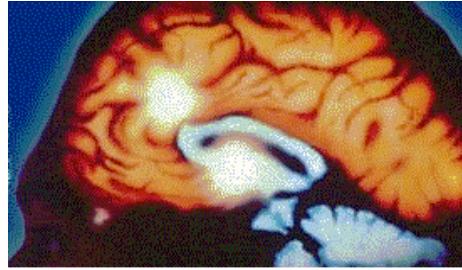


Mold in body, or mold toxins

- 1 Can generate a large variety of symptoms and require a doctor's diagnosis.

Symptoms of Meningitis

- 1 Skin rash (red or purple)
- 2 High fever
- 3 Stiffness of the neck
- 4 Chills, cold hands and feet
- 5 General fatigue, sleepiness
- 6 Vomiting
- 7 Severe headaches
- 8 Delirium, confusion
- 9 Rapid breathing
- 10 Seizures



Cautionary!

Note; symptoms for diseases often overlap with other disease possibilities. So the job of a remediation workers or first responder is to record symptoms and pass the information to medical staff. Let the doctors do the definitive diagnosis. These symptoms lists should be memorized for options on how to respond to those symptoms. An sneeze might be an allergy or it could be something more serious.

Case Study lessons

Knowledge Base Self Quiz

Take this self **quiz**:

- 1 Which of the following is not usually a symptom of Meningitis
 - Seizures Skin rash (red or purple)
 - Blood coming out of orifices ()

Comment [CHH1]: This is an example

- High fever
- Stiffness of the neck
- Chills, cold hands and feet
- General fatigue, sleepiness
- Vomiting
- Severe headaches
- Delirium, confusion
- Rapid breathing
- Seizures

2 Which of the following is not usually an early symptom of Ebola

- **fever,**
- **sore throat,**
- **muscular pain, and headaches.**
- **bleeding internally and externally.()**

Triaging/prioritizing

Response

Lesson Mission:

Students will learn how to prioritize what to do first based on symptoms, history and conditions. They will learn to get history information and how to transmit it to first responders or medical personnel.

Superbugs— Antibody resistant microbes

The real struggle in dealing with contaminants is dealing with the arms race between humans and their pathogens. The pathogens adapt to our efforts to control or eliminate them. Some are hard to kill with cleaning regents. Some are hard to treat with antibiotics. Living creatures resist efforts to kill them.

Natures Arms Race

All pathogens are in an arms race with humans. Anti-bodies produced by vaccinations don't work on diseases different from the one that the anti-body is produced for. If anthrax spores or other diseases are not killed by the remediation workers, the ones that emerge will be difficult to kill by the same method.

New Strains

New strains can defeat disease resistance by being different bio-chemically from their relatives. This gives them resistant both to the natural antibodies our bodies produce to fight pathogens, and to antibiotics like penicillin that are invented in a laboratory or found in molds and other natural organisms.

Antibiotic Resistance

Bacteria that survive an antibiotic start to develop what is known as "resistance to antibiotics." Worse, Bacteria can sometimes share the genetic material that makes them resistant to remediation efforts. Thus when an antibiotic such as penicillin starts to fail, that failure soon spreads both through the increased reproduction of resistant strains, and from them sharing genetic material with other bacteria. That is why when antibiotic resistance appears it's probably a good idea to take the antibiotic off the market and try another, or even try multiple antibiotics together. That is an issue for the medical community but it makes life difficult for all of us.

Cleanliness is Godliness

The best defense from infection is cleanliness. With tools and surfaces there are some treatments that will kill anything that is made of carbon and neutralize any organism that is based on DNA/RNA. Autoclaves, some cleaning regents, etc.... are a mandatory option in preventing disease spread. And

while cleaning our persons can't guarantee we won't come into contact with something or that we kill 100% percent of it, cleanliness will save lives. Some diseases require a threshold in numbers to overwhelm our natural immunity.

Protective Gear is Mandatory!

But you don't want to count on that. The best protection against pathogens is to wear protective gear.... And to keep that protective Gear Super Clean!!! And sometimes that protective gear has to be burned or autoclaved if one doesn't want to be contaminated by that which keeps us safe. There are some bugs that can survive in extreme temperatures and cause infection afterwards.

Case Study lessons

Knowledge Base Self Quiz

Containing the Threat

Lesson Mission:

Students will learn to protect themselves and the environment around them from the threat of spread of pathogens or exposure to hazardous substance and how to isolate the substance so it can be dealt with. Students will learn how to **isolate individuals** who have been exposed to a pathogen, for how long and what measures will protect everyone on scene from being contaminated themselves. They will learn procedures for protecting both their environment and person and to follow those directions precisely.

Securing the Area:

Isolating the exposed from the unexposed:

Cases for Particular Threats

Knowledge Base Self Quiz

Decontamination/ Remediation – Neutralizing the Threat

Lesson Mission:

Students will learn remediation. They will learn to **kill** and **eliminate** pathogens and how to **neutralize** hazardous substances using chemistry and cleaning agents. They will learn how to judge when an area is decontaminated.

Remediation Techniques



Cases for How to Clean/Eliminate Pathogens:

How to Decontaminate/Remediate Exposed places:*

General Guidelines:

When one is not sure what pathogen one is dealing with. One should assume it is a persistent virus or spore carried disease and treat it as if it were SARS, Anthrax or Ebola.

1. Always wear protective gear and put it on carefully as instructed in "Dawning the Gear"
2. Always put samples in secure sample containers and use care when handling them, under direction of professional medical staff.
3. Always thoroughly scrub clean all surfaces in the affected area using a strong cleaner that is proven to kill pathogens in general, and use the one that is the strongest and kills the worst case pathogen one thinks it might be.
4. It is better to err on the side of caution. Bag and tag all porous materials. If uncertain about the pathogen one can then wait to dispose of them until one gets a lab report. If they can be disposed of as hazardous waste, do so.
5. Seal the chamber/room to make sure nothing gets out. Clean the room outside the infected

How to Decontaminate/Remediate Exposed places:*

- area before and after entering the room.
- 6. Clean or dispose of anything that came in contact with the infection.
- 7. Ensure you never touch anything that might have been infected or touched the infection.
- 8. When working with potentially airborne pathogens (mold, anthrax, airborne viruses) always wear a respirator.

SARS and other Cleaning resistant Diseases:

SARS is more resistant than most viruses— it will persist for several days. If not treated it would take up to 45 days at room temperature to destroy the virus. Because the SARS virus is so dangerous it is in the same classification as Smallpox and Anthrax. A team of professionals who are properly trained and uses protective gear should decontaminate it. Porous materials should be bagged and disposed of as hazardous waste.

Step 1: Ozone Treatment for infected rooms (SARS):

The application of ozone is suggested for decontamination. Ozone is effective in dealing with SARS and other difficult to kill pathogens

Treatment of the room by Ozone:

- 1 Use of an Ozone generator is most efficient.
- 2 This is best done by a professional staff.
- 3 Run generator for 30 minutes,
- 4 and allow 30 minutes to disperse before entering room.
- 5 Ozone is safe, environmentally, with O₃ chemically converting to back to Oxygen.

Step 2: Treatment of Hard Surfaces (SARS):

In addition to treatment with Ozone room contents should be further treated:

For treatment on hard surfaces, it is suggested a solution of Sodium Hypochlorite 500ppm, (bleach) with 60-70% alcohol. Two agents, Germ Shield or DECON Seven are effective and approved.

- 1 Use a solution of 5% sodium hypochlorite with 60-70% water.
- 2 Wipe down surfaces using a sponge.
- 3 Porous items should be bagged and disposed of as hazardous waste.

Ebola

Mix 1 part of bleach to 9 parts water.

- 1 Porous surfaces are not easily treated. All porous materials and substances should be bagged properly and taken to hazardous waste.
- 2 Wipe hard surfaces with bleach mixture using a sponge.
- 3 For spills, pour directly onto surface and then wipe down.

For even better results:

- 1 Fill room with static electric charge
- 2 Scrub room with a high concentration of hydrogen peroxide. This method is more effective since it is able to attack the virus which is sometimes missed when using a bleach solution.

Bacteria contaminations

When dealing with bacteria that can form spores, the treatment should be similar to dealing with hard to kill viruses. The treatment prescribed for anthrax will usually work:

Anthrax:

Can be treated in a number of ways.

- 1. Prepare a solution of acidified bleach 1.) 1 cup bleach 2.) 1/2 gallon of water 3.) 1 1/2 cup of 5% vinegar (acetic acid)
- 2. Wipe all hard surfaces with the solution

Spores can also be neutralized by using glutandehyde with glycerin or sodium bisulfite.

How to Decontaminate/Remediate Exposed places:*

1. Heat 2 hours at 92-100 degrees centigrade (197.6- 212 degrees Fahrenheit).

This is best done by a professional staff.

4

Mold and other Fungus contaminations:

Cleaning mold should be done using protective gear and respirators.

The mold must be scrubbed off and physically removed.



Comment [CHH2]: Needs more info

Instructions for How to Eliminate hazardous materials:

Case Study lessons

Knowledge Base Self Quiz

Final Cleanup

Lesson Mission:

Students will learn to clean up a hazardous site so that it can safely be entered into or used again after the cleanup with confidence that no one will be harmed by contact with what was there.

Verifying that the cleanup is complete:

A cleanup is not complete until a number of final conditions can be met:

Comment [CHH3]: This is filler.

1. All possibly contaminated or porous materials have been bagged and tagged.
2. Lab Results are back saying what was treated and it is confirmed that the right treatment was used and there is no further contamination.
3. All surfaces have been washed down and treated and no trace remains of the contamination, blood products, waste products or any biological or hazardous materials.
4. All protective gear has been secured for cleaning or disposal as hazardous waste.

Case Study lessons

Knowledge Base Self Quiz

Lesson --- *Summary* */Test*

This quiz is intended to evaluate your subject knowledge and help you determine whether you've absorbed the contents of this manual.

Appendix

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Appendix A – List of Acronyms

Appendix B – Acknowledgements, Dedications and Resumes

My name is Michael Jackson. When I was a child my father worked for the National Institutes of Health in the research center, which was the NIH containment building for experimentation. I WOULD WATCH HIM RESEARCH OUTCOMES OF DRUG INTERACTION WITH MONKEYS, rats, frogs, ETC... The containment facility practiced protocols of research, with great care given to containment and cleaning procedures, as the research was conducted. I learned at an early age the value of PPE CONTAINMENT, AND CLEANING, IN A CONTAINMENT FACILITY. For the record my father was trained as a mortician in college. He knew how to handle the dead, I hated to go to work with him because eventually all of the experimental animals would die.

The procedures and protocols I wish to share are my experiences as a Risk Assessor for environmental hazardous materials. The upside of this story is I am still alive to share what I have lived through with my dad, and what I practice today. This training manual is written to transcend Best Practices for Neutralization, Bio-chemical hazards, PPE and donning and doffing preparation, containment, remediation cleaning, and abatement procedures.

A special thanks to **Richard Albright** Ph.D, JD chemical and biological weapons specialist, and **Dr. Richard Lee**, DDS and chemical specialist for their input on how to defuse a hazardous environmental situation and what chemicals to use. The case study presented herein is applicable to what to do, specifically for dust airborne particles, like lead, and mold spore, and can be applied in the containment and cleaning of public and residential environments.

This book is dedicated to my father, mother and those who work to make the earth a better place for all of humanity.

Appendix C – Case Studies and Additional Reading

T

he information presented within this book are based on are actual and relevant case studies and procedures implemented the District of Columbia Department of Housing and Community Development (DHCD) and the District Department of the Environment (DDOE) as well as DC and Federal government agencies responsible for housing and environmental issues. This course manual complies with federal government, HUD and EPA standards. This book is prepared using easy to understand industry standards and methodologies to better disseminate information approved by HUD/EPA in the process of implementing the Scope of Work (SOW) typically found in residential housing and public space facilities. The case study is prepared within the SOW approved by federal and District of Columbia Best Practices, to cope effectively with environmental conditions presented within the housing and public space requirements according to DC code and federal registry standards.

The information in the book is based on case studies and is meant to illustrate the things to do and not to do in dealing with contaminants, disease and hazardous substances. dos and don't dos information presented within the case studies are actual and relevant to procedures implemented the District of Columbia Department of Housing and Community Development (DHCD) and the District Department of the Environment (DDOE), the DC government agencies responsible for housing and environmental issue. This course manual complies with federal government, HUD and EPA standards. This book is prepared using easy to understand industry standards and methodologies to better disseminate information approved by HUD/EPA in the process of implementing the Scope of Work (SOW) typically found in residential housing and public space facilities. The case study is prepared within the SOW approved by federal and District of Columbia Best Practices, to cope effectively with environmental conditions presented within the housing and public space requirements according to DC code and federal registry standards.

The book begins with a concise case study, outlining the telltale signs found within a risk assessment, summarizing current conditions and appropriate counter-measures. Next comes essential information based on a SOW to be implemented with contextual hands-on learning techniques. The author has merged the applications implemented within the case study with curriculum approved by HUD and EPA. This method of training generates the maximum learning environment for Lead, Mold and Bio-cleaning abatement workers. The reference data is followed by detailed SOW's , prescribed information for Lead, Mold and Bio-cleaning of environmental hazardous conditions in residential housing and public spaces.

Appendix D – External references

**The Workers and First
Responders Manual
for Biochemical and
Environmental Hazards**



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**TESTIMONY OF ADVISORY NEIGHBORHOOD COMMISSIONER (ANC) 4A03
BEFORE THE DC CITY COUNCIL OF THE WHOLE
SUPPORTING PASSAGE OF THE "WALTER REED DEVELOPMENT OMNIBUS
ACT OF 2015"
DECEMBER 15, 2015**

Submitted by: Stephen A. Whatley
Address: 1315 Fern Street NW
Washington, DC 20012
Telephone: 202-720-4590
Organization: Advisory Neighborhood Commission 4A
Title: Commissioner 4A03

**TESTIMONY OF ADVISORY NEIGHBORHOOD COMMISSIONER (ANC) 4A03
BEFORE THE DC CITY COUNCIL OF THE WHOLE
SUPPORTING PASSAGE OF THE “WALTER REED DEVELOPMENT OMNIBUS
ACT OF 2015”
DECEMBER 15, 2015**

My name is Stephen A. Whatley and I represent Advisory Neighborhood Commission Single Member District 4A03 (ANC4A03). Thank you very much for this opportunity to testify in writing on the “Walter Reed Omnibus Act of 2015” (“ACT”). I fully support passage of the “ACT”. The site in question is located in my Single Member District and I have lived across the street from Walter Reed for nearly 30 years. I must note that since there was the concept of a portion of the Walter Reed site coming to the District of Columbia, ANC 4A and the community have participated in over 100 meetings concerning the Walter Reed site. My wife Annie Whatley was a member of the Local Redevelopment Authority Committee. In order to balance the homeless assistance needs of the community with the economic redevelopment needs of the community, the Walter Reed LRA solicited Notices of Interest (NOI) from State and Local Homeless Assistance Providers (HAP) and Public Benefit Conveyance (PBC) organizations. There was full community participation in the selection process for the NOI's, the selection of the Master Developer, and the development of the Small Area Plan (SAP), which has evolved into the Master Developer's master plan called The Parks at Walter Reed. An important concept often raised is the question of whether or not the site should become a destination site. Meaning, should this site attempt to attract non-area residents to the campus for amenities outside of work on the campus. While supporting accomplishment of the full project plan, ANC 4A recommended that the site be developed in a way that is respectful of and compatible with the surrounding community. The SAP clearly called for destination retail tenants and activities within The Parks at Walter Reed. I and other community representatives will work to ensure that development is done in a way that preserves and enhances the strong quality of life in our neighborhoods.

I must note, unfortunately due to the dearth of time, ANC 4A was unable to consider the “ACT” at a regularly scheduled meeting. The hearing was scheduled after our December 1st meeting but prior to our scheduled January 6, 2016 meeting. ANC 4A should have been given the opportunity to submit a resolution. This “great weight” opportunity was lost.

ANC 4A concurred with the four goals as espoused in the SAP. The goal of ANC 4A in developing its resolution of support was to find a fair way to develop the property with the least adverse impact on the neighborhood, enhancing the amenities available to the residents of the community and the District of Columbia; while preserving the opportunity for the developer to earn a reasonable rate of return on their investment and minimizing the cost to the District of Columbia government.

In addition, in 2012, ANC 4A supported and the DC Council approved the Reuse Plan and the Homeless Assistance Submission through the “Walter Reed Army Medical Center Base Realignment and Closure Homeless Assistance Approval Act of 2012”. The Reuse Plan envisioned a vibrant campus integrated into the community through expanded retail opportunities, preservation of open space, creative use of historic assets into cultural and educational uses, job creation for District residents, and the development of various housing options to support a range of incomes and needs.

The Office of the Deputy Mayor for Planning and Development (DMPED), as the Walter Reed Local Redevelopment Authority (WRLRA), developed the Walter Reed Reuse Plan which includes approximately 2,100 residential units (including affordable), 2 charter schools, a town center with a large format grocer and neighborhood serving retail, accommodation for homeless veterans and seniors, a non-emergency ambulatory care clinic, and preservation of many historic buildings and 14 acres of open space. This is consistent with the Comprehensive Plan, and would implement the objectives and development parameters of the approved Small Area Plan (SAP), which supplements the Comprehensive Plan. The SAP focused on four goals:

1. Integrate the site with the community
2. Provide a Mix of Uses
3. Create New Jobs and Revenue for DC
4. Activate the site;

In July 2015, the DC Zoning Commission took final action voting 5-0 in support of the new Walter Reed zones which allows matter-of-right development on Walter Reed to implement the Reuse Plan and included a specific requirement for 432 affordable units within the site. ANC 4A resolved on March 3rd, 2015, with a quorum present, voting to recommend approval of the New Zoning Plan. I testified at the D.C. Board of Zoning Appeals hearing on April 2, 2015, stating ANC 4A's recommendation of approval of the New Zoning Plan for the District of Columbia's portion of the Walter Reed campus. The proposed text and map amendments would create and implement the Walter Reed (WR) Zone, which would allow mixed use development on the former Walter Reed site, including development ranging from moderate- to high-density.

There are 5 major key points that I must make concerning economic development and benefits of the site as proposed by the Master Developer:

1. A. Tax Revenue

There is an anticipated **\$44 million in new annual taxes** including the following:

- \$11.1 million in property taxes
- \$19.7 million in income taxes (personal and corporate)
- \$4.3 million in transfer and recordation taxes (average annual over development period)
- \$6.9 million in sales taxes
- \$2.1 million in hotel and parking taxes
- \$190 thousand in corporate taxes.

B. Job Creation

There is an estimated increase in jobs:

- 5,499 temporary direct jobs, plus an additional 4,399 indirect and induced jobs, over the development period
- 2,073 permanent direct jobs, plus an additional 1,659 indirect and induced jobs, in research, healthcare, management, sustainability, retail and hospitality.

2. Economic Activity

There is a potential increase in economic activity in Ward 4:

- \$948 million in development investment
- \$230 million in CBE revenue (construction period)
- \$92 million in annual retail sales
- \$128 million in onsite employment salaries
- \$168 million in new District resident salaries
- \$7.3 billion over 20 years.

3. Local Business Development including CBE

Local Business development is a part of the development plan. The proposed levels are:

- 20% CBE Equity Participation Commitment
- 35% CBE Contracting Commitment,
- CBE Participation on Development Team Local Nonprofit Participation on Development Team
- Local Business Development Goals established with District agencies and Ward 4 economic development organizations:
- Connect District businesses, in particular local Ward 4 businesses, to contracting opportunities related to the WRAMC development
- Connect local businesses to small business resources available in the District
- Leverage the WRAMC project to create economic development opportunities and benefits to local Ward 4 businesses and strengthen the Georgia Avenue corridor.

4. Workforce Development including Local Hiring

Local Hiring is part of the Workforce Development Plan:

- First Source & Apprenticeship Program Agreement Commitment – goals established according to DSLBD guidelines effective at time of project planning – minimum 51% of new hires
- Workforce Development Goal established with District agencies and Ward 4 economic development organizations: Connect District residents to job training and job placement opportunities related to the WRAMC development
- Workforce Development Resources & Partners identified to date:
 - a. Master Development Team Members – MIT Community Strategies Lab*, THC*
 - b. District of Columbia Agencies – Workforce Investment Council* (DC American Job Centers, Youth Grants, Certifying Workforce Trainers, Workforce Intermediary Pilot Project); Dept. of Employment Services* (American Job Centers, Apprenticeships, Project Empowerment, Senior Community Service Employment Program); UDC Workforce Development & Lifelong Learning; Dept. of General Services Workforce Incentive Program
 - c. Citywide Non Profit & Private Organizations – SOME*, NURISH*, UPO, Opportunities Industrialization Center, Bread for the City
 - d. Ward 4 Economic Development Organizations – Listed under Small Business Development Above*
 - e. * = Master Developer has already met and begun planning with these organizations in order to ensure that the foundation is laid for training and placing District residents in jobs created by WRAMC.

5. Development Program

I must note that development of the site will encompass different concepts. The goals, vision and development program set forth by the SAP and envisioned by the Master Developer include several components with particularly significant economic development impacts:

- **Science & Commerce Industry Hub**

The Master Development Team has committed Bioscience and Health users ready to locate in the Science & Commerce Park. George Washington University's School of Medicine and Life Sciences has proposed to bring its

McCormick Genomic and Proteomic Center, Genomic's Technology Transfer Incubator, Genomics Summer Camp, Medical Faculty Associates and the Clinical and Translational Science Institute in partnership with Children's National Medical Center. BioTrial SA, one of Europe's leading pharmaceutical research companies, would also like to open its Mid-Atlantic headquarters at Walter Reed. Together with Howard University Hospital, these institutions form the foundation for a healthy innovation center at Walter Reed, strengthening the District's ability to compete for Bioscience companies to locate in the city and bringing new jobs to the District.

- **Retail**

- The Development Team's retail partner, Weingarten, has strong relationships with the over 5,000 tenants in its 280 retail centers nationwide, including several of the anchors that have been targeted by the District for Walter Reed, such as Wegman's, Target and Whole Foods. Combined with their commitment to and experience with including local retailers, they have the capacity to execute world class retail at Walter Reed and bring new jobs to the District.

- **Affordable Housing**

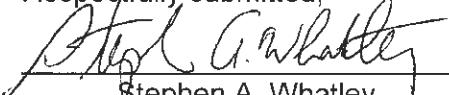
- Without creating affordable and workforce housing, a city cannot create true economic development. The Development Team's affordable housing plan for Walter Reed commits to twice the District's requirements under Inclusionary Zoning: 20% affordable and workforce housing at Walter Reed, including 114 units targeted to the very lowest level income of 30% AMI or lower. Too many of the government employees and service sector employees who serve us have to commute over two hours a day from wide distances outside the District of Columbia. This situation does not result in a sustainable workforce, and the Development Team's plan seeks to help change it.

DMPED has negotiated for the acquisition of the property with the U.S. Army to affect an Economic development conveyance of the parcel after securing DC Council approval. The key here is the district is buying the site from the Army and the Development Team will be buying or leasing the property from the District.

Upon Council approval of the "ACT", the District will be able to acquire title to the land from the U.S. Army. Simultaneously, the district will effectuate a 29 year 11 month ground lease to the Developer. Over the term, the District will then transfer some parcels to component developers in fee simple.

In closing, ANC 4A03 requests that the Council approve the "Walter Reed Omnibus Act of 2015". I hope the Council will look at the recent development in Petworth, U Street, and the Navy Yard and the impact on the nearby communities. Thank you for the opportunity for me to submit testimony as ANC4A03 on this topic. Please forward me any questions you may have.

Respectfully submitted,



Stephen A. Whatley

Advisory Neighborhood Commissioner 4A03

To:

The Committee of the Whole, Council of the District of Columbia,
John A. Wilson Building,
1350 Pennsylvania Avenue, N.W., Suite 410
Washington, D.C. 20004

Walter Reed Army Medical Center Home for Disabled Veterans

I am a Washingtonian who have had the opportunity to work and collaborate with our U.S. military soldiers. I worked with these men and women who faithfully have served our country in Afghanistan, Iraq, Haiti, and other conflict regions. Walter Reed Army Medical Center sits on sacred grounds. The preservation of this 66 acres historic site would better serve as housing, a rehabilitation center, and/or a job training facility for the wellness of our disabled U.S. military veterans. The Walter Reed Army Medical Center served the nation's military for over 106 years. Through World War I and II, Korea, Vietnam, Iraq and Afghanistan conflicts the medical center treated over two hundred thousands of injured American soldiers and their families. Our borders are kept safe by our soldiers, in return; U.S. citizens have a moral obligation to our service members and their families. The historic Walter Reed site is ideal for American citizens to repay our soldiers in honor of their commitment to the U.S. I appeal that the site not be used primarily for retail space.

Recently, there has been a rise in veteran homelessness. Veterans are more likely than civilians to experience homelessness.(i) Like the general homeless population, veterans are at a significantly increased risk of homelessness if they have low socioeconomic status, a mental health disorder, and/or a history of substance abuse. Yet, because of veterans' military service, this population is at higher risk of experiencing traumatic brain injuries and Post-Traumatic Stress Disorder (PTSD), both of which have been found to be among the most substantial risk factors for homelessness.(ii) Additionally, veterans often experience difficulty returning to civilian life, particularly those without strong social support networks, and may not have skills that can be easily transferred to employment outside of the military.(iii) Veterans face the same shortage of affordable housing options and living wage jobs as all Americans, and these factors—combined with the increased likelihood that veterans will exhibit symptoms of PTSD, substance abuse, or mental illness—can compound to put veterans at a greater risk of homelessness than the general population.

The recently proposed plan for Hines Interests and Urban Atlantic developers of the 66-acre are planning on building 250,000 square feet of retail, 2,000 housing units, a Hyatt hotel and conference center, and an "Innovation Core" of offices anchored by George Washington University, MIT and bioscience/pharmaceutical companies.

Walter Reed Army Medical Center is a historic site for U.S. soldiers and their family. In the spirit which the facility was created and to repay our American heroes, the historic Walter Reed Army grounds redevelopment should not be developed for retail space on the 66 acres, instead it should be used for our disabled and homeless veteran soldiers.

Y

ⁱ Fargo, J et al. Prevalence and Risk of Homelessness Among US Veterans. 2012.

ii Metraux, S., Clegg, L., Daigh, J., Culhane, D., & Kane, V. Risk Factors for Becoming Homeless Among a Cohort of Veterans Who Served in the Era of the Iraq and Afghanistan Conflicts. 2013.

iii National Coalition for Homeless Veterans. Background and Statistics: FAQ About Homeless Veterans. Accessed March 2015.

WANDA GABRIEL

From: Yoshino, Keiko (EOM) [mailto:keiko.yoshino@dc.gov]
Sent: Wednesday, January 20, 2016 4:35 PM
To: LeFevre, Cynthia (Council)
Cc: Durant, ChanTei (EOM)
Subject: WReed follow up

Hi Cynthia,

Please find attached our answers to the Committee questions. Let me know if you require further information.

Keiko



DMPED is using economic data to drive positive change, build good government, and create more pathways to the middle class. Check out our new [Economic Intelligence Dashboard](#) and follow our progress.

(1) Does Davis Bacon apply?

We do not believe the Davis Bacon Act is applicable to the Walter Reed disposition and redevelopment because the redevelopment does not involve a public work or public building. The Walter Reed redevelopment will be undertaken by private developers, with private funds and in furtherance of primarily private interests. Individual construction projects may utilize financing that may impose Davis Bacon requirements.

In regards to CityCenter Davis Bacon determination case, the case is currently pending before the U.S. Court of Appeals for the D.C. Circuit on appeal by the U.S. Department of Labor from the U.S. District Court for the District of Columbia. While the Department of Labor (DOL) administratively determined that the Davis Bacon Act applied to the project, DOL's determination was overturned by the District Court. The District Court found the CityCenter project to be neither a public work nor a public building and, thus, not subject to the Davis Bacon Act.

(2) What would be the impact if the Council imposed Davis Bacon or prevailing wage on the project?

Since we do not believe that Davis Bacon would apply to this project, the financial analysis and feasibility studies did not include Davis Bacon related cost increases. We have asked both the development team and our independent consultants to evaluate the potential impact of a legislative imposition of Davis Bacon type prevailing wage requirements on this legislation.

There is no current funding source in the project to accommodate this increase.

(3) Is there a workforce development plan? Where would this plan be embedded in the documents?

DMPED is currently negotiating with the Development team a Workforce Development plan. The Plan will be final before the LDA is executed.

(4) What happens if an NOI leaves? Do they have to be replaced?

Should an NOI user leave the project prior to the Army transfer, DMPED would inform our federal partners that the District intends to proceed to closing while communicating our plans to select an alternate user providing similar services. We do not believe such an event would cause a significant delay.

We do not believe an NOI departure after the transfer would trigger any federal action; however, the District and Developer would work together to identify a suitable replacement that keeps the project consistent with the Master Plan and the underlying zoning.

(5) What additional funding will the NOIs receive?

FEMS Engine Company 22 Relocation-- \$12M (FEMS capital budget)

- Relocation of FEMS Engine Company 22 to the former WRAMC Building 18

SOME-- \$5.8M (DHCD)

- So Others Might Eat will occupy former WRAMC Building 17 and create 40 units of permanent supportive housing for formerly homeless seniors

HELP USA-- \$7.3M (DHCD)

- HELP USA will redevelop the southern portion of former WRAMC Building 14 into 75 units of permanent supportive housing for formerly homeless veterans.

THC-- No District funding at this time

- Transitional Housing Corporation will occupy 6,000 SF of office space in the southern portion of Building 14 for supportive housing programming and will use their own funds for redevelopment. THC will partner with one of the master developer JV partners on an affordable senior building in northern half of Building 14, though not as a part of the NOI program.

DCI-- \$1.25M OSSE SOAR Grant

- DCI will redevelop former Walter Reed Building 11 into a public charter school using private capital, along with per pupil DC charter school funding.

Howard University- no District funding at this time

- Howard University will redevelop former WRAMC Buildings 6 & 7 into a non-emergency ambulatory care clinic.

TOTAL ESTIMATED DISTRICT FUNDS: \$26.35M



February 11, 2016

VIA HAND DELIVERY

Honorable Phil Mendelson
Chairman
Chair, Committee of the Whole
1350 Pennsylvania Avenue NW
Suite 504
Washington, DC 20004

Re: Supplement to "Walter Reed Development Omnibus Act of 2015" Legislative Package

Dear Chairman Mendelson:

In early November, our Office submitted the Walter Reed Development Omnibus Act of 2015. Subsequent to submission and the Council hearing, two items were raised (1) financing for Notice of Interest (NOI) users and (2) the District's Letter of Credit obligation.

(1) Financing for NOI

As previously stated in the legislative package, the District will ground lease the site to the Developer for 29 years and 11 months (the "Lease Term"). The Developer would then sublease the parcel to the NOI user for the equivalent amount of time. The issue raised post-submission was that some NOI users were having difficulty obtaining financing for build out with the allotted Lease Term. In order for the NOI users to obtain financing, they needed to show additional certainty of site control beyond 29 years and 11 months. In an effort to ameliorate these concerns, the District restructured the deal, ensuring certainty beyond the prescribed Lease Term.

As originally contemplated, the District would ground lease the entire Walter Reed site to the Developer and the Developer would sublease to the NOI users simultaneously. Upon completion of the horizontal development of the entire site, the District's ground lease with the Developer would extinguish and the District would take over the remainder of the Lease Term with the NOI user.

Now, in lieu of waiting until completion of Walter Reed's entire horizontal development, the trigger for the District to take over the Developer's NOI sublease is NOI stabilization. NOI stabilization is defined as one year of occupancy and operations at the NOI parcel. Additionally, if the NOI user is a *homeless assistance provider*, they will have the option to request a fee simple transfer from the District after stabilization. If the NOI user is a *public benefit conveyance user*, they will have the option to request an extension to the Lease Term from the District.

We believe this change in structure will alleviate the concerns raised by the NOI users and will assist NOI users in the financing of the build out at the NOI parcels.

NOI financing related revisions:

- (a) Changing the time period for which the NOI parcels are subject to the ground lease between the Developer and the District;
- (b) Permitting a fee simple transfer of the NOI parcels to the homeless assistance providers; and
- (c) Permitting an extension of the lease term for the NOI parcels to public benefit conveyance users.

To conform with the above mentioned changes, the Walter Reed Development Omnibus Act of 2015 ("Bill"), the Land Disposition Agreement ("LDA"), and Term Sheet ("Term Sheet") all had to be revised. Specifically, Section 3(i), 3(j) and Section 5 of the Bill, Section 2.3 of the LDA, and term "Land Disposition Agreement, Disposition Structure and Ground Lease" in the Term Sheet.

Brian T. Kenner
Deputy Mayor



(2) District's Letter of Credit Obligation

Under the terms of the draft EDC, the Army requires the future payments of the purchase price due to the Army to be secured by a letter of credit. Originally, the Developer was to provide the letter of credit to the Army. However, as a result of comments and recommendations received by the Office of Chief Financial Officer, the Developer and my office agreed to move the obligation for the letter of credit obligation from the Developer to the District.

Letter of Credit Obligation Revision:

- (a) Shifting the obligation to obtain and maintain a letter of credit in favor of the Army from the Developer to the District.

To conform with the above mentioned changes, the Walter Reed Development Omnibus Act of 2015 ("Bill"), the Land Disposition Agreement ("LDA"), Term Sheet and Economic Development Conveyance agreement ("EDC") all had to be revised. Specifically, changes to the payment obligations contained in Section 2.6.2, 2.6.2(2), 5.1.2 of the LDA, Schedule 2.6.3 of the LDA and Article 3 of the EDC.

In addition, on February 8, 2016 you transmitted a letter with additional questions. In response, I would like to note the following submissions and clarifications.

(a) Developer campaign contributions were sent to the Committee of the Whole as follows:

- Urban Atlantic (sent January 28th, 2016)
- Hines (sent January 28th, 2016)
- Triden (sent January 30th, 2016)

(b) DMPED sent to the Committee of the Whole the following:

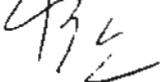
- Follow up questions and responses related to the hearing (sent January 20th, 2016)
- Updated LDA, EDC, Amended Term Sheet, and Revised legislation (sent January 27, 2016)
- Updated Legal Sufficiency from Office of the Attorney General (sent January 28, 2016)

(c) DMPED submits its legislative packages to Council in their most current form. Due to legal requirements and business necessities, as well as in order to limit confusion caused by multiple drafts, DMPED does not supplement the legislative package with draft schedules or exhibits.

(d) DMPED submitted a draft Workforce Development Plan on January 21, 2016 explaining that the plan was still under negotiation and that it was still in draft form. Accompanying this letter is a more recent draft of the Workforce Development Plan, in which the details, such as the date of completion, has changed back to "before the LDA is executed." The confusion with conflicting information was due to submitting a draft document.

We hope this clarifies any ambiguity regarding the Walter Reed Development Omnibus Act of 2015. Please contact me if you have any further questions. We appreciate the Committee of the Whole's attention to the legislation.

Sincerely,



Brian T. Kenner
Deputy Mayor

BTK/ipw

Cc: Mr. Randall Clarke, Director for Walter Reed Development, EOM, DMPED
Ms. Maia Estes, Director, Office of Policy and Legislative Affairs, EOM
Mr. Sarosh Olpadwala, Director of Real Estate Development, EOM, DMPED
Mr. Andrew Trueblood, Chief of Staff, EOM, DMPED
Keiko Yoshino, Esq., Director, Legislative Affairs, EOM, DMPED

AMENDED TERM SHEET

Disposition of the Former Walter Reed Army Medical Center

| | |
|---|--|
| Date | January 28, 2016 |
| Seller (Landlord) | District of Columbia ("District"), acting by and through the Deputy Mayor for Planning and Economic Development ("DMPED"). |
| Buyer (Tenant) | TPWR DEVELOPER LLC ("TPWR") comprised of a joint venture between Hines WR LLC, UAD Walter Reed LLC and Trident Development Group, LLC, and its successors, assigns, or affiliates (the "Developer"), as approved by DMPED or permitted under the LDA (defined below). |
| Property | The land and improvements in Washington, D.C., which was a portion of the site formerly known as the Walter Reed Army Medical Center, which land is known as part of Parcel 319/5 and all of Parcel 319/4 (collectively, the "Property"). |
| Land Disposition Agreement, Disposition Structure and Ground Lease | Subject to the terms of the Land Disposition Agreement ("LDA"): 1. Upon the District's acquisition of the Property in fee simple from the Army, the District will enter into a Ground Lease of the Property to Developer with a lease term of 29 years and 11 months. 2. The Developer will enter into subleases with the homeless assistance providers and public-benefit providers. 3. The Developer is obligated to design, develop and construct the "Horizontal Development" (as defined in the LDA). 4. Upon Developer's selection of "Component Developers" (as defined in the LDA), District will convey the subject parcel in fee simple to the applicable Component Developer, who will be obligated to design, develop and construct the "Vertical Development" (as defined in the LDA). 5. To the extent necessary for the development of the Horizontal Development and Vertical Developments, District will convey easements to utility providers for the provision of utilities to, from and across the Property. 6. In the event Developer purchases the tenant's leasehold under the "Housing Lease" (as defined in the LDA) prior to the expiration of LDA and Ground Lease, the District will convey the "Housing Land" (as defined in the LDA) in fee simple to Developer. 7. If the Housing Lease remains in effect as of the date on which the final phase of Horizontal Development is substantially complete, the District will convey the Housing Land to the Owners' Association (as defined in the LDA) to manage the Housing Lease. 8. Once Developer substantially completes the phase of Horizontal Development in which any "Common Element" (as defined in the LDA) is located, District will convey the land and improvements comprising the Common Element in fee simple to the Owner's Association. |

| | |
|------------------------------|--|
| | <p>9. Upon the date that is one year following the later to occur of (a) the issuance of a permanent certificate of occupancy for an “NOI Occupancy Building” (as defined in the LDA) or (b) the commencement of the homeless assistance provider’s program operations consistent with the applicable LBA (as defined in the LDA), at the request of the subject homeless assistance provider, the District will convey the “NOI Parcel” (as defined in the LDA) and “NOI Occupancy Building” in fee simple to the homeless assistance provider.</p> <p>10. Upon the date that is one year following the later to occur of (a) the issuance of a permanent certificate of occupancy for an “NOI Occupancy Building” (as defined in the LDA) or (b) the commencement of the public-benefit provider’s program operations consistent with the applicable MOA (as defined in the LDA), at the request of the public-benefit provider, the District will extend the lease term on such terms as are mutually acceptable to District and the public-benefit provider.</p> |
| Consideration | \$25,000,000 (the “Purchase Price”), payable pursuant to the LDA. |
| The Project | The Horizontal Development and Vertical Development at the Property are projected to consist of approximately 3.1 +/- million square feet of improvements that will be consistent with the Walter Reed Reuse Plan, the Walter Reed Medical Center Small Area Plan and other applicable zoning requirements. |
| Affordable Housing | <p>The Vertical Developments containing residential units will comply with the applicable provisions of the zoning requirements (11 DCMR §3540), which requires no fewer than 432 affordable housing units across the Property at final build-out.</p> <p>Of the 432 units:</p> <ul style="list-style-type: none"> (a) No less than 114 rental units shall be reserved for and provided at rents affordable to households earning thirty percent (30%) or less of the Area Median Income (“AMI”), (b) No less than 139 units shall be reserved for and provided at rents or sales prices affordable to households earning fifty percent (50%) of the AMI or less, and (c) No less than 179 units shall be reserved for and provided at rents or sales prices affordable to households earning eighty percent (80%) of the AMI or less. |
| Conditions of Closing | <p>District’s obligation to ground lease the Property to Developer will be conditioned on the following, in addition to other District standard conditions of closing:</p> <ul style="list-style-type: none"> • Developer having secured financing and equity to fund the initial phase of Horizontal Development. • Developer providing the District development and completion |

| | |
|--------------------------------------|--|
| | <p>guarantees for the initial phase of the Horizontal Development.</p> <p>District's obligation to convey parcels in fee simple to Component Developers will be conditioned on the following, in addition to other District standard conditions of closing:</p> <ul style="list-style-type: none"> • Developer has achieved Substantial Completion (as defined in the LDA) of the Horizontal Development required for construction to occur on the subject parcel, except to the extent the Component Developer commits to complete such construction. • Component Developer shall have entered into a First Source Agreement and CBE Agreement. |
| Green Building Requirements | Developer shall construct the Project in compliance with the Green Building Act of 2006, D.C. Official Code §§ 6-1451.01 et seq., as amended, as applicable to the different components of the Project. |
| Schedule of Performance | See attached <u>Exhibit A</u> . |
| Certified Business Enterprise | The Developer will enter, and each Component Developer will enter, into an agreement that will require the Developer and Component Developer, as applicable, to contract with Certified Business Enterprises for at least 35% of the contract dollar volume of the Project, and shall require at least 20% equity and 20% development participation of Certified Business Enterprises. |
| First Source Requirements | The Developer will enter, and each Component Developer will enter, into a First Source Agreements with the Department of Employment Services that shall govern obligations of the Developer and Component Developer, as applicable, pursuant to D.C. Official Code §§ 2-219.03, as amended, and Mayor's Order 83-265 (November 9, 1983) regarding job creation and employment generated as a result of the construction on the Property. |

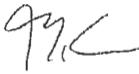
INTENTION AND LIMITATIONS OF THIS TERM SHEET

1. The Developer and DMPED acknowledge that they have prepared and signed this Term Sheet for the sole purpose of obtaining the approval of the Council of the District of Columbia (the "Council") to the proposed transaction. The Developer acknowledges that DMPED's negotiation of the LDA and the preparation of this Term Sheet, DMPED's signature on this Term Sheet, and submission of this Term Sheet and supporting documents to the Council shall not bind the District to execute the LDA or to convey the Property to the Developer. The Developer further acknowledges that, notwithstanding Council authorizing the conveyance of the Property, the District has no obligation to do so absent the District and the Developer duly executing the LDA and satisfaction of the conditions contained therein. In the event DMPED or the Mayor determine, in their sole and absolute discretion, to withhold submission of this Term Sheet and supporting documents to the Council or to otherwise decline to secure Council authorization for the conveyance, DMPED may terminate negotiations with the Developer and the District shall not be responsible for the Developer's costs and expenses incurred in relation to the Property or the Project.
2. The Developer acknowledges that all approvals required of the Council will be granted or withheld in the sole and absolute discretion of the Council and that, absent Council approval of the proposed transaction, DMPED has no authority to convey the Property to the Developer. The Developer acknowledges that it is signing this Term Sheet prior to obtaining all necessary Council approvals. In the absence of such approvals and execution of the LDA, the Developer proceeds at its sole risk and expense with no recourse whatsoever against the District.
3. The Developer and DMPED agree that upon receipt of all necessary Council approvals, and subject to the Developer's completion of environmental testing of the former greenhouse area, transformers and groundwater under building 4 and satisfaction for a method to address environmental issues identified during such testing, the Developer and DMPED intend to finalize and execute the LDA governing all of the terms and conditions of the conveyance of the Property.
4. Until the Developer and DMPED enter into the binding LDA, both the Developer and DMPED reserve the right to proceed with the proposed transaction in their sole and absolute discretion. Upon the execution of the LDA, the Developer and DMPED shall proceed in accordance with the terms of the LDA.

DMPED and the Developer have caused this Term Sheet, dated January ___, 2016, to be signed and acknowledged by their respective duly authorized representatives.

DISTRICT OF COLUMBIA, by and through the Office of the Deputy Mayor for Planning and Economic Development

BY:


Brian T. Kenner
Deputy Mayor for Planning and Economic Development

TPWR DEVELOPER LLC

By: Hines WR LLC
a Delaware limited liability company, Managing Member

By: Hines TPWR Associates Limited Partnership,
its sole member

By: Hines Interests Limited Partnership,
its general partner

By: Hines Holdings, Inc.,
its general partner

By: 
Name: Charles Watters, Jr.
Title: Senior Managing Director

By: UAD WALTER REED LLC,
a District Columbia limited liability company,
Managing Member

By: Urban Atlantic Development LLC,
a Delaware limited liability company

By: 
Name: Victoria S. Davis
Title: MANAGING PARTNER,
LLC

EXHIBIT A
SCHEDULE OF PERFORMANCE

Horizontal Development:

| Milestone Event | Outside Date¹ |
|--|---|
| Commence Demolition of Building 2 | Within 9 months after Closing |
| Open Initial Open Space for public access and use | Within 12 months after Closing |
| Open Great Lawn to public access and use | Within 24 months after Closing |
| Complete restoration of Great Lawn | Within 60 months after Closing |
| Substantially Complete the Horizontal Development entitled to be developed and sell or market for sale to Component Developers and for a minimum of cumulative 600,000 sf of GFA (including NOI Parcels) | Within 5 years after Closing |
| Commence interim use of Building 1 or sell Building 1 to a Component Developer | Within 72 months after Commencement of Demolition of Building 2 |
| Substantially Complete the Horizontal Development entitled to be developed and sell or market for sale to Component Developers and for a minimum of cumulative 1,500,000 sf of GFA (including NOI Parcels) | Within 10 years after Closing |
| Substantially Complete the Horizontal Development entitled to be developed and sell or market for sale to Component Developers and for a minimum of cumulative 2,200,000 sf of GFA (including NOI Parcels) | Within 15 years after Closing |
| Substantially Complete the Horizontal Development entitled to be developed and sell or market for sale to Component Developers and for a minimum of cumulative 3,100,000 sf of GFA (including NOI Parcels) | Within 20 years after Closing |

Vertical Development:

| Milestone Event | Outside Date² |
|--|---|
| Commence Construction of each Vertical Development | Within 24 months after the Release Parcel Closing |
| Substantially Complete all Vertical Development | Within 23 years after the Effective Date of the LDA |

¹ As may be subject to Excusable Development Delays under Section 9.8 of the LDA and extensions under Section 9.9 of the LDA.

² As may be subject to Excusable Development Delays under Section 9.8 of the LDA and extensions under Section 9.9 of the LDA.

AGREEMENT
BETWEEN
UNITED STATES DEPARTMENT OF THE ARMY
AND
THE DISTRICT OF COLUMBIA
FOR
THE ECONOMIC DEVELOPMENT CONVEYANCE
OF

A PORTION OF THE FORMER WALTER REED ARMY MEDICAL CENTER
LOCATED IN
WASHINGTON, DC

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- Exhibit A Property Description
- Exhibit B-1 Form Deed A
- Exhibit B-2 Form Deed B
- Exhibit B-3 Surveys for Form Deed A
- Exhibit B-4 Surveys for Form Deed B
- Exhibit C-1 Form Letter of Credit
- Exhibit C-2 Optional Consideration Payment Requirements for a Letter of Credit
- Exhibit D Alternative Payment Option at Closing
- Exhibit E Annual Financial Statement Format
- Exhibit F Ground Lease DACA 65-1-04-39
- Exhibit G-1 Form Land Easement to WRLRA
- Exhibit G-2 Description of Land Easements to WRLRA
- Exhibit H-1 Form Building 2 Easement
- Exhibit H-2 Description of Building 2 Easement
- Exhibit I Third Party Consideration Payments
- Exhibit J Memorandum of Agreement Between the United States Department of State and Government of District of Columbia

**AGREEMENT BETWEEN
UNITED STATES DEPARTMENT OF THE ARMY AND
THE DISTRICT OF COLUMBIA FOR
THE ECONOMIC DEVELOPMENT CONVEYANCE OF
A PORTION OF THE FORMER WALTER REED ARMY MEDICAL CENTER**

THIS AGREEMENT ("Agreement") is made and entered into by and between the **Department of the Army** ("Army"), **acting by and through the Deputy Assistant Secretary of the Army (Installations, Housing and Partnerships)**, and the **District of Columbia**, a municipal corporation, whose mailing address is 1350 Pennsylvania Avenue, NW (Suite 317), Washington, D.C. 20004, in its capacity as the designated Local Redevelopment Authority (hereinafter referred to as the Walter Reed Local Redevelopment Authority or "WRLRA" or "District") (individually each a "Party" and collectively the "Parties") as of the date of the last signature of a Party affixed hereto ("Effective Date").

RECITALS:

WHEREAS, the United States of America is the owner of certain real property, improvements, and related personal property located in Washington, DC, and commonly referred to as the former Walter Reed Army Medical Center ("Installation"); and

WHEREAS, the Installation was closed on August 27, 2011 pursuant to and in accordance with the Defense Base Closure and Realignment Act of 1990 (part A of title XXIX of Pub. L. No. 101-510; 10 U.S.C. § 2687 note), as amended ("Act"); and

WHEREAS, the WRLRA was established by Mayoral Order 2006-21 pursuant to sections 422(6) and 423 of the District of Columbia Home Rule Act of 1973, as amended, 87 Stat 790, Pub. L. No. 93-198, D.C. Official Code § 1-204.22(6) (2001) and D.C. Official Code § 1-204.23(a) (2001), respectively, for developing and implementing a redevelopment plan with respect to the Installation; and

WHEREAS, the WRLRA is recognized by the Department of Defense, Office of Economic Adjustment, as the entity responsible for identifying local redevelopment needs and preparing a redevelopment plan for the Army to consider in the disposal of Installation property and to coordinate and oversee implementation of the plan; and

WHEREAS, the Final Reuse Plan developed by the WRLRA for the Installation dated July 13, 2012 ("Reuse Plan") was determined by the Department of Housing and

Urban Development on January 24, 2014 to be in compliance with the requirements of the Base Closure Community Redevelopment and Homeless Assistance Act of 1994, 10 U.S.C. § 2687 note, as amended, and its implementing regulations at 24 C.F.R. Part 586; and

WHEREAS, the WRLRA has made an application to the Army for an economic development conveyance ("EDC") of a portion of the Installation in accordance with the Act and the implementing regulations at 32 C.F.R. § 174.9, and

WHEREAS, the Army approved the WRLRA's application for an EDC of an approximately 66.25-acre portion of the Installation, together with certain related personal property, by letter to the WRLRA dated _____, 2016;

NOW, THEREFORE, in consideration of the mutual promises contained in this Agreement and other good and valuable consideration, the sufficiency of which is hereby acknowledged, the Parties hereto, intending to be legally bound, agree as follows:

ARTICLE 1. DEFINITIONS

As used in this Agreement, unless the context otherwise requires or unless otherwise expressly provided, the following terms shall have the following meanings:

"Act" shall mean the Defense Base Closure and Realignment Act of 1990 (part A of title XXIX of Pub. L. No. 101-510; 10 U.S.C. § 2687 note), as amended.

"Army" shall mean the Department of the Army acting by and through the Deputy Assistant Secretary of the Army (Installations, Housing and Partnerships).

"CERCLA" shall mean the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (42 U.S.C. § 9601 et seq.).

"Closing" shall mean the closing date for the settlement and conveyance of the entire Property by the Army to the WRLRA as provided for herein.

"Easements" shall mean, collectively, the easements described in Sections 2.07 and 2.08.

“Economic Development Conveyance” or “EDC” shall mean a conveyance of real and personal property for purposes of job generation as authorized by 2905(b)(4) of the Act and the implementing regulations at 32 C.F.R. § 174.9.

“Finding of Suitability to Transfer” or “FOST” shall mean the document, including any amendments thereto, required by Army Regulation 200-1 evidencing the Army’s determination that real property is environmentally suitable for transfer by deed under CERCLA §120(h). A FOST must demonstrate that either the property is uncontaminated or that all necessary remediation has been completed or is in place and operating properly and successfully.

“Installation” shall mean the former Walter Reed Army Medical Center located in Washington, DC.

“Property” shall mean the parcel of real property located at the Installation containing approximately 66.25 acres, together with the improvements, and Related Personal Property (as defined below) located thereon, more particularly described in **Exhibit A**, attached hereto and made a part hereof.

“Reinvestment Period” shall mean the period beginning on the Closing date and continuing for a period of seven (7) years.

“Related Personal Property” shall mean the personal property of the United States of America located on the approximately 66.25-acre portion of the Installation to be conveyed to the WRLRA that is an integral part of, related to, designed for, or specially adapted to the functional use of the said real property, the removal of which would significantly diminish the economic value of the said real property or as determined by the Army to be related to the real property.

“Walter Reed Local Redevelopment Authority” or “WRLRA” shall mean the government of the District of Columbia.

ARTICLE 2. AGREEMENT TO ACQUIRE AND CONVEY

2.01. The Army agrees to convey the Property to the WRLRA, and the WRLRA agrees to accept the said conveyance, pursuant to the terms of this Agreement.

2.02. Reserved.

2.03. The Army shall convey the Property to the WRLRA by two quitclaim deeds, Deed A and Deed B substantially similar in form to that shown in **Exhibit B-1** and **Exhibit B-2** respectively (each a “Deed” and collectively the “Deeds”), attached hereto and made a part hereof. The portion of the Property that will be conveyed by the Army to the WLRA pursuant to Deed A is more particularly described in **Exhibit B-3** and the portion of the Property that will be conveyed by the Army to the WLRA pursuant to Deed B is more particularly described in **Exhibit B-4**. Closing shall occur at a place and time that is mutually agreeable to the Parties, but not later than thirty (30) calendar days after Department of State grants the easements to the WRLRA as identified in the Memorandum of Agreement between the United States Department of State and Government of the District of Columbia attached hereto as **Exhibit J** and the Army delivers the following documents in final form for execution by the WRLRA (collectively, the “Closing Documents”):

- i. Deed A
- ii. Deed B
- iii. Easements described in Sections 2.07 and 2.08
- iv. DC Real Property Recordation and Transfer Tax Form FP 7/C for the Property (“Tax Form”).

2.04. The Army and WRLRA intend to execute the Closing Documents on or within thirty (30) days after the Effective Date, as determined by the Army and WRLRA (“Closing Date”). To the extent the Army and WRLRA are not able to agree on a Closing Date, if the WRLRA fails to execute the Closing Documents in final form or a portion thereof, within thirty (30) days of Army delivery of the Closing Documents in accordance with Section 2.03, the Army may terminate this Agreement in accordance with Section 10.01 or enter into an interim lease with the WRLRA, under the authority provided in 10 U.S.C. § 2667, requiring in consideration the WRLRA to assume responsibility for all costs associated with the protection and maintenance of the Property.

2.05. The term of any lease entered into by the Army and the WRLRA pursuant to Section 2.04, above, shall be for one year and shall commence on the 31st calendar day following the Army’s delivery of the Closing Documents in accordance with Section 2.03 to the WRLRA for execution. If the WRLRA delivers the executed Deeds to the Army prior to the expiration of such lease, the Army shall then execute the Deeds and deliver them to the WRLRA for recordation. If the lease expires prior to WRLRA executing the Deeds, the Army, at its discretion, may extend the term of the lease or terminate this Agreement.

2.06. The WRLRA hereby acknowledges that a 1.081-acre portion of the Property known as "Buildings 8 and 9" is subject to Ground Lease Number DACA 65-1-04-39 entered into as of July 1, 2004, by and between the Army and Fort Detrick/Walter Reed Army Medical Center Housing LLC and as amended by Supplemental Agreement No. 1 to Department of the Army Ground Lease DACA 65-1-04-39, effective as of July 1, 2011 (as amended, the "Ground Lease"), attached hereto as **Exhibit F**. The term of the Ground Lease currently expires on June 30, 2054. The WRLRA shall accept conveyance of the Property subject to such Ground Lease.

2.07. At Closing, the Army shall grant to the WRLRA the easements on the land commonly referred to as the "State Department portion of Walter Reed" as set forth on **Exhibit G-1**, and described on **Exhibit G-2**.

2.08. At Closing, the Army shall grant to the WRLRA, for the consideration set forth herein, an easement for a period of up to three (3) years and nine (9) months from the date of the Closing for the area along the west side of Building 2 adjacent to the Property to permit the demolition of Building 2 and removal of debris ("Building 2 Easement"). The easement shall terminate upon completion of the work identified in the easement or upon the expiration of such easement term, whichever occurs first. The form of Building 2 Easement is attached as **Exhibit H-1**, and the description of such Building 2 Easement is attached as **Exhibit H-2**.

2.09. The Army agrees to cooperate with the WRLRA in the transfer of the Title V Clean Air Act permit, provided that the Army shall not be required to expend funds to effect such transfer.

ARTICLE 3. CONSIDERATION AND PAYMENT TERMS

3.01. For and in consideration of the conveyance of the Property by the Army to the WRLRA, the WRLRA agrees to pay the Army twenty two million five-hundred thousand dollars (\$22,500,000.00), in cash. Such \$22,500,000.00 shall be due to the Army in installment payments as described below:

Payment #1 - \$10,000,000.00 on the date of Closing

Payment #2 - \$12,500,000.00 within twelve (12) months of the Closing Date

3.02. Not later than the Effective Date or at least thirty (30) days prior to Closing, the WRLRA shall have the option, upon written notice to the Army, to amend the consideration to \$25,000,000 by making the payments in accordance with **Exhibit D-1** in lieu of the consideration and payment schedule set forth in Section 3.01.

3.03. Provision of a Letter of Credit. The WRLRA shall provide a Letter of Credit (“LOC”) to Army in accordance with the following and such LOC will serve as security for all deferred payments due to the Army by the WRLRA.

- (i) As a condition precedent to the Army incurring any obligation whatsoever under this Agreement, based on a total payment of \$22,500,000 in accordance with Section 3.01, the WRLRA shall provide at or before Closing a LOC in the amount of \$12,500,000 in favor of the Army, (1) issued by an investment grade entity, and (2) in a final form acceptable to the Army in accordance with the requirements and form set forth in **Exhibit C-1**, attached hereto and made a part hereof.
- (ii) If WRLRA notifies the Army not later than the Effective Date that it will make the payments in accordance with Section 3.02, based on a total payment of \$25,000,000, the WRLRA shall provide at or before Closing a LOC in the amount of \$20,000,000 in favor of the Army, (1) issued by an investment grade entity, and (2) in a final form acceptable to the Army in accordance with the requirements and form set forth in **Exhibit C-2**, attached hereto and made a part hereof.

3.04. Reserved

3.05. Payments made to the Army shall be made by wire or electronic funds transfer or cashier's check and shall be made payable to: “Treasurer of the United States” and sent to: Baltimore District, U.S. Army Corps of Engineers, Attn: CENAB-RE, 10 S Howard Street, Baltimore, MD 21201. Each payment shall be sent with a letter advising the payment is to be deposited into the BRAC account in consideration for the Economic Development Conveyance of the Property. The letter shall also state the remaining balance that is due. A request to make payments by Electronic Funds Transfer in accordance with procedures established by the Army should be made to the U.S. Army in accordance with Article 11 hereof.

3.07. Reserved.

3.08. Any costs incurred by the WRLRA associated with legally binding agreements for homeless assistance purposes or obtaining letters of credit or other costs of redeveloping the Property, are the WRLRA's responsibility and do not affect payments due to the Army described in Section 3.01 or, if applicable, 3.02, above.

ARTICLE 4. SETTLEMENT, CLOSING COSTS, AND RECORDATION

4.01. Reserved.

4.02. The WRLRA shall be responsible for procuring any title insurance it may desire for the Property at its sole expense. The Army shall cooperate with the WRLRA or its authorized agent in any effort it may undertake to determine the status of title to the Property and shall permit the examination of any documents in the Army's possession relating to title to the Property.

4.03. The WRLRA shall be solely responsible for real estate transfer taxes, recording fees, and escrow fees, if any, associated with the conveyance of the Property or portions thereof to the WRLRA. Any costs incurred by the Army for work performed (whether directly by the Army or by contract with a third party) in conjunction with the conveyance of the Property shall be borne by the Army.

4.04. Reserved.

4.05. WRLRA Closing Deliveries

- a. If as of the Closing Date, the WRLRA does not provide the notice set forth in 3.02 above, then the WRLRA shall deliver to the Army on the Closing Date:
 - i. the initial consideration in the amount of ten million dollars (\$10,000,000) set forth in Section 3.01 above;
 - ii. the LOC in the amount of twelve million five-hundred thousand dollars (\$12,500,000) in accordance with Section 3.03(i) above; and
 - iii. executed copies of the Closing Documents
- b. If the WRLRA provides the notice in accordance with Section 3.02, the WRLRA shall deliver to the Army on the Closing Date :
 - i. the initial consideration in the amount of five (5) million dollars (\$5,000,000) set forth in Exhibit D-1 hereto;
 - ii. the LOC in the amount of twenty million dollars (\$20,000,000) in accordance with Section 3.03(ii) above; and
 - iii. executed copies of the Closing Documents

4.06. On the Closing Date, following execution of Closing Documents by WRLRA, the Army shall then execute, acknowledge and deliver to the WRLRA the fully executed and acknowledged Closing Documents for the Property and the WRLRA shall accept delivery of the said Closing Documents.

4.07 The WRLRA shall promptly record the Deeds and Easements for the Property with the Office of the Recorder of Deeds of the District of Columbia [and any instruments necessary to extinguish easements, covenants, or servitudes on the Property held by the Army that are subsequently no longer required by the Army] at its sole expense. The WRLRA shall provide a copy of all such recorded Deeds and instruments to the Army at no cost to the Army. The obligations of this Section are intended by the Parties to survive Closing.

4.08. The delivery at Closing by the Army of the executed and acknowledged Closing Documents conveying the Property to the WRLRA shall be deemed full performance by the Army of its obligations hereunder with respect to the Property conveyed thereby, except for any continuing obligations of the Army provided for in the said Deeds, under section 120(h) of CERCLA, as amended, or any other statutory obligations.

ARTICLE 5. REINVESTMENT REQUIREMENTS

5.01. In accordance with the Act, all proceeds from the sale, lease, or equivalent use of the Property, or any portion thereof, received by the WRLRA during the Reinvestment Period shall be reinvested to support job creation and economic redevelopment of, or related to, the Installation, except proceeds that are used to pay the consideration for the conveyance of the Property as set forth in Sections 3.01 or, if applicable, 3.02 hereof. The use of proceeds to pay for or offset the costs of public investment on, or related to, the Installation for the following purposes shall be considered a use to support the economic redevelopment of, or related to, the Installation:

- a. Road construction;
- b. Transportation management facilities;
- c. Storm and sanitary sewer construction;
- d. Police and fire protection facilities and other public facilities;
- e. Utility construction;
- f. Building rehabilitation;
- g. Historic property preservation;

- h. Pollution prevention equipment or facilities;
- i. Demolition;
- j. Disposal of hazardous materials and hazardous waste generated by demolition;
- k. Landscaping, grading, and other site or public improvements;
- l. Planning for or the marketing of the redevelopment and reuse of the Installation;

5.02. Other expenditures that are directly related to those listed in Section 5.01, above, above may also be considered allowable uses of the proceeds. In order for such an expenditure to be considered an allowable use of the proceeds, it must be directly related to one or more of those listed in Section 5.01, above, and directly benefit the WRLRA's economic redevelopment and long-term job generation efforts for the Property. In any dispute on this issue, the WRLRA shall bear the burden of proof. At any time, the WRLRA may request the opinion of the Army as to whether a proposed expenditure would constitute an allowable use of the proceeds and the Army shall provide such written opinion within ninety (90) days of receipt of any such written request from the WRLRA.

5.03 Within one-hundred and twenty (120) calendar days of the end of the District's fiscal year in which the Closing occurs, and for each calendar year thereafter through the calendar year in which the Reinvestment Period ends, the WRLRA shall submit annual financial statements to the Army through its Chief Financial Officer, certified by an independent certified public accountant ("CPA"), that account for all proceeds received by the WRLRA from the sale, lease, or equivalent use of the Property and the reinvestment of such proceeds during that calendar year of the Reinvestment Period. The CPA's audit report shall express an opinion on the financial position of the WRLRA, the results of its operations, and whether the financial statements are presented fairly in all material respects, in conformity with generally accepted accounting principles.

5.04. The annual financial statements required in Section 5.03, above, shall include therein or as supplemental statements a breakdown of gross and net revenues and expenditures of all proceeds from the sale, lease, or equivalent use of the Property. Expenditures shall be divided into the twelve (12) categories of investment specified in Section 5.01, above. In addition, the WRLRA shall include in the notes to the financial statements, or through supplemental schedules, explanations of the sources of revenues and expenditures, and the terms of any financing, including bonds or other

debt instruments, used to finance the purchase of the Property and/or its future plans for redeveloping the Property.

5.06. The annual financial statements required by this Article shall be provided to the Army in the format specified in **Exhibit E**, attached hereto and made a part hereof. At any time during the Army's review of the financial statements, the WRLRA shall provide the Army with any additional information related to receipts and expenditures which may be reasonably required by the Army to assist it in its review. Any such request by Army shall be made to the WRLRA in writing. The WRLRA shall have no more than ninety (90) calendar days from the date of receipt of any such request to respond. The Army shall have the right to perform annual audits of the records and accounts of the WRLRA in order to ensure compliance with this Article.

5.07. Within five (5) years following the Army receipt of the WRLRA's financial statements, the Army shall notify the WRLRA of any objections it may have to the WRLRA's use of any portion of the proceeds, specifying the amount at issue and detailing the Army's objection to its use. The WRLRA will have ninety (90) calendar days from receipt of any such objections to provide additional information and/or responses to Army in writing. The Army shall then have ninety (90) calendar days from receipt of such additional information and/or responses to issue the Army's determination on the issue, which shall be provided to the WRLRA in writing and shall be subject to the dispute resolution process provided in Article 13 hereof.

5.08. The WRLRA understands and agrees that the Army shall recoup from the WRLRA such portion of the proceeds received by the WRLRA from the sale, lease, or equivalent use of the Property during the Reinvestment Period as the Army determines appropriate if the WRLRA does not expend said portion of the proceeds for a purpose other than for consideration to the Army, or one of the twelve (12) categories of allowable investment specified in Section 5.01, above, or as otherwise determined allowable by the Army in accordance with Section 5.02, above. Following such a determination by the Army (or the resolution of a dispute related to such determination pursuant to the process set forth in Article 13 hereof), and, upon written demand made by the Army to WRLRA, funds equal to any such amounts shall be refunded and remitted by the WRLRA to the Army within ninety (90) calendar days from the date of any such written demand.

5.09. Any proceeds held or controlled by the WRLRA at the end of the District of Columbia fiscal year within which the Reinvestment Period expires, which have not been expended or obligated for the purposes described in section 5.01, above, shall be refunded and remitted to the Army within sixty (60) calendar days after the end of the District of Columbia fiscal year. Any remaining obligated proceeds must be expended

or refunded and remitted to the Army prior to the final financial statement submission set forth in Section 5.03 and accounted for in the financial statement.

5.10 Tax revenues received by the WRLRA shall not be construed to be proceeds from a sale, lease, or equivalent use of the Property and shall be exempt from the reinvestment requirements of this Agreement.

5.11 Third Party Consideration Payments.

(i) WRLRA will pay to the Army \$22,500,000, as set forth in Section 3.01, for which the WRLRA will be reimbursed/paid through the sale, lease or equivalent use of the Property during the term of the Reinvestment Period, in accordance with the Schedule set forth on **Exhibit I** ("Third Party Consideration Payments"). Such Third Party Consideration Payments, upon receipt by WRLRA, shall be deemed "proceeds that are used to pay the consideration for the conveyance of the Property." as set forth in Section 5.01 above.

(ii) If WRLRA elects to pay to the Army \$25,000,000, as set forth in Section 3.02, for which the WRLRA will be reimbursed/paid through the sale, lease or equivalent use of the Property during the term of the Reinvestment Period ("Alternate Third Party Consideration Payments"), such Alternate Third Party Consideration Payments, upon receipt by WRLRA, shall be deemed "proceeds that are used to pay the consideration for the conveyance of the Property" as set forth in Section 5.01 above.

(iii) WRLRA shall account for all third party consideration payments on the annual financial statements submitted in accordance with Section 5.03.

ARTICLE 6. INTEREST, PENALTIES, AND ADMINISTRATIVE COSTS

6.01. All amounts owed to the Army under this Agreement must be paid by the date due in order to avoid the imposition of interest, penalties, and administrative charges under the Debt Collection Act of 1982 (31 U.S.C. § 3717) and implementing regulations at 31 C.F.R. § 901.9.

6.02. The Army shall impose an interest charge at the "Current Value of Funds Rate" published by the U.S. Department of the Treasury on any amount owed to the Army hereunder that is delinquent. Interest shall accrue from the date of delinquency until the amount is paid in full. The Army shall waive interest charges on any portion of the delinquent amount if paid within thirty (30) days of the date of delinquency. The Army shall not charge interest on penalties or administrative costs.

6.03. The Army shall impose an administrative charge to cover the costs of collecting any amount due hereunder that is delinquent. The Army shall calculate administrative charges as the actual costs incurred for the delinquent amount. The Army shall waive the collection of administrative costs on any portion of the delinquent amount if paid within thirty (30) days of the date of delinquency.

6.04. The Army shall impose a penalty charge of six percent (6%) per annum of any amount due hereunder (principal plus interest and administrative charges) that is more than ninety (90) days delinquent. The said penalty shall accrue from the date of delinquency and shall continue to accrue until the amount is paid in full.

6.05. All partial payments received by the Army shall be applied first to any contingency fees added to the debt, second to outstanding penalties, third to administrative charges other than contingency fees, fourth to interest, and last to principal. For purposes of this paragraph, "contingency fees" are administrative costs resulting from fees paid by the Army to other Federal agencies or to private collection contractors for collection services rendered when the fees are paid from the amounts collected from the WRLRA.

ARTICLE 7. MAINTENANCE AND UTILITY SYSTEMS

7.01. The Army shall maintain and repair the Property or any portion thereof in accordance with the provisions of 32 C.F.R. § 174.14 subject to the availability of appropriated funds for such purposes, for so long as it holds title thereto.

7.02. As set forth under Article 1, above, the Army shall quitclaim convey all right, title, and interest of the United States of America in and to the Property all of which shall become the property and sole responsibility of the WRLRA upon conveyance of the Property.

ARTICLE 8. RISK OF LOSS

8.01. The Army shall take reasonable measures to ensure that the Property is protected in accordance with applicable Federal regulations prior to conveyance to the WRLRA.

8.02. The Army shall have no obligation to repair, replace, demolish, or remove any portion of the Property damaged or destroyed prior to conveyance to the WRLRA hereunder.

8.03. The Parties hereby agree that any damage or destruction of a portion of the Property shall not otherwise affect the Parties' rights and responsibilities with regard to the remaining portions of the Property under this Agreement.

ARTICLE 9. ENVIRONMENTAL PROVISIONS

9.01. The Army assessed, determined, and documented the environmental condition of the Property in the *U.S. Army Base Realignment and Closure 2005, Environmental Condition of Property Report, Walter Reed Army Hospital, District of Columbia*, dated 15 December 2006, and *ECP Update*, dated 2_March 2015. The WRLRA hereby acknowledges that it has received and reviewed the said report and the said update thereto.

9.02. The WRLRA hereby acknowledges that it has received and reviewed the *Environmental Assessment for Closure, Disposal and Reuse of Walter Reed Army Hospital*, dated April 2014, and represents to the Army that WRLRA's intended use of the Property is compatible with the uses of the Property analyzed in the said documents.

9.03. The Army executed a Finding of Suitability to Transfer (FOST) dated September 2015 for the Property. The WRLRA hereby acknowledges that it has received and reviewed the said FOST.

ARTICLE 10. DEFAULT AND TERMINATION

10.01. The Army may, in its sole discretion, terminate this Agreement if:

- a. The WRLRA fails to maintain its status as the local redevelopment authority approved by the Department of Defense, Office of Economic Adjustment; or
- b. The WRLRA breaches any of its closing obligations set forth in Article 2, 3 and 4 above.

10.02. In the event a Party hereto fails to observe or perform any of its obligations under this Agreement, other than the obligation of the WRLRA to make timely payments to the Army as set forth in Sections 3.01 or, if applicable, 3.02, above, after having been provided written notice of such failure and failing to cure the default within ninety (90) calendar days of the date of receipt of such notice, the other Party shall be entitled to terminate this Agreement and, notwithstanding such termination, exercise any and all of the remedies for breach which are provided for herein as well as any other remedies to which the Party is entitled at law or in equity; provided, however, that if such a default

occurs which cannot be remedied within ninety (90) calendar days, the other Party shall afford such additional time as may reasonably be required to cure such default if the defaulting Party proceeds with reasonable diligence to cure same.

10.03. In the event that the WRLRA fails to make a timely payment to the Army as set forth in Sections 3.01 or, if applicable 3.02, above, the Parties hereby agree that the Army may immediately submit a claim for payment to the issuer of the LOC for payment in accordance with the terms of the LOC. The payment obligation of the WRLRA to the Army will be deemed satisfied to the extent covered by payment made to the Army by the issuer of the LOC or a third Party.

10.04. Any termination of this Agreement shall have no effect on the continuing obligations of the Parties as provided for in Article 5 of this Agreement, or contained in any deed or other document that may have been executed by the Parties pursuant to this Agreement. In the event of a termination of this Agreement, the Army shall not be required to return any monies already paid to it by the WRLRA under this Agreement.

ARTICLE 11. NOTICES

11.01. Any notice, request, demand, instruction or other document required or permitted to be given or served under this Agreement shall be in writing and shall be deemed sufficiently served when delivered by hand if a receipt is obtained therefrom, or when actually received if delivered by mail or facsimile, and if delivered by mail shall be mailed registered or certified first class mail, return receipt requested, postage pre-paid, and in all cases shall be addressed as follows:

If to the WRLRA: Hon. Brian T. Kenner
Deputy Mayor for Planning and Economic Development
Government of the District of Columbia
1350 Pennsylvania Avenue, NW, Suite 317
Washington, DC 20004

with a copy to: Mr. Randall Clarke
Director, Walter Reed LRA
Government of the District of Columbia
Office of the Deputy Mayor for Planning & Economic Development
1350 Pennsylvania Avenue, NW, Suite 317
Washington, DC 20004

With a copy to: General Counsel
Office of the Deputy Mayor for Planning & Economic Development
1350 Pennsylvania Avenue, NW, Suite 317

Washington, DC 20004

and: Seth Kirshenberg, Esq.
Kutak Rock LLP
1101 Connecticut Ave, NW, Suite 1000
Washington, DC 20036

If to the Army: U.S. Army Engineer District, Baltimore
ATTN: CENAB-RE
10 S. Howard Street
Baltimore, MD 21201

with a copy to: Attn: Markus Craig, Program Manager
DAIM-ODB (BRAC Division)
Taylor Building/NC3, Room 5000
2530 Crystal Drive
Arlington, VA 22202

and: Attn: William O'Donnell, Deputy Chief
Taylor Building / NC3, Room 5000
2530 Crystal Drive
Arlington, Virginia 22202

11.02. Either Party may change the address to which any notice, request, demand, instruction or other document required or permitted to be given or served under this Agreement shall be delivered by providing notice of such change in accordance with this provision to the other Party at that Party's last identified address; provided, that such change of address shall not take effect until five (5) calendar days following the date of such notice.

11.03. Whenever under the terms of this Agreement the time for performance falls upon a Saturday, Sunday or holiday observed by the performing Party, such time for performance shall be extended to the next business day. Otherwise, all references herein to "days" shall mean "calendar days."

ARTICLE 12. NON-DISCRIMINATION COVENANT

12.01. The WRLRA covenants for itself, its successors, and assigns and every successor in interest to the Property, or any part thereof, that the WRLRA, and such successors and assigns shall not discriminate upon the basis of race, creed, color, religion, sex, disability, age, or national origin in the use, occupancy, sale, or lease of the Property or in their employment practices conducted thereon. This covenant shall not apply, however, to the lease or rental of a room or rooms within a family dwelling

unit; nor shall it apply with respect to religion to premises used primarily for religious purposes. The United States of America shall be deemed a beneficiary of this covenant without regard to whether it remains the owner of any land or interest therein in the locality of the Property to be conveyed in accordance with this Agreement and shall have the sole right to enforce this covenant in any court of competent jurisdiction.

12.02. Any deed by which the Army conveys the Property or portion thereof pursuant to this Agreement shall contain the non-discrimination clause as set forth at 41 C.F.R. § 102-75.360.

ARTICLE 13. DISPUTE RESOLUTION

13.01. Notwithstanding the terms and conditions of WRLRA's payment obligations as described in Articles 3 and 5, as a condition precedent to a Party bringing any suit for breach of this Agreement, that Party must first notify the other Party in writing of the nature of the purported breach and seek in good faith to resolve the dispute through negotiation.

13.02. If the Parties cannot resolve the dispute through negotiation, they may agree to a mutually acceptable method of non-binding alternative dispute resolution with a qualified third party acceptable to all Parties. Each of the Parties shall pay an equal share of any costs for the services provided by such a third party as such costs are incurred.

13.03. The existence of a dispute shall not excuse the Parties from diligent performance of their obligations pursuant to this Agreement.

ARTICLE 14. SEVERABILITY

If any term, provision, covenant, or condition of this Agreement, or the application thereof to any person or circumstance, is held by a court of competent jurisdiction to be invalid, void, or unenforceable to any extent, the remainder of this Agreement, or the application of such term, provision, covenant, or condition to persons or circumstances other than those as to which it is held invalid, void, or unenforceable, shall not be affected thereby, and shall continue in full force and effect.

ARTICLE 15. ANTI-DEFICIENCY ACT

15.01. The Army's obligation to pay or reimburse any money under this Agreement is subject to the availability of appropriated funds and nothing in this Agreement shall be

interpreted to require obligations or payments by the Army in violation of the Anti-Deficiency Act, 31 U.S.C. §§ 1341-42, 1511-19.

15.02. The District's obligation to pay or reimburse any money under this Agreement is subject to the availability of appropriated funds, and nothing in the Agreement shall be interpreted to require obligations or payments by the District in violation of: (i) the Anti-Deficiency Act, 31 U.S.C. §§1341,1342, 1349, 1351; 1517; (ii) D.C. Official Code § 47-105; (iii) the District of Columbia Anti-Deficiency Act, D.C. Official Code §§ 47-355.01 – 355.08, as the foregoing statutes may be amended from time to time; and (iv) §446 of the District of Columbia Home Rule Act.

ARTICLE 16. AUTHORITY REPRESENTATIONS

The Parties hereby represent to each other on and as of the Effective Date of this Agreement that they have the full capacity, right, power and authority to execute, deliver, and perform this Agreement and that all required action and approvals necessary therefore have been duly taken and obtained. The Parties further represent that the individuals signing this Agreement and all other documents executed or to be executed pursuant hereto on behalf of the Parties shall be duly authorized to sign the same on their behalf and to bind the Parties thereto.

ARTICLE 17. PROTECTION OF HISTORIC PROPERTY

The Army, the District of Columbia State Historic Preservation Office, and the Advisory Council on Historic Preservation entered into a programmatic agreement effective January 24, 2013 to govern the protection of historic properties at the Installation. The Army has complied with its responsibilities under the programmatic agreement.

ARTICLE 18. “AS IS” CONDITION

18.01. The WRLRA acknowledges that it has inspected, or has had the opportunity to inspect, the Property and accepts the condition and state of repair of the Property. The WRLRA understands and agrees that the Property shall be conveyed “as is” without any representation, warranty, or guaranty by the Army as to quantity, quality, title, character, condition, size, or kind, or that the same is in a suitable condition or fit to be used for the purposes intended by the WRLRA, and no claim for allowance or deduction upon such grounds shall be considered.

18.02. No warranties, either express or implied, are given with regard to the condition of the Property including, without limitation, whether the Property does or does not contain asbestos, lead-based paint, mold, pesticides, or radon. The WRLRA shall be

deemed to have relied solely on its own judgment in assessing the condition of the Property including, without limitation, any asbestos, lead-based paint, mold, pesticides, radon, or other conditions. Any failure of the WRLRA to inspect or exercise due diligence to be fully informed as to the condition of the Property, shall not constitute grounds for any claim or demand against the Army.

18.03. The WRLRA hereby acknowledges the existence of two 400,000 gallon underground storage tank systems serving the boiler plant that shall be conveyed 'as is, where is' by the Army to the WRLRA as part of the Property.

18.04. The description of the Property and any other information provided herein with respect to the Property is based on the best information available to the Army and is believed to be correct, but an error or omission including, but not limited to, an omission of any information available to the Army shall not constitute grounds or reason for nonperformance of this Agreement or any claim by the WRLRA against the Army including, without limitation, any claim for allowance, refund, or deduction from the consideration to be paid to the Army.

18.05. Nothing in this Article 18 shall be construed to modify or negate any obligation of the Army under section 120(h) of CERCLA as amended or any other statutory obligations.

ARTICLE 19. MERGER

This Agreement contains the entire agreement between the Parties regarding the conveyance of the Property by the Army to the WRLRA and any agreement or amendment hereafter made shall not operate to change, modify, or discharge this Agreement, in whole or in part, unless that agreement or amendment is in writing and signed by the Party sought to be charged with it. All prior negotiations and any letters of intent are merged in this Agreement. There are no promises, agreements, conditions, undertakings, warranties, or representations, oral or written, expressed or implied, between the Parties, other than as set forth in this Agreement.

ARTICLE 20. AMENDMENT

This Agreement may not be amended or otherwise modified, unless by mutual, written consent and executed by the Parties hereto.

ARTICLE 21. WAIVER

No delay or omission by any Party to this Agreement in any one or more instances to exercise any right or power occurring upon any noncompliance or default by any other Party with respect to any of the terms or conditions of this Agreement, shall impair any such right or power or be construed to be a waiver or relinquishment thereof.

ARTICLE 22. COVENANT AGAINST CONTINGENT FEES

The WRLRA warrants that no person or selling agency has been employed or retained to solicit or secure this Agreement upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies retained by the WRLRA for the purpose of securing business. For breach or violation of this warranty, the Army shall have the right to annul this Agreement without liability or, in its discretion, to require the WRLRA to pay the full amount of such commission, percentage, brokerage, or contingent fee.

ARTICLE 23. OFFICIALS NOT TO BENEFIT

No member or delegate to Congress or Resident Commissioner shall be admitted to any share or part of this Agreement or to any benefit to arise there from. Nothing herein contained, however, shall be construed to extend to any incorporated company, if this Agreement is for the general benefit of such corporation or company.

ARTICLE 24. NO PARTNERSHIP OR JOINT VENTURE

Nothing contained in this Agreement shall make or shall be construed to make the Parties hereto joint venture partners with each other, it being understood and agreed that the only relationship between the Army and the WRLRA hereunder is that of seller and buyer. Nor shall anything in this Agreement render or be construed to render any Party hereto liable to any third party for debts or obligations of the other Party.

ARTICLE 25. HEADINGS

The brief headings or titles preceding each Article herein are merely for purposes of identification, convenience, and ease of reference and shall be completely disregarded in the construction of this Agreement.

ARTICLE 26. ASSIGNMENT

The WRLRA shall not transfer or assign its rights, interests, or obligations under this Agreement without the prior written consent of the Army. The covenants, agreements,

rights, and responsibilities contained in this Agreement inure to the benefit of and are binding upon the Parties hereto, their successors, and assigns. Nothing in this Agreement otherwise shall be construed as creating any rights of enforcement against any person or entity that is not a Party hereto, nor any rights, interest, or third party beneficiary status for any entity or person other than the Parties hereto.

ARTICLE 27. COUNTERPARTS

The Agreement is executed in two (2) counterparts, each of which is deemed an original of equal dignity with the other and which is deemed one and the same instrument as the other.

ARTICLE 28. GOVERNING LAW

Notwithstanding the place where this Agreement may be executed by either of the Parties, the Parties hereby agree that this Agreement and the relationship between the Parties shall be construed in accordance with and governed by Federal law; otherwise the law of the District of Columbia shall govern.

ARTICLE 29. RESERVATION OF RIGHTS, JURISDICTION, AND VENUE

The Parties reserve unto themselves all rights and remedies to which each is entitled at law or in equity. This Agreement shall be enforceable in accordance with applicable laws and regulations in any Federal court of competent jurisdiction.

ARTICLE 30. SURVIVAL

Those provisions, obligations, and covenants of this Agreement which, by their express terms or by their operation, are intended to survive the Army's conveyance of the Property or termination of this Agreement, shall survive such conveyance of the Property or termination of this Agreement. Such provisions include, but are not limited to, Articles 3, 5 and 15.

[SIGNATURES ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement.

DEPARTMENT OF THE ARMY

Date: _____ By: _____

Paul D. Cramer
Deputy Assistant Secretary of the Army
(Installations, Housing and Partnerships)

GOVERNMENT OF THE DISTRICT OF COLUMBIA

Date: _____ By: _____

Brian T. Kenner
Deputy Mayor for Planning and Economic Development

Exhibit A.
Property Description

DRAFT

Exhibit B-1
Form Deed A

DRAFT

Exhibit B-2
Form Deed B

DRAFT

Exhibit B-3
Surveys for Form Deed A

DRAFT

Exhibit B-4
Surveys for Form Deed B

DRAFT

Exhibit C-1
Form Letter of Credit

DRAFT

Exhibit C-2
Optional Consideration Payment
Requirements for a Letter of Credit

DRAFT

Exhibit D
Alternative Consideration and Payment Schedule

Payment #1 - \$5,000,000.00 on the date of Closing
Payment #2 - \$5,000,000.00 on the first anniversary of the Closing Date
Payment #3 - \$1,000,000.00 on the second anniversary of the Closing Date
Payment #4 - \$1,000,000.00 on the third anniversary of the Closing Date
Payment #5 - \$1,000,000.00 on the fourth anniversary of the Closing Date
Payment #6 - \$1,000,000.00 on the fifth anniversary of the Closing Date
Payment #7 - \$1,000,000.00 on the sixth anniversary of the Closing Date
Payment #8 - \$5,000,000.00 on the seventh anniversary of the Closing Date
Payment #9 - \$5,000,000.00 on the eighth anniversary of the Closing Date

Exhibit E
Annual Financial Statement Format

DRAFT

Exhibit F
Ground Lease DACA 65-1-04-39

DRAFT

Exhibit G-1
Form Land Easement to WRLRA

DRAFT

Exhibit G-2
Description of Land Easements to WRLRA

DRAFT

Exhibit H-1
Form Building 2 Easement

DRAFT

Exhibit H-2
Description of Building 2 Easement

DRAFT

Exhibit I
Third Party Consideration Payments to WRLRA

| | |
|---------------|---------------------------------------|
| Closing Date: | FIVE-MILLION DOLLARS (\$5,000,000.00) |
| Year 1: | FIVE-MILLION DOLLARS (\$5,000,000.00) |
| Year 2: | ONE-MILLION DOLLARS (\$1,000,000.00) |
| Year 3: | ONE-MILLION DOLLARS (\$1,000,000.00) |
| Year 4: | ONE-MILLION DOLLARS (\$1,000,000.00) |
| Year 5: | ONE-MILLION DOLLARS (\$1,000,000.00) |
| Year 6: | ONE-MILLION DOLLARS (\$1,000,000.00) |
| Year 7: | FIVE-MILLION DOLLARS (\$5,000,000.00) |

EXHIBIT J

**Memorandum of Agreement Between the United States Department of State and
Government of District of Columbia**

DRAFT

DRAFT

LAND DISPOSITION AGREEMENT

by and between the

DISTRICT OF COLUMBIA

and

[TPWR Developer LLC]¹

for the

FORMER WALTER REED ARMY MEDICAL CENTER

Dated _____, 2016

¹ May be a new entity formed before signing between TPWR Developer LLC and an Institutional Lender/Investor

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LAND DISPOSITION AGREEMENT

THIS **LAND DISPOSITION AGREEMENT** (this “**Agreement**”) is made and entered into as of the ____ day of _____, 201_ (“**Effective Date**”), by and between the **DISTRICT OF COLUMBIA**, a municipal corporation, acting by and through the Office of the Deputy Mayor for Planning and Economic Development (“**District**”), with an address of John A. Wilson Building, 1350 Pennsylvania Avenue, N.W., Suite 317, Washington, DC 20004, and [TPWR DEVELOPER LLC, a Delaware limited liability company (“**TPWR LLC**”, and together with its successors and assigns under this Agreement, the “**Developer**”)]², with an address of c/o Hines Interests Limited Partnership, Two CityCenter, 800 10th Street, N.W., Suite 600, Washington, DC 20001.

RECITALS

WHEREAS, the former Walter Reed Army Medical Center (“**Walter Reed**”) located in Washington, D.C., was recommended for closure by the 2005 Base Closure and Realignment Commission; and

WHEREAS, the approximately 110.10-acre property on which Walter Reed is located will be disposed of by the Department of Defense pursuant to the procedures and authorities contained in the Defense Base Closure and Realignment Act of 1990, as amended (title XXIX of Public Law No. 101-510, 10 U.S.C. § 2687 note; the “**Base Closure Act**”); and

WHEREAS, District is the federally recognized local redevelopment authority that prepared a reuse plan for the redevelopment of Walter Reed dated July 13, 2012 (“**Reuse Plan**”); and

WHEREAS, the Army plans to dispose of a 43.53-acre portion of Walter Reed to another federal agency or third parties; and

WHEREAS, on July 20, 2012, District submitted to the U.S. Department of Housing and Urban Development (“**HUD**”) that certain “**Homeless Submission**,” and on January 24, 2014, HUD made its determination that the Homeless Submission, as amended, for the Walter Reed Redevelopment Property (defined below) met the requirements of the Base Closure Act; and

WHEREAS, District, through an Economic Development Conveyance has executed an agreement (“**EDC Agreement**”) with the U.S. Department of the Army (“**Army**”) for the conveyance of the Walter Reed Redevelopment Property (defined below) as authorized by section 2905(b)(4) of the Base Closure Act and 32 C.F.R. Part 174, and the Army [has conveyed] to District fee title to the Walter Reed Redevelopment Property; and

WHEREAS, the Walter Reed Redevelopment Property has been zoned consistent with the Reuse Plan and the Comprehensive Plan (defined below); and

² May be a new entity formed before signing between TPWR Developer LLC and an Institutional Lender/Investor

WHEREAS, pursuant to Walter Reed Redevelopment Omnibus Act of 2015,³ Council (defined below) authorized, among other things, the District's acquisition of the Walter Reed Redevelopment Property in accordance with the terms of the EDC Agreement and its disposition of the Walter Reed Redevelopment Property in accordance with the terms of this LDA;

WHEREAS, District desires to (i) lease the Walter Reed Redevelopment Property to Developer and (ii) provide for the Horizontal Development (defined below) by Developer, the Vertical Development (defined below) by Component Developers and the development and use of the NOI Parcels (defined below) by NOI Sublessees (defined below), pursuant to the terms and conditions contained herein; and

WHEREAS, Developer desires to (i) lease the Walter Reed Redevelopment Property from District, and (ii) plan for the redevelopment of the entire Walter Reed Redevelopment Property and redevelop or cause to be redeveloped applicable portions thereof, pursuant to the terms and conditions contained herein.

AGREEMENT

NOW, THEREFORE, for and in consideration of the mutual covenants contained herein and other good and valuable consideration in hand paid, the receipt and sufficiency of which are hereby acknowledged by the Parties, District and Developer do hereby agree as follows:

ARTICLE 1 - DEFINITIONS

For the purposes of this Agreement, the following capitalized terms shall have the meanings ascribed to them below and, unless the context clearly indicates otherwise, shall include the plural as well as the singular:

“**Accommodate**” has the meaning given in Section 9.8.1 hereof.

“**Administration Payment**” shall mean the payment due from Developer to District, which shall reimburse District for the costs of administering and monitoring the Project, to be calculated and paid pursuant to Section 1 of Schedule 2.6.3 hereof.

“**ADU**” means the Residential Units to be constructed, reserved, sold and/or leased as affordable residential units pursuant to the terms of the Affordable Housing Covenants.

“**Affiliate**” means with respect to any Person (“first Person”), any other Person directly or indirectly Controlling, Controlled by, or under common Control with such first Person. The definitions of “Hines Affiliate,” “UA Affiliate” and “Triden Affiliate” shall control over this general “Affiliate” definition.

“**Affordable Housing Covenant**” means a covenant agreement between District and the

³ Until such time as the Project Legislation is effective (at which point, the terms shall speak for themselves with no exhibit needed), draft Project Legislation is attached as Exhibit P.

relevant Component Developer for each Vertical Development containing Residential Units in the form attached hereto as Exhibit A, which shall be recorded in the Land Records at the relevant Release Parcel Closings.

“Affordable Housing Minimum” means no less than twenty percent (20%) of the number of Residential Units constructed as part of the Project shall be ADUs, which shall be allocated across the Project pursuant to, and otherwise subject to the requirements contained in 11 D.C.M.R. Chapter 35.

“Affordable Housing Plan” shall mean each Component Developer’s plan for the construction and reservation of ADUs at the subject Vertical Development, which plan shall include the number, type and size of ADUs in each residential Building within a Vertical Development, Component Developer’s expectation of its plan to finance and subsidize the construction of the ADUs within its Vertical Development.

“Agents” means agents, employees, consultants, contractors, and representatives.

“Agreement” has the meaning given in the Preamble hereof.

“Anti-Money Laundering Acts” has the meaning given in Section 3.2.11(1) hereof.

“Anti-Terrorism Order” has the meaning given in Section 3.2.11(1) hereof.

“Approved” means as to Submissions by Developer or a Component Developer requiring District Approval, the Submission has been submitted to District and District has approved, or, as applicable, the Submission is deemed approved, pursuant to Section 11.2.2 and Section 11.3 hereof.

“Approved Guarantor” has the meaning set forth in Section 5.5 hereof.

“Approved Guarantor Criteria” means the criteria for Approved Guarantors set forth in Schedule 5.5 hereof.

“Approved Mortgage” means “Leasehold Mortgage” as defined in the Ground Lease.

“Approved Mortgagee” means “Leasehold Mortgagee” as defined in the Ground Lease.

“Architect” means the architect(s) retained by Developer or, as the case may be, a Component Developer.

“Architect of Record” means the Architect designated by Developer or Component Developer, as applicable, as the “architect of record” for a Project Component. In all cases, the Architect of Record must be licensed to practice architecture in the District of Columbia.

“Army” means the United States Department of Army.

“Army Deed” means, collectively, one or more deeds from the Army to the District of Columbia for the conveyance of the Walter Reed Redevelopment Property.

“**Base Closure Act**” has the meaning given in second Recital hereof.

“**Bid List**” has the meaning given in Section 15.4.3(2) hereof.

“**Binding Phase Scope and Schedule**” means, collectively, the Initial Binding Phase Scope and Schedule and each Subsequent Binding Phase Scope and Schedule, as Approved by District pursuant to Section 10.2 and Section 10.3, respectively.

“**Building**” means a building and its associated improvements to be constructed or renovated as part of a Vertical Development on a Release Parcel or an NOI Occupancy Building on a NOI Parcel in accordance with the Master Development Plan.

“**Building 2 Demolition**” has the meaning given in Section 9.2.1 hereof.

“**Business Days**” means Monday through Friday, inclusive, other than holidays or other days on which the District of Columbia government is closed.

“**CBE Agreement**” means, pursuant to the CBE Law, a CBE Utilization and Participation Agreement between Developer or Component Developer, as applicable, and DSLBD in connection with the Project or any Project Component, as may be amended. A copy of the Developer’s CBE Agreement is attached hereto as Exhibit B.

“**CBE Law**” means the Small, Local and Disadvantaged Business Enterprise Development and Assistance Act of 2005, as amended (D.C. Law 16-33; D.C. Official Code §§ 2-218.01, et seq.).

“**CBE Ownership Requirement**” means that, as provided in the CBE Law and as set forth in the applicable CBE Agreement, no less than twenty percent (20%) of the total sponsor equity of: (i) TPWR, LLC and (ii) a Component Developer ownership interests, in aggregate, (excluding in each such case debt financing, mezzanine financing, or equity contributions held by Institutional Lenders/Investors) shall be contributed or owned by Certified Business Enterprises.

“**CBE Requirement**” means, pursuant to the CBE Law and as further set forth in and subject to the CBE Agreement, the collective reference to (a) the CBE Ownership Requirement, (b) the requirement that Certified Business Enterprises receive twenty (20%) in development participation in the Horizontal Development and in each Vertical Development, and (c) the requirement that at thirty-five percent (35%) of the dollar volume of goods and services for the Horizontal Development and each Vertical Development shall be contracted to Certified Business Enterprises.

“**Certificate of Occupancy**” means, (i) with respect to a Building containing Residential Units, a certificate of occupancy obtained from the appropriate Governmental Authority evidencing the lawful occupancy of both public spaces and individual Residential Units of such Building in accordance with Laws and (ii) for Buildings containing other uses, a conditional certificate of occupancy obtained from the appropriate Governmental Authority that evidences the substantial and material completion of the core and shell of the applicable Building in accordance with Laws.

“**Certificate of Substantial Completion**” is that certificate in the form set forth in Exhibit C.⁴

“**Certified Business Enterprise**” or “**CBE**” means an enterprise certified by DSLBD pursuant to the CBE Law.

“**Change of Control**” means a Transfer within a Person resulting in such Person no longer being an Affiliate of the Person(s) Controlling such Person immediately prior to such Transfer. With respect to Developer, no Change of Control shall occur so long as Developer is Controlled (x) by both a Hines Affiliate and a UA Affiliate or (y) in connection with a default by a Key Member or exercise of remedies by the other Key Member under the organizational documents for TPWR LLC, by either a Hines Affiliate or a UA Affiliate.

“**Clean Energy District**” means, if applicable, the energy district identified in the Sustainable Development Plan.

“**Closing Date**” means the date on which Closing occurs.

“**Closing Escrow Agreement**” has the meaning given in Section 7.3 hereof.

“**Closing**” has the meaning given in Section 7.1 hereof.

“**Closing Extension Period**” has the meaning given in Section 6.3.1 hereof.

“**Commence Demolition of Building 2**” has the meaning given in Section 9.2.1 hereof.

“**Commencement of Construction or Commence Construction**” means (i) with respect to any Horizontal Phase and Binding Phase Scope and Schedule, the time at which Developer has (a) executed the Construction Contract(s) with the Contractor(s) for such Horizontal Phase or the part thereof as to which construction work is commencing, (b) given such Contractor(s) notice to proceed with remediation, abatement, demolition or excavation under such Construction Contract(s), and (c) obtained all Permits required to commence such remediation, abatement, demolition or excavation; and (ii) with respect to a Vertical Development, the time at which the applicable Component Developer has (a) executed a Construction Contract with the general contractor for such part of such Vertical Development or the part thereof as to which construction work is commencing, (b) given its Contractor notice to proceed with abatement, remediation, demolition, excavation or footings, sheeting and shoring, as applicable for the first work to be commenced under such Construction Contract, and (c) obtained all Permits required to commence such abatement, demolition, excavation or footings, sheeting and shoring.

“**Commencement of Default Forced Sale**” has the meaning given in Section 15.4.1(5) hereof.

“**Common Elements**” has the meaning given to such term in the Declaration of

⁴ The Certificate will be a Certificate from Developer or Component Developer, as applicable, with an attached certificate modeled on a modified AIA G-704 Certificate of Substantial Completion.

Covenants.⁵

“Community Participation Plan” has the meaning given in Section 10.15 hereof.

“Community Participation Program” has the meaning given in Section 10.15 hereof.

“Component Construction Covenant” means a covenant agreement between District and each Component Developer in the form attached hereto as Exhibit D, which shall be recorded in the Land Records at each Release Parcel Closing.

“Component Developer” is a Person selected by Developer, subject to District Review or to District Approval, as applicable, pursuant to Section 10.8.1 hereof, to construct a Vertical Development within the Project.

“Component Developer Quarterly Report” has the meaning given in Section 10.18.2 hereof.

“Component Developer’s Permitted Exceptions” has the meaning given in Section 4.9 hereof.

“Comprehensive Plan” means The Comprehensive Plan for the National Capital District Elements, §3(D) of Bill No. 16-876, Adopted by Council on December 19, 2006, as amended.

“Confidential Information” has the meaning given in Section 17.27(1) hereof.

“Construction Contract” means a contract with a Contractor for the construction of the Project or a portion thereof in accordance with the Master Development Plan, this Agreement and the applicable Related Agreements.

“Construction Drawings” means (i) with respect to Horizontal Development, architectural drawings and specifications prepared for the applicable Project Component that are derived from the Approved Horizontal Development Schematic Drawings for such Project Component and (ii) with respect to Vertical Development, architectural drawings and specifications prepared for the applicable Project Component that are derived from the Approved Vertical Development Schematic Drawings for such Project Drawings, provided that any Vertical Development that contains Residential Units, such Construction Drawings shall provide the projected unit type and size of each Residential Unit and identify each Residential Unit that shall be an ADU. Construction Drawings shall be used to (x) obtain the Permits, (y) obtain detailed cost estimates, and (z) solicit and receive construction bids, and must, at a minimum, provide sufficient details to achieve such purposes.

“Construction Permit” means the building permits required by 12A DCMR 105.1 to construct the Vertical Development and Horizontal Development.

“Construction Plans and Specifications” means with respect to any Project Component, the collective reference to the Horizontal Development Schematic Drawings, as to the Horizontal

⁵ Common Elements definition should include land and improvements.

Development, or Vertical Development Schematic Drawings, as to a Vertical Development, Design Development Drawings and Construction Drawings for such Project Component, and any modifications thereto, as the same have been Reviewed or Approved by District if and to the extent that such Review or Approval is required under this Agreement.

“Construction Schedule” means the schedule of the Binding Phase Scope and Schedule for each Horizontal Phase and the Vertical Development Completion Obligations.

“Contractor” means a general contractor for the Project or any portion thereof, which shall be subject to District Review in accordance with Section 10.13.4.

“Control” means the possession, directly or indirectly, of the power to direct, or cause the direction of, the day-to-day management and policies of a Person, whether through ownership of voting securities, membership interests or partnership interests, by contract or otherwise, which term shall not preclude major decision approval by others. The terms “Control,” “Controlling,” “Controlled by” or “under common Control with” shall have meanings correlative thereto.

“Council” means the Council of the District of Columbia.

“DCFOIA” has the meaning given in Section 17.27 hereof.

“DCRA” means the D.C. Department of Consumer and Regulatory Affairs.

“DDOT” means the District Department of Transportation.

“Declaration of Covenants” means, collectively, the declarations of covenants, conditions, restrictions and easements in the forms attached hereto as Exhibit E, which shall be recorded in the Land Records at Closing and which may be amended from time to time as provided in the Declaration of Covenants.⁶

“Default Forced Sale” means one or several sales, to one or more Qualified Developers, of all or a portion of the Leased Premises in accordance with the provisions of Section 15.4 hereof.

“Default Forced Sale Notice” has the meaning given in Section 15.4.1(1) hereof.

“Design Development Drawings” means design drawings showing all aspects of the applicable Project Component at the correct size and shape, derived from the Approved Horizontal Development Schematic Drawings or the Vertical Development Schematic Drawings, as applicable, which shall be consistent with the Master Development Plan, the Vertical Development Plan, as applicable, and Laws. Design Development Drawings shall include, at a minimum, drawings showing material and design details, including size and scale of façade elements, which are presented in detailed illustrations and 3-dimensional images

⁶ District will sign a joinder to the Declaration of Covenants to memorialize its consent to its terms and to subordinate its fee to its terms, subject to such conditions as District may reasonably require.

“**Developer**” has the meaning given in the Preamble hereof.

“**Developer Deposit**” shall mean that certain letter of credit dated June 20, 2014 in the amount of \$100,000, which Developer delivered to District prior to the Effective Date.

“**Developer Party**” means Developer, any Member of Developer, or any Affiliate of Developer.

“**Developer’s Permitted Exceptions**” has the meaning given in Section 4.7.3(1) hereof.

“**Developer Quarterly Report**” has the meaning given in Section 10.18.1 hereof.

“**Development Work Product**” has the meaning given in Section 17.13 hereof.

“**District**” has the meaning given in the Preamble hereof.

“**District Approval**” has the meaning given in Section 11.2.2 hereof.

“**District Certificate of Completion**” has the meaning given in Section 17.40 hereof.

“**District Construction Consultant**” has the meaning given in Section 12.8.

“**District Force Majeure**” means, with respect to District, any act of God, fire, earthquake, flood, explosion or other casualty event; war, invasion, act of public enemy, terrorism, insurrection, riot, mob violence or sabotage; inability to procure, or a general shortage of, labor, equipment, facilities, materials or supplies in the open market; failure, unavailability or shortage of transportation; strikes, lockout or actions of labor unions; taking by eminent domain, requisition, laws or orders of governmental or quasi-governmental bodies or of civil, military or naval authority; adverse weather of greater frequency, duration or severity than is common for the month in question; or other cause, whether similar or dissimilar to any of the foregoing, that is beyond the reasonable control of, and is not reasonably foreseeable by District, and is not due to the fault or negligence of District, and that results in a delay in District’s performance of its obligations under this Agreement.

“**District Released Parties**” has the meaning given in Section 17.24 hereof.

“**District Review**” has the meaning given in Section 11.2.1 hereof.

“**DOES**” means D.C. Department of Employment Services or any successor agency thereof.

“**DSLBD**” means D.C. Department of Small and Local Business Development or any successor agency thereof.

“**Early Release Parcel**” means a Release Parcel for which a Component Developer has undertaken to perform a portion or all of the Horizontal Development work required for the construction, opening or operation of the Vertical Development for such Release Parcel in the Vertical Development PSA.

“**EDC Agreement**” has the meaning given in the sixth Recital hereof.

“**Effective Date**” means the date of full execution and delivery of this Agreement, which date shall be inserted by District in the Preamble hereof.

“**Environmental Law**” means any federal or District of Columbia law, act, statute, ordinance, rule, regulation, order, decree, permit, or ruling of any federal, District of Columbia, or administrative regulatory body, agency, board, or commission or a judicial body, relating to the protection of human health or the environment or otherwise regulating or restricting the management, use, storage, disposal, treatment, handling, release, and/or transportation of a Hazardous Material, which are applicable to the Project or activities on or about the Walter Reed Redevelopment Property, including but not limited to 42 U.S.C. §9601, et seq. (CERCLA), 42 U.S.C. §6901 et seq. (RCRA), the Federal Water Pollution Control Act, 33 U.S.C. § 1251 et seq., the Safe Drinking Water Act, 42 U.S.C. 300f et seq., the Clean Air Act, 42 U.S.C. § 7401 et seq., the Hazardous Materials Transportation Act, 49 U.S.C. § 1801 et seq., the Toxic Substances Control Act, 15 U.S.C. § 2601 et seq., and the Emergency Planning and Community Right To Know Act, 42 U.S.C. § 11001 et seq., and any District of Columbia equivalent laws as each of the same is amended or supplemented from time to time.

“**Environmental Reports**” means those reports identified on Schedule 4.4.

“**Equity Commitment**” means either a Horizontal Development Equity Commitment or Vertical Development Equity Commitment.

“**Event of Default**” has the meaning given in Section 15.1.1 hereof.

“**Excusable Development Delay**” means (a) Governmental Delay; (b) Force Majeure; or (c) a delay in performance by Developer or a Component Developer directly caused by a decline in economic or development stability, prospects or opportunity such that two (2) of the following indices meet the following standards: (i) D.C. Statistical Area Unemployment above nine percent (9%) for at least three (3) consecutive months; (ii) a decrease by more than thirty-three percent (33%) in the number of building permit applications filed with DCRA in the most recent full calendar month for which such statistics are reported for either (1) new multi-family residential rental and condominium projects or (2) new commercial projects from the average number of such building permit applications compared to the forty-eight (48) month period prior to the most recent month for which such statistics are reported; (iii) limited availability of institutional equity and/or non-recourse real estate debt on customary terms, as demonstrated by the Person (i.e., Developer or Component Developer) claiming the delay, to the reasonable satisfaction of District; (iv) high vacancy or significantly deteriorating leasing markets for the types of real estate uses included in the applicable Project Component, as demonstrated by the Person (i.e., Developer or Component Developer) claiming the delay, to the reasonable satisfaction of District; or (v) only as to Project Components containing for sale condominium units or townhomes, an inventory backlog of unsold new construction condominium units marketed for initial sale within the greater Washington D.C. Metropolitan Statistical Area of eighteen (18) months or more.

“**Expiration Date**” shall mean the date that is twenty-nine (29) years and eleven (11)

months after the Effective Date.

“Extension” shall mean each extension option exercised by Developer in accordance with Section 9.7.

“False Claims Provisions” has the meaning given in Section 17.29 hereof.

“Final Completion” means, following Substantial Completion, Developer’s or Component Developer’s, as applicable, (a) completion of Punch List Items to the applicable Project Component, (b) payment for all costs of constructing the applicable Project Component (other than amounts as to which a bona fide dispute exists) and receipt by District of fully executed and notarized valid releases of liens from the General Contractors and all direct subcontractors of General Contractor with subcontracts exceeding \$500,000 in connection with the construction of the applicable Project Component, and (c) delivery of an executed Final Completion Certificate for the applicable Project Component.

“Final Completion Certificate” means a certificate by a Developer or Component Developer, as applicable, that certifies Final Completion for a Horizontal Phase (or portion thereof, to the extent of the Horizontal Development on an Early Release Parcel) or a Vertical Development, which has been signed by Developer or Component Developer, as applicable, and attaches a Certificate evidencing completion of the Punch List Items signed by the applicable Contractor and applicable Architect of Record, in the forms attached hereto as Exhibit C-2.

“First Source Agreement” means that certain First Source and Workforce Development Employment Agreement between Developer and DOES executed on _____, as may be amended, a copy of which is attached hereto as Exhibit F, and each First Source and Workforce Development Employment Agreement between a Component Developer and DOES.

“Force Majeure” means, with respect to District, District Force Majeure, and with respect to Master Developer or any Horizontal Phase or any Component Developer or any Vertical Development, as applicable, any act of God, fire, earthquake, flood, explosion or other casualty event; war, invasion, act of public enemy, terrorism, insurrection, riot, mob violence or sabotage; inability to procure, or a general shortage of, labor, equipment, facilities, materials or supplies in the open market; failure, unavailability or shortage of transportation; strikes, lockout or actions of labor unions; taking by eminent domain, requisition, laws or orders of governmental or quasi-governmental bodies or of civil, military or naval authority; adverse weather of greater frequency, duration or severity than is common for the month in question; or other cause, whether similar or dissimilar to any of the foregoing, that is beyond the reasonable control of, and is not reasonably foreseeable by Developer, or its Members or Affiliates or Component Developer, or its Members or Affiliates, and is not due to the fault or negligence of, as applicable, Developer, or its Members, Affiliates, representatives or contractors, or Component Developer, or its Members, Affiliates, representatives or contractors, and that results in a delay in the commencement, prosecution, or completion of the applicable Project Component.

“Forced Sale Broker” has the meaning given in Section 15.4.3(1) hereof.

“Forced Sale Plan” has the meaning given in Section 15.4.3(3) hereof.

“Forced Sale Property” means the property identified by District in a Default Forced Sale Notice that is proposed as being subject to a Default Forced Sale.

“FOST” the Army Finding of Suitability to Transfer dated September 2015, as the same may be subsequently amended.

“GFA” means with respect to any Building or group of Buildings, the sum of the square footage of gross horizontal areas of the several floors of such Building or group of Buildings, measured from the exterior faces of exterior walls and from the center line of walls separating two (2) Buildings. The term “GFA” shall include the square footage of (i) occupied basements (but not below grade parking structures or mechanical rooms), elevator shafts, and stairwells at each above grade (but not below grade) level; (ii) floor space used for mechanical equipment (with structural headroom of six (6) feet, six (6) inches, or more); (iii) penthouses; (iv) attic space (whether or not a floor has actually been laid, providing structural headroom of six (6) feet, six (6) inches, or more); (v) interior balconies; and (vi) mezzanines. The term “GFA” shall not include the square footage of below grade parking and mechanical rooms, cellars and outside balconies that do not exceed a projection of six (6) feet beyond the exterior walls of a Building.

“Governmental Authority” means any and all federal or District of Columbia governmental or quasi-governmental municipal corporation, board, agency, authority, department or body having jurisdiction over all or any portion of the Walter Reed Redevelopment Property or the Project or Developer or a Component Developer, including, without limitation, the Army Corps of Engineers, National Park Service, DDOT, the Washington Metropolitan Area Transit Authority, National Capital Planning Commission, United States Commission of Fine Arts, Zoning Commission and any utility company, but excluding District in its capacity under this Agreement.

“Governmental Delay” means a delay in performance by Developer or a Component Developer directly caused by either: (i) with respect to any matter that requires the Approval of District specifically under this Agreement, where the Developer has provided District sufficient information to respond to such request for Approval, District fails to specify in reasonable detail the reason for District’s disapproval or rejection of such matter and the changes that would be required for Approval and (ii) with respect to any matter that requires the review or consent of any Governmental Authority, where the Developer has provided such Governmental Authority sufficient information to respond to such request for approval, delays caused by such Governmental Authority not completing its review within the customary response period for the matter in question, imposing conditions that are not customary for the matter in question or that would constitute a Material Change to the Master Development Plan or applicable Binding Phase Scope and Schedule, or acting outside of such Government Authority’s powers contained in Laws.

“Great Lawn” means the area on the Master Development Plan and the Section 106 Agreement applicable to the Walter Reed Redevelopment Property generally referred to as the “Great Lawn.”

“Ground Lease” has the meaning given in Section 2.5.2 hereof.

“Ground Lease Partial Termination” means, as more particularly set forth in the

Ground Lease, a partial termination of the Ground Lease in recordable form, which, with respect to each Project Component subject to the same, terminates the Ground Lease applicable to such Project Component.

“Guaranty” or “Guaranties” means, as context requires, the Horizontal Development Completion Guaranty, the Vertical Development Completion Guaranty, the Initial Consideration Guaranty, or any permitted substitutions or replacements of any of the foregoing.

“Guarantor Submissions” means the current audited balance sheet and other financial statements as may be requested by District if prepared in the ordinary course of business (i.e., not solely for purposes of this Project or a Vertical Development), or otherwise unaudited balance sheet and other financial statements as may be requested by District, together with accompanying footnotes of contingent obligations of such proposed guarantor (in each case, certified by such proposed guarantor or an officer of such proposed guarantor as fairly presenting the financial condition of such proposed guarantor) and other information, if applicable, establishing that the Approved Guarantor Criteria has been met. Additionally, for any proposed guarantor that is not a natural person, the following documents evidencing the due organization and authority of such guarantor to enter into, join and consummate the applicable Guaranty and the transactions contemplated therein shall be provided to District: (i) the organizational documents and a current certificate of good standing issued by the state of formation of such proposed guarantor; (ii) authorizing resolutions, in form and content satisfactory to District, demonstrating the authority of the proposed guarantor and of the Person executing such Guaranty on behalf of such proposed guarantor; and (iii) a customary opinion of counsel that such proposed guarantor is validly organized, existing and in good standing in its state of formation, that such proposed guarantor has the full authority and legal right to carry out the terms of the applicable Guaranty, that such proposed guarantor has taken all actions to authorize the execution, delivery, and performance of such guaranties to which it is a party, that none of the aforesaid actions, undertakings, or agreements violate any restriction, term, condition, or provision of the organizational documents of such proposed guarantor or, to counsel’s actual knowledge, any contract or agreement to which such proposed guarantor is a party or by which it is bound.

“Hazardous Materials” means a substance that falls within one or more of the following categories, other than in quantities or concentrations that constitute Permitted Materials: (1) Any “hazardous substance” under 42 U.S.C. § 9601, et seq. or “hazardous waste” under 42 U.S.C. § 6901, et seq.; (2) Any substance or chemical defined and regulated under requirements promulgated, respectively, by the U.S. Environmental Protection Agency at 40 C.F.R. part 355, by the U.S. Department of Transportation at 49 C.F.R. parts 100-180, by the U.S. Occupational Safety and Health Administration at 29 C.F.R. § 1910.1200 and ionizing materials otherwise regulated by the U.S. Nuclear Regulatory Commission at 10 C.F.R. part 20; (3) Any substance or chemical that is defined as a pollutant, contaminant, dangerous substance, toxic substance, hazardous or toxic chemical, hazardous waste or hazardous substance under any other Environmental Law, or the presence of which requires reporting, investigation, removal and remediation or forms the basis of liability under any Applicable Environmental Requirements; (4) Any substance or material that the Secretary of Defense designates as a “toxic or hazardous material” under 10 U.S.C. § 2692(a)(2); (5) Any substance the presence of which on the Walter Reed Redevelopment Property or adjacent property causes or threatens to cause a nuisance or poses or threatens to pose a hazard to health or safety of persons on or about the Walter Reed

Redevelopment Property or adjacent property; (6) Gasoline, diesel fuel, or other petroleum hydrocarbons, including refined oil, crude oil and fractions thereof, natural gas, synthetic gas and any mixtures thereof; (7) Asbestos or asbestos containing material; and (8) Polychlorinated biphenyls, or materials or fluids containing the same.

“HILP” means Hines Interests Limited Partnership, a Delaware limited partnership, or a successor to all or substantially all of the assets of such entity.

“Hines Affiliate” means any entity that (a) is any of (i) a general or limited partnership, in which the only managing general partners are Gerald D. Hines, Jeffrey C. Hines, HILP or another Hines Affiliate; (ii) a limited liability company in which the only managing members are one or more of Gerald D. Hines, Jeffrey C. Hines, HILP or another Hines Affiliate; (iii) a corporation a majority of the voting stock of which is owned, directly or indirectly, by members of the Hines Family, one or more Hines Family Trusts or another Hines Affiliate; (iv) HILP; (v) any Hines Fund; or (vi) any other entity other than the entities described in clauses (i)–(v) of this definition that is Controlled, directly or indirectly, by Gerald D. Hines, Jeffrey C. Hines, a Hines Family Trust, HILP or another Hines Affiliate and (b) has non-exclusive rights to use the “Hines” name or brand and to access the “Hines” support network in discharging its obligations under this Agreement.

“Hines Family” means any one or more of (i) Jeffrey C. Hines, his spouse and his children and grandchildren (including, without limitation, children and grandchildren by adoption); (ii) Gerald D. Hines, his spouse and his children and grandchildren (including, without limitation, children and grandchildren by adoption); or (iii) the estate of either of them or the issue (including, without limitation, children and grandchildren by adoption), brothers, sisters and spouses of issue of Gerald D. Hines or Jeffrey C. Hines.

“Hines Family Trust” means a trust, the vested beneficiaries of which include members of the Hines Family and in which the only trustees are Gerald D. Hines, Jeffrey C. Hines, members of the Hines Family, HILP, another Hines Affiliate or one or more current or former employees of a Hines Affiliate.

“Hines Fund” means any fund or co-investment vehicle, platform or program (e.g., a series of related coordinated investments through project-specific legal entities) Controlled by HILP or another Hines Affiliate, as fund/entity/program managing general partner, managing member or manager, including, without limitation, any real estate investment trust or similar entity; and “Hines Funds” means more than one Hines Fund.

“Hines Guarantor” means Hines Investment Management Holdings Limited Partnership, a Delaware limited partnership, or another Hines Affiliate as to which Developer or Component Developer, as applicable, makes Submissions to District establishing that such Person meets the Approved Guarantor Criteria in accordance with this Agreement.

“Homeless Submission” has the meaning given in the fifth Recital hereof.

“Horizontal Development” means, collectively, the design, engineering and construction of the horizontal development pads, open space and park space; excavation;

demolition of buildings (including Building 2); historic preservation plan implementation; offsite road and sidewalk improvements; renovation of certain facilities; construction and design of roads, utilities, trails, bike paths, and onsite and offsite drainage works; creation of a possible Clean Energy District; onsite traffic control, including signalization; sidewalks, landscaping, and other improvements and infrastructure relating to the development on the Walter Reed Redevelopment Property, which will permit the Vertical Development and ready the NOI Occupancy Buildings for construction work by NOI Sublessees, all as more particularly identified and described in Section 9.1.

“Horizontal Development Budget” has the meaning given in Section 10.7.1 hereof.

“Horizontal Development Completion Guaranty” means a guaranty, in the form attached hereto as Exhibit G, of the Horizontal Development Completion Obligations.

“Horizontal Development Completion Obligations” means the obligation set forth in the Binding Phase Scope and Schedule requiring the performance, prior to the expiration of all applicable notice and cure periods, of all of Developer’s obligations to (i) construct, complete and pay for each portion of the Horizontal Development through Final Completion when and as required by the Binding Phase Scope and Schedule for the Horizontal Phase in which such portion is located and the Horizontal Minimum Requirements, (ii) remove from the Horizontal Development all liens and claims of lien arising from the performance of the obligations described in the preceding clause (i), and (iii) pay in full all amounts due to any contractor, subcontractor, or materialman who is engaged at any time in work or supplying materials for the construction of the Horizontal Development, in each case in accordance with this Agreement, the Related Agreements, the Binding Phase Scope and Schedule, Laws, the Master Development Plan and Approved Construction Plans and Specifications.

“Horizontal Development Equity Commitments” means, with respect to each Phase, bona fide commitment(s) for equity funding to cover the difference, if any, between the sum of (x) funding provided under the Horizontal Development Loan Commitments and (y) funding provided by the NOI Sublessees for their share of infrastructure costs required to support their NOI Premises, and the Horizontal Project Costs reflected in the Reviewed Horizontal Development Budget.

“Horizontal Development Financing Documents” means (i) the final loan documents for Developer’s construction financing in accordance with the Horizontal Development Loan Commitments, which must satisfy the requirements for financing set forth in the Ground Lease, (ii) the agreements evidencing the equity funding in accordance with the Horizontal Development Equity Commitment, and (iii) a statement detailing the disbursement of the proceeds of Developer’s proposed financing and funding. **“Horizontal Development Loan Commitments”** means, with respect to each Phase, bona fide commitment(s) for the debt funding from an Institutional Lender/Investor of the Horizontal Project Costs, including payment of interest as reflected in and pursuant to the Horizontal Development Budget.

“Horizontal Development Schematic Drawings” means drawings and plans for a Phase of the Horizontal Development that show, at a minimum, the following: (a) sizing, materials and general location of underground utilities and delineation between Developer’s scope of work and

the individual Component Developers' scopes of work; (b) profile elevations of buildings for which Horizontal Development work is being undertaken; (c) to the extent known by Developer at the time of submission of Horizontal Development Schematic Drawings to District, plot plans (1"=30') showing location and type of all Buildings and structures, location of loading and parking, and location and type of site amenities and community space, treatment of open space areas, conceptual landscaping design, and location of adjacent buildings, structures, driveways, access roads, street and curb lines, and pedestrian structures; (d) dimensions, alignment, curb and sidewalk details of any roads intended for public use in sufficient detail for acceptance of street by DDOT; (e) scope of demolition of existing structures; (f) scope and approach to mothballing historic buildings; and (g) design features of any project elements intended to be publicly accessible, including, but not limited to, the Great Lawn, Rose Garden, preservation of monuments, playgrounds, water features, artwork, sculpture and hiking/biking trails.

“Horizontal Funding and Financing Plan” means Developer’s plan describing the expected sources and uses of funds for the Horizontal Development of a subject Horizontal Phase, and any changes thereto Reviewed by District, which plan shall be based upon the Master Development Plan (including the sources and uses of funds to be invested in the Horizontal Development).

“Horizontal Minimum Requirements” has the meaning given in Section 9.2 hereof.

“Horizontal Phase” has the meaning given in Section 9.2.9 hereof.

“Horizontal Project Costs” means all costs that are for or related to the planning, design, development, renovation or construction of the Horizontal Development, the property taxes and other operating costs of the Walter Reed Redevelopment Property during the term of the Ground Lease, and the performance of the obligations of Developer under this Agreement and applicable Related Agreements to which Developer is a party, and shall include all hard costs (including, without limitation, costs of labor and materials) and all soft costs (including, without limitation, financing costs, interest costs, costs of payment and performance bonds, title insurance, Permits and licenses, the costs incurred in connection with the retention of architects, engineers, consultants and surveyors, development fees, overhead and personnel recovery, attorneys and construction escrows), taxes and operating costs and contingencies.

“Horizontal Public Use Release Agreement” has the meaning given in Section 9.13 hereof.

“Horizontal Public Use Release Property” means all of the Public Infrastructure that will be constructed within the Walter Reed Redevelopment Property (and the land upon which same is constructed) as shown on the Master Development Plan and released from the Walter Reed Redevelopment Property pursuant to this Agreement, the Ground Lease and the Horizontal Public Use Release Agreement.

“Housing Land” has the meaning given in Section 2.2.1 hereof.

“Housing Lease” has the meaning given in Section 2.2.1 hereof.

“HUD” has the meaning given in the fifth Recital hereof.

“**Indemnified Party**” and “**Indemnified Parties**” have the meanings given them in Section 12.13.1 hereof.

“**Initial Binding Phase Scope and Schedule**” is (i) the Horizontal Development Schematic Drawings and (ii) a Construction Schedule for the Initial Horizontal Phase to be constructed by Developer that will be provided by Developer to District and Approved and Reviewed by District Approval in accordance with Section 10.2, as may be amended pursuant to Section 10.4.

“**Initial Consideration**” has the meaning given in Section 2.6.2 hereof.

“**Initial Consideration Early Payment Payoff Amount**” is defined in Section 2.6.2(4) hereof.

“**Initial Consideration Escrow Account**” has the meaning given in Section 2.6.2(1) hereof.

“**Initial Consideration Escrow Agent**” means such agent appointed by District and Developer pursuant to an Initial Consideration Escrow Agreement.

“**Initial Consideration Escrow Agreement**” has the meaning given in Section 2.6.2(1) hereof.

“**Initial Consideration Guaranty**” is defined in Section 2.6.2(2).

“**Initial Consideration Installment**” and “**Initial Consideration Installments**” have the meaning give in Section 2.6.2.

“**Initial Horizontal Phase**” has the meaning given in Section 9.2.9 hereof.

“**Initial Open Space**” has the meaning given in Section 9.2.2 hereof.

“**Institutional Lender/Investor**” means a lender or investor that is not a Prohibited Person, a Key Member, an Affiliate of the Key Members, Triden or a Triden Affiliate and is (i) a commercial bank, investment bank, investment company, savings and loan association, trust company or national banking association, acting for its own account; (ii) a finance company principally engaged in the origination of commercial mortgage loans or any financing-related subsidiary of a Fortune 500 company; (iii) an insurance company, acting for its own account or for special accounts maintained by it or as agent or manager or advisor for other entities covered by any of clauses (i)-(xi) hereof; (iv) a public employees’ pension or retirement system; (v) a pension, retirement, or profit sharing, or commingled trust or fund for which any bank, trust company, national banking association or investment adviser registered under the Investment Advisors Act of 1940, as amended, is acting as trustee or agent; (vi) a real estate investment trust (or umbrella partnership or other entity of which a real estate investment trust is the majority owner), real estate mortgage investment conduit, hedge fund, private equity fund or securitization trust or similar investment entity; (vii) an endowment having total assets of at least \$500,000,000.00; (viii) any federal, state, or District agency regularly making, purchasing or guaranteeing mortgage loans, or any governmental agency supervising the investment of public

funds; (ix) a profit-sharing or commingled trust or fund, the majority of equity investors in which are pension funds having in the aggregate no less than \$500,000,000.00 in assets; (x) any entity of any kind actively engaged in commercial real estate financing and having total assets (on the date when its interest in this Project, or any portion thereof, is obtained) of at least \$500,000,000.00; (xi) a “qualified institutional buyer” within the meaning of Rule 144A under the Securities Act of 1933, as amended (or an institution substantially similar to the foregoing), provided that such entity (a) has total assets (in name or under management) in excess of \$500,000,000 and capital/statutory surplus or shareholders’ equity in excess of \$250,000,000, and (b) is regularly engaged in the business of making or owning commercial or multi-family real estate loans (or interests therein), real estate equity investments or operating commercial or multi-family properties; (xii) a sovereign wealth fund having total assets of at least \$1,000,000,000; (xiii) a family office that is regularly engaged in the business of owning commercial or multi-family real estate, or making commercial or multi-family real estate loans and/or commercial or multi-family equity investments, and has, or the participants in such family office in the aggregate have, a net worth of at least \$250,000,000.00; (xiv) a corporation, other entity or joint venture that is a wholly owned subsidiary or combination of one or more of the foregoing entities (including, without limitation, any of the foregoing entities described in clauses (i) through (xiii) when acting as trustee or manager for other lender(s) or investor(s), whether or not such other lender(s) or investor(s) are themselves Institutional Lenders/Investors (but provided that such other lender(s) or investor(s) are not Prohibited Persons); or (xv) such other lender or equity investor, subject to District Approval, provided that such other lender or equity investor is at the time of making the loan or investment of a type which is then customarily used as an investor or lender on projects like the portion of the Project for which the proceeds of such loan or equity investment are to be used.

“**Interim Operations and Activation Plan**” has the meaning given in Section 9.11 hereof.

“**Issuer**” is defined in Section 2.6.2(3).

“**Key Member**” means each of (x) Hines WR LLC and any successor thereto as a direct or indirect owner in Developer that is a Hines Affiliate or becomes a Key Member pursuant to Section 14.5.1(i) or Section 14.5.1(j) and (y) UAD Walter Reed LLC and any successor thereto as a direct or indirect owner in Developer that is a UA Affiliate or becomes a Key Member pursuant to Section 14.5.1(k) or Section 14.5.1(l).

“**Key Members**” shall mean the collective reference to all Key Members, or such multiple Key Members as the context requires.

“**Land Records**” means the land records for the District of Columbia that are maintained by the Recorder of Deeds or by any successor thereto.

“**Laws**” means all applicable local, state and federal laws, ordinances, rules, codes, regulations, resolutions, executive orders and standards, including, without limitation, Environmental Laws, zoning requirements, building codes and all laws relating to accessibility for persons with disabilities, and, if applicable, the Davis-Bacon Act.

“**LBAs**” have the meaning given in Section 2.3.1 hereof.

“**Leased Premises**” has the meaning given in Section 2.5.1 hereof.

“**Lender’s Construction Consultant**” is an independent third-party construction management consultant that is engaged by Developer’s senior construction lender, who is responsible for various construction-related reviews applicable to the Horizontal Development on behalf of such construction lender.

“**Loan Commitment**” shall mean either the Horizontal Development Loan Commitment or a Vertical Development Loan Commitment, or, if the context so requires, both.

“**Master Development Plan**” has the meaning given in Section 2.4 hereof.

“**Material Adverse Change**” means, as to any Approved Guarantor, a change in the Approved Guarantor’s financial capabilities or organization that causes the Approved Guarantor to fail to continue to meet the Approved Guarantor Criteria contained in Schedule 5.5.

“**Material Change**” means a change in the Master Development Plan, a Vertical Development Plan, or a change to the construction and development work provided for in the Binding Phase Scope and Schedule for a Horizontal Phase, Construction Plans and Specifications compared to that provided for in the Approved Horizontal Development Schematic Drawings or Approved Vertical Development Schematic Drawings, as applicable, that would (a) result in a decrease of more than five percent (5%) to the land area of any public park (except as required by Laws or Governmental Authority); (b) result in a decrease to the width of any alley, road, sidewalk, boardwalk, bike path or promenade that is depicted on the applicable Horizontal Development Schematic Drawings or Vertical Development Schematic Drawings Approved by District in excess of two (2) feet (except as required by Laws or Governmental Authority); (c) constitute a change in the character or function to the design of amenities or facilities of public parks (and landscaping and hardscaping related thereto); (d) result in a diminishment of product, quality, type, or number of public art or memorial elements; (e) result in a compromise of the objectives of the Sustainable Development Plan (except to the extent required to comply with Laws or Governmental Authority); (f) with respect to ADUs, require District’s approval pursuant to the terms of the Affordable Housing Covenant; (g) as to a Vertical Development Plan, be inconsistent with the then current Comprehensive Plan; or (h) require the review or approval, if applicable, of the Zoning Commission, Board of Zoning Adjustment, Historic Preservation Review Board, National Capital Planning Commission or the United States Commission of Fine Arts if and to the extent such bodies have jurisdiction with respect to the matter in question.

“**Member**” means any Person with an ownership interest in Developer, whether as a member of a limited liability company, a shareholder in a corporation, a partner in a partnership, a beneficiary under a trust, or otherwise.

“**Memorandum of Lease**” is that certain Memorandum of Lease in the form attached as Exhibit H, which shall be recorded in the Land Records at Closing.

“**Minimum GFA Delivery Schedule**” has the meaning given in Section 9.2.6 hereof.

“**Minimum Subsequent Phase Start Date**” has the meaning given in Section 9.5.2 hereof.

“**Missed Commencement Deadline**” has the meaning given in Section 9.7.2 hereof.

“**Missed Completion Deadline**” has the meaning given in Section 9.7.3 hereof.

“**Missed Delivery Deadline**” has the meaning given in Section 9.7.1 hereof.

“**Monetary Default**” has the meaning given in Section 15.1.1(1) hereof.

“**NOI Move-In Obligation**” has the meaning given in Section 9.10.1 hereof.

“**NOI Occupancy Buildings**” means the meaning given in Section 9.10.1 hereof.

“**NOI Parcel**” means each parcel of land on which each NOI Occupancy Building is located.

“**NOI SNDA**” has the meaning given in Section 7.2.1(7).

“**NOI Sublease**” has the meaning given in Section 2.3.2 hereof.

“**NOI Sublessees**” has the meaning given in Section 2.3.1 hereof.

“**Notice**” means a notice provided by one Party to another Party in accordance with Article 16 hereof.

“**Noticed Investor**” means an Institutional Lender/Investor that Developer identifies in a Notice to District that has made a binding commitment to invest more than \$10,000,000 and has invested more than \$3,000,000 of equity in the Horizontal Development.

“**Owners’ Association**” shall mean an association, of which each of the owners of a portion of the Walter Reed Redevelopment Property shall be a member, which shall have the rights and obligations described in this Agreement and the Declaration of Covenants.

“**Parties**” means the collective reference to Developer and District.

“**Permit**” means any demolition, site, building, construction, historic preservation, and other permit, approval, license and/or right required or necessary to be obtained under Law from a Governmental Authority for the commencement, performance and completion of the Project or any part thereof.

“**Permitted Materials**” means any materials or substances regulated by Environmental Laws that are reasonably and customarily used during construction, provided that same are used, handled and stored in compliance with all applicable Environmental Laws.

“**Permitted Transfer**” has the meaning given in Section 14.5.1 hereof.

“**Person**” means any individual, or any corporation, limited liability company, trust,

partnership, association or other entity.

“**Preliminary Phasing Plan**” has the meaning given in Section 9.5.1 hereof.

“**Prohibited Person**” means any Person who or which (a) has been convicted of a felony for one or more of the following: (i) fraud, (ii) intentional misappropriation of funds, (iii) bribery, (iv) perjury, (v) conspiracy to commit a crime, (vi) making false statements to a government agency, (vii) improperly influencing a government official, and (viii) extortion; (b) could be debarred if the standards applied in Title 27, Section 2213 of the DCMR were applied to such Person’s failure to satisfy a contractual obligation to District; (c) is on the District’s list of debarred, suspended or ineligible Persons; or (d) is a Restricted Person.

“**Project**” means the development of the Walter Reed Redevelopment Property and construction of the Horizontal Development and Vertical Development in accordance with this Agreement, the Master Development Plan, applicable Related Agreements and Laws.

“**Project Completion Outside Date**” has the meaning given in Section 12.4 hereof.

“**Project Component**” means each of a Horizontal Phase or the initial Vertical Development by a Component Developer, as applicable.

“**Promotional Materials**” means public announcements, press releases, advertising, marketing materials and promotional materials regarding the Project.

“**Public Infrastructure**” has the meaning given in Section 9.1(13) hereof.

“**Punch List Items**” means the minor items of work to be completed or corrected prior to final payment to the Contractor(s) pursuant to the applicable Construction Contract, as determined by the Architect of Record, in order to fully complete a Project Component in accordance with the Construction Drawings, and this Agreement, with respect to Horizontal Development and the Component Construction Covenant, with respect to Vertical Developments. Notwithstanding the foregoing, an item of work shall not be considered a “Punch List Item” if the fact that such item is not complete or correct will materially interfere with the use and/or occupancy of the applicable Project Component for its intended purposes.

“**Qualified Developers**” has the meaning given in Section 15.4.4 hereof.

“**Quitclaim Deed**” means a quitclaim deed in the form as set forth in Exhibit I-1 (for each Release Parcel identified on the Master Development Plan containing Residential Units, including the Housing Land), in the form of Exhibit I-2 (for Common Elements), and in the form of Exhibit I-3 (for each Release Parcel identified on the Master Development Plan for all other development).⁷

⁷ The deeds for Release Parcels that are not for condominium or townhome use will include a 99 year reverter and a right of re-entry [**terms to be agreed**] to be exercised by District in the event of an event of default under the Component Construction Covenant. The deed for Common Elements will include a right of re-entry [**terms to be agreed**] in the event that the property ceases to be used for public purposes and the deed for the Housing Land will include a 99-year reverter in the event that the property ceases to be used for residential purposes. All Quit

“Related Agreements” means (i) with respect to Developer, collectively, the Ground Lease, the Declaration of Covenants, the CBE Agreement to which Developer is a party and the First Source Agreement to which Developer is a party; and (ii) with respect to each Component Developer, collectively, the Quitclaim Deed under which such Component Developer has obtained a property interest in the applicable Release Parcel; the Component Construction Covenant; to the extent the Release Parcel will contain Residential Units, the Affordable Housing Covenant; the Declaration of Covenants; the CBE Agreement to which such Component Developer is a party; and the First Source Agreement to which such Component Developer is a party.

“Release” means any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing into the environment (including the abandonment or discharge of barrels, containers and other receptacles containing any Hazardous Materials or Permitted Materials).

“Release Parcel” has the meaning given in Section 8.1 hereof.

“Release Parcel Closing” has the meaning given in Section 8.2 hereof.

“Release Parcel Closing Date” shall mean the date on which the Release Parcel Closing is scheduled, which date shall be identified in the Release Parcel Closing Request.

“Release Parcel Closing Escrow Agreement” has the meaning given in Section 8.8 hereof.

“Release Parcel Closing Request” has the meaning given in Section 8.1 hereof.

“Request” has the meaning given in Section 17.27(2) hereof.

“Request for Default Force Sale” has the meaning given in Section 15.4.1(2) hereof.

“Requested Information” has the meaning given in Section 17.27(2) hereof.

“Required Joint Ownership Period” means the period of time beginning on the Effective Date until (x) the date on which all of the Horizontal Minimum Requirements other than the Minimum GFA Delivery Schedule have been satisfied and (y) Developer shall have achieved (in the aggregate, including work performed by Component Developers with respect to Early Release Parcels) Substantial Completion of the Horizontal Development work sufficient to sell or market for sale Release Parcels entitled to be developed for a minimum 2,000,000 square feet of GFA, including with respect to those areas identified in the Master Development Plan as the “Town Center”, Parcels H, J, I, O and P, and Building 1.

“Residential Unit” means an individual residential unit constructed as part of the Project pursuant to the Master Development Plan and the Vertical Development Plans.

Claim Deeds, including deeds re-conveying property to District following exercise of a right of re-entry by District, will be subject to the Declaration of Covenants.

“**Restricted Person**” has the meaning given in Section 3.2.11(2) hereof.

“**Reuse Plan**” has the meaning given in the third Recital hereof.

“**Reviewed**” means, as to Submissions by Developer or a Component Developer requiring District Review, the Submission has been submitted to District and District has not provided objections to the same pursuant to Section 11.2.1.

“**Sales Party**” means (i) any Approved Mortgagee or Noticed Investor that delivers a Request for Default Forced Sale to District in accordance with Section 15.5.1(2) hereof or (ii) District if District so elects to initiate a Default Forced Sale.

“**Second Request**” has the meaning given in Section 11.3 hereof.

“**Section 106 Agreement**” means the Programmatic Agreement Among the Department of the Army, The District of Columbia State Historic Preservation Office, and the Advisory Council on Historic Preservation Regarding the Closure and Transfer of Select Parcels of Walter Reed Army Medical Center Washington, District of Columbia dated as of January 24, 2013, as the same may be amended.

“**Settlement Agent**” means the Title Company.

“**Submissions**” means those certain plans, specifications, documents, items and other matters to be submitted by Developer or Component Developer, as applicable, to District pursuant to the terms of this Agreement and each Component Construction Covenant, respectively.

“**Subsequent Binding Phase Scope and Schedule**” means (i) the Horizontal Development Schematic Drawings and (ii) a Construction Schedule for a Subsequent Horizontal Phase that will be provided by Developer to District and Approved and Reviewed by District pursuant to Section 10.3, as may be amended pursuant to Section 10.4.

“**Subsequent Horizontal Phase**” has the meaning given in Section 9.2.9 hereof.

“**Substantial Completion**” or “**Substantially Complete**” means with respect to any Project Component, that (i) Developer or a Component Developer has completed construction of the subject Project Component, except for Punch List Items, in accordance with the Construction Plans and Specifications, the Master Development Plan, Permits, Laws, the Related Agreements, and with respect to Developer, this Agreement, (ii) Developer or Component Developer has submitted to District a fully executed Certificate of Substantial Completion, and (iii) with respect to each Vertical Development, Component Developer has obtained Certificates of Occupancy for the Buildings constructed within such Project Component.

“**Surveyor**” has the meaning given in Section 4.7.2 hereof.

“**Surveys**” has the meaning given in Section 4.7.2 hereof.

“**Sustainability Plan**” has the meaning given in the Master Development Plan.

“**Termination Date**” has the meaning given in Section 2.5.2 hereof.

“**Terrorist Acts**” has the meaning given in Section 3.2.11(1) hereof.

“**Title Commitments**” has the meaning given in Section 4.7.1 hereof.

“**Title Company**” means a nationally recognized title company reasonably acceptable to Developer and District, or as to any Release Parcel Closing, reasonably acceptable to District and Component Developer; provided, that it shall not be unreasonable for Developer, District or Component Developer to withhold its approval of a title company if such title company adds additional title exceptions to any title commitments covering portions of the Walter Reed Redevelopment Property based on matters existing as of the Effective Date or does not agree to remove existing title exceptions on the same terms and conditions as negotiated among Developer and District, or, as to any Release Parcel, District and Component Developer.

“**Toll Brothers Guarantor**” means _____ or another Affiliate of Toll Brothers, Inc. as to which a Component Developer makes Submissions to District establishing that such Person meets the Approved Guarantor Criteria in accordance with this Agreement.

“**Transfer**” means (i) any sale, assignment, conveyance, lease or other transfer (whether voluntary, involuntary or by operation of law) of the Walter Reed Redevelopment Property or any Building or other improvement now or hereafter constructed on the Walter Reed Redevelopment Property, or any portion thereof; (ii) any assignment of Developer’s interest as lessee under the Ground Lease or Developer’s rights and obligations under this Agreement; (iii) any Change of Control of, or any sale, assignment or other transfer, or issuance, of any direct or indirect equity interest of a Key Member in, Developer; (iv) any Change of Control of, or any sale, assignment or other transfer, or issuance, of any direct or indirect equity interest of a Key Member; (v) as provided in the Component Construction Covenant, any sale, assignment, conveyance, lease of any Vertical Development prior to Substantial Completion of such Vertical Development (except leases and sales to bona fide tenants of rentable space in any Vertical Development or bona fide purchasers of units in condominiums or townhouses, where, in either case, first occupancy of such rentable space or unit will take place following Substantial Completion of such Vertical Development or applicable portion thereof); and (vi) any sale, assignment or other transfer, or issuance, of any direct or indirect equity interest in the initial Component Developer, as more fully described in the Component Construction Covenant. Notwithstanding the foregoing, no sale, assignment, trust or other transfer of shares or units in a publicly traded corporation, partnership or limited liability company or a real estate investment trust shall constitute a “Transfer” for purposes of this Agreement.

“**Triden**” means Triden Development Company, a District of Columbia limited liability company, or a successor to all or substantially all of the assets of such entity that is a Certified Business Enterprise.

“**Triden Affiliate**” means any entity that is Controlled, directly or indirectly, by Triden or is under common Control with, Triden.

“UA Affiliate” means any entity which (a) is any of (i) a general or limited partnership, in which one or more of the managing general partners are a member or members of one or more of a UA Member Family, a UA Member Trust, or a UA Member Fund; (ii) a limited liability company in which the only managing members are a member or members of one or more of a UA Member Family, or a UA Member Trust; (iii) an entity a majority of the voting stock or other voting interests of which is or are owned, directly or indirectly, by members of a member or members of one or more of the UA Member Family, or a UA Member Trust; (iv) any one or more UA Member Trusts or UA Member Funds; (v) any other entity other than the entities described in clauses (i)–(iv) of this definition that is Controlled, directly or indirectly, by a current member of a UA Family Member, a UA Member Family Trust, or a UA Member Family Fund or another UA Affiliate.

“UA Guarantor” means Urban Atlantic Development, LLC or another UA Affiliate (or two (2) UA Affiliates as joint and several guarantors) as to which Developer or a Component Developer, as applicable, makes Submissions to District establishing that such Person meets (or such Persons collectively meet) the Guarantor Criteria in accordance with this Agreement.

“UA Member Family” means any one or more of (i) Urban Atlantic Development LLC (f/k/a Mid-City Urban LLC); Legacy Partners Operations, LLC; MN, LLC; Lo’s, LLC; Dav-Jon Family, LLC; and/or Harfam, LLC; or any Person who is presently an owner, directly or indirectly, of any successor in interest to any such Person and who owns twenty percent (20%) or more of the Membership interests in a UA Affiliate; and/or any member of any of the foregoing entities (including, without limitation, children and grandchildren by adoption); or (ii) any general or limited partnership, limited liability company, corporation, or trust, the Controlling owner or owners or vested beneficiaries of which are any of the foregoing, or the estate of any of them or their issue (including, without limitation, children and grandchildren by adoption), brothers, sisters and spouses of issue of the foregoing.

“UA Member Trust” means a trust, the vested beneficiaries of which include one or more members of a UA Member Family entity or their ancestors, descendants, siblings, spouses, or the spouse ancestors or descendants of any of the foregoing.

“UA Member Fund” means any fund or co-investment vehicle, platform or program (e.g., a series of related coordinated investments through project-specific legal entities) Controlled by a UA Affiliate, as fund/entity/program managing general partner, managing member or manager, including, without limitation, any real estate investment trust or similar entity.

“Unforeseen Site Condition” has the meaning given in Section 9.6.2 hereof.

“Unrelated Default Phase” has the meaning given in Section 15.3 hereof.

“Vertical Development” means a distinct vertical development component of the Project to be constructed on a Release Parcel, as identified in the Master Development Plan.

“Vertical Development Administration Payment” shall mean the payment due from Developer or Component Developer, as applicable, to District, which shall reimburse District for

the costs of administering and monitoring the Project, to be calculated and paid pursuant to Section 2 of Schedule 2.6.3 hereof.

“Vertical Development Budget” means the budget containing the information listed on Schedule 10.8.2 for Component Developer’s respective Vertical Development.⁸

“Vertical Development Completion Guaranty(ies)” means an unconditional guaranty of the Vertical Development Completion Obligations, in the form of Exhibit J.

“Vertical Development Completion Obligations” means the full and complete performance, prior to the expiration of all applicable notice and cure periods, of all of Component Developer’s agreements, obligations and covenants to construct, complete to Final Completion and pay for each Vertical Development pursuant to the Component Construction Covenant between the Component Developer and District.

“Vertical Development Equity Commitments” means bona fide commitments(s) for equity funding to cover the difference, if any, between the funding provided under the Vertical Development Loan Commitments and the Vertical Project Costs, as reflected in the Vertical Development Budget.

“Vertical Development Financing Documents” means the loan documents for a Component Developer’s acquisition and/or construction financing in accordance with the Vertical Development Loan Commitments, which must satisfy the requirements for financing set forth in the Component Construction Covenant, (ii) the agreements evidencing the equity funding in accordance with the Vertical Development Equity Commitment, and (iii) a statement detailing the disbursement of the proceeds of Component Developer’s proposed financing and funding.

“Vertical Development Funding and Financing Plan” means a funding and financing plan for each Release Parcel, in the form attached as Schedule 10.10.1, which plan shall include the sources and uses of public and private funds to be invested in such Release Parcel development.⁹

“Vertical Development Loan Commitment” means bona fide commitment(s) for the funding from an Institutional Lender/Investor of the Vertical Project Costs of such Vertical Development to be undertaken by the subject Component Developer, and payment of interest during the construction period (pursuant to the Vertical Development Budget).

⁸ To be included in this Schedule: specify all Project Costs (direct and indirect) by category, and such Component Developer’s best estimate of the amount thereof, including (a) the costs of all labor, materials, and services necessary for the construction of such Vertical Development in accordance with the plans therefor, this Agreement, the Related Agreements, and Laws, and (b) all other expenses anticipated by such Component Developer incident to the construction of such Vertical Development (including, without limitation, anticipated interest on all financing, taxes and insurance costs). Additionally, each Component Developer shall submit to District an update of its respective Vertical Development Budget at the time of submission of bond and other general contractor information pursuant to Section 10.13. Thereafter, further updates to the Vertical Development Budget shall be as described in the Component Developer Quarterly Report.

⁹ Developer to propose form.

“Vertical Development Plan” means a Component Developer’s plan for its subject Vertical Development, which shall be consistent with, and a further refinement of, the Master Development Plan as it relates to the subject Vertical Development and shall, to the extent the Vertical Development contains Residential Units, the Affordable Housing Plan.

“Vertical Development PSA” means each agreement between Developer and a Component Developer governing, among other things, the terms of sale of the Developer’s interest in this Agreement with respect to the subject Release Parcel and such Component Developer’s rights to develop the same.

“Vertical Development Schematic Drawings” means drawings and plans for a Vertical Development that include and show, at a minimum, the following: (a) sufficient detail to confirm that use, height and massing complies with the zoning and the Reuse Plan; (b) site survey; (c) site plan; (d) ground level plan; (e) preliminary building elevations; (f) a landscape plan (1”=30’) showing the proposed location of plantings, including trees and shrubs on the Release Parcel; (g) for Buildings that contain Residential Units, the intended ADU unit count and proposed unit location, which shall be consistent with the requirements of the Affordable Housing Covenant; (h) the approximate square footage of each Building; (i) the location of parking facilities and approximate number of spaces; (j) a description of historic preservation measures to be taken for historically significant Buildings; (k) schematic building plans, inclusive of any underground garage facility (1/20”=1’); (l) typical floors plans, inclusive of any underground garage facilities (1/20”=1’); (m) a chart showing expected floor areas, expected floor area ratio, expected building coverage of the Release Parcel, expected building height, areas dedicated to pedestrian and recreational uses, and expected location of loading docks; (n) a topographic survey for the Release Parcel; and (o) expected open spaces, driveways, access roads, private streets, sidewalks and loading on the Release Parcel.

“Vertical Project Costs” means all costs that are for or related to the planning, design, development, renovation or construction of the applicable Vertical Development and the performance of the obligations of the applicable Component Developer under the Component Construction Covenant and other applicable Related Agreements, and shall include all hard costs (including, without limitation, costs of labor and materials) and all soft costs (including, without limitation, financing costs, interest costs, costs of payment and performance bonds, title insurance, Permits and licenses, the costs incurred in connection with the retention of architects, engineers, consultants and surveyors, development fees, overhead and personnel recovery, attorneys and construction escrows), taxes and operating costs and contingencies.

“**Walter Reed**” has the meaning given in the first Recital hereof.

“**Walter Reed Redevelopment Property**” has the meaning given in Section 2.1 hereof.

“**Withdrawing Key Member**” is defined in Section 5.8.1.

ARTICLE 2 - **PROPERTY DESCRIPTION AND PROJECT, LEASE AND CONSIDERATION**

2.1 Walter Reed Redevelopment Property The “**Walter Reed Redevelopment Property**” is approximately 66.25 acres of the 66.57 acre surplus portion of Walter Reed as

described in Schedule 2.1 attached hereto. The Walter Reed Redevelopment Property includes, without limitation, the existing tax parcels identified in Schedule 2.1.

2.2 **Housing Lease**

2.2.1 The Army leased for a term of fifty (50) years a portion of the Walter Reed Redevelopment Property (“**Housing Land**”) and conveyed all of the improvements located on the Housing Land (including the two buildings commonly referred to as Buildings 8 and 9) to Fort Detrick/Walter Reed Army Medical Center Housing LLC (“**Housing Lease**”). District has acquired the Housing Land from the Army as part of the Walter Reed Redevelopment Property, which will remain encumbered by the Housing Lease for the remainder of the Housing Lease term.

2.2.2 Developer shall have the full and exclusive responsibility and right to deal with the Housing Lease and the tenant thereunder, including, but not limited to: (a) enforcing and undertaking lessor’s rights; (b) modifying or amending the Housing Lease; and (c) terminating the Housing Lease. Upon Substantial Completion of the last Horizontal Phase to be completed, but in any event prior to the expiration of the Ground Lease, if the Housing Lease remains in effect, the Housing Land shall be conveyed by District to the Owners’ Association in accordance with Section 9.10.2.

2.2.3 In the event the Developer or one of its Affiliates purchases the tenant’s leasehold under the Housing Lease prior to the Expiration Date, District agrees to convey the fee interest in the Housing Land by Quitclaim Deed (in one or two deeds) to Developer’s designee for total additional consideration of \$1.00, and the Housing Land shall be considered a Release Parcel under this Agreement, except that no Component Construction Covenant shall apply. Any closing costs associated with such conveyance shall be the responsibility of Developer or Developer’s designee.

2.2.4 District shall have no responsibility or liability to undertake any actions or incur any costs related to the Housing Land or the Housing Lease, except for executing a Quitclaim Deed with respect to the Housing Land pursuant to this Section 2.2.2, Section 2.2.3 and Section 9.12.3(3).

2.3 **NOI Sublessees**

2.3.1 District entered into several Memoranda of Agreement (“**MOAs**”) with certain educational and medical providers and several Legally Binding Agreements (“**LBAs**”) with certain homeless providers (collectively, the “**NOI Sublessees**”) to lease certain portions of the Walter Reed Redevelopment Property as identified in Schedule 2.3.1 for various homeless, educational, and medical uses (collectively, the “**NOI**”).

2.3.2 Developer shall execute a sublease at Closing with each NOI Sublessee (each, a “**NOI Sublease**”) for the applicable NOI Parcel. In the event Developer is unable to execute a NOI Sublease with each NOI Sublessee at Closing, District may, at the request of Developer, permit Developer to execute a NOI Sublease at a later date, in District’s reasonable discretion. The form of sublease agreement shall be consistent with the terms of this Agreement, the Ground Lease and the respective MOA or LBA. Each NOI Sublease shall be subject to

District Approval prior to Closing and execution of each by the respective NOI Sublessees and Developer.

2.3.3 For any NOI Sublessee that is subject to a LBA, upon the date that is one year following the later to occur of (a) the issuance of a permanent certificate of occupancy for the NOI Occupancy Building or (b) the commencement of program operations consistent with the LBA, the NOI Parcel and NOI Occupancy Building shall be released from the Ground Lease and District shall assume the NOI Sublease as lessor thereunder. Upon such release, each NOI Sublessee shall be entitled to request the District's transfer of fee simple title to the NOI Parcel and NOI Occupancy Building to the NOI Sublessee. Any such transfer shall be through a quitclaim deed and conditioned on a (x) covenant contained in the deed that restricts NOI Sublessee's, and their successors' and assigns', use of the NOI Parcel and NOI Occupancy Building to those uses permitted under the LBA for a period of ninety-nine (99) years following the date of transfer and (y) reverter upon expiration of ninety-nine (99) years following the date of transfer. NOI Sublessee shall be responsible for all costs and expenses associated with the transfer of title. The foregoing shall be incorporated in each of the applicable NOI SNDAs.

2.3.4 For any NOI Sublessee that is subject to an MOA, upon the date that is one year following the later to occur of (a) the issuance of a permanent certificate of occupancy for the NOI Occupancy Building or (b) the commencement of program operations consistent with the MOA, the NOI Parcel and NOI Occupancy Building shall be released from the Ground Lease and District shall assume the NOI Sublease as lessor thereunder. Upon such release, each NOI Sublessee shall be entitled to request an extension to the lease term, on such terms as are mutually acceptable to District and the NOI Sublessee. The foregoing shall be incorporated in each of the applicable NOI SNDAs.

2.4 Master Development Plan. Developer's development plan for the Walter Reed Redevelopment Property is described on Schedule 2.4 (the "**Master Development Plan**"). The Master Development Plan establishes the overall concept for the Project and the major direction for the design of the Project and is consistent with the Comprehensive Plan. The Master Development Plan includes the proposed design of the Project and Developer's proposed detailed plans for developing the Walter Reed Redevelopment Property. Developer acknowledges that one of the principal objectives of the Project is to produce an urban mixed-use destination and commerce mix with cultural amenities and housing to form a vibrant neighborhood, and the Master Development Plan must be consistent with that objective.

2.5 Leased Premises and Term.

2.5.1 Subject to all of the terms, covenants, and conditions of this Agreement and the Ground Lease, District hereby agrees to lease to Developer the Walter Reed Redevelopment Property ("**Leased Premises**"), and Developer hereby agrees to lease such Walter Reed Redevelopment Property from District. Upon execution of a Quitclaim Deed for each Release Parcel, all references to the Leased Premises shall be deemed to exclude the Release Parcel subject to such Quitclaim Deed, and the Ground Lease shall continue in full force and effect with respect to the remainder of the Leased Premises. At each Release Parcel Closing, the Parties shall execute a Ground Lease Partial Termination to be recorded in the Land Records reflecting such partial termination.

2.5.2 At Closing, the Walter Reed Redevelopment Property shall be leased to Developer pursuant to the Ground Lease, in the form attached hereto as Exhibit K, (the “**Ground Lease**”) for a term of twenty-nine (29) years and eleven (11) months (the date of expiration, the “**Termination Date**”), which term will commence as of the Closing Date.

2.6 Consideration.

2.6.1 In consideration of the mutual benefits accruing to the Parties hereto, and of the covenants, agreements and obligations set forth in this Agreement, Developer hereby agrees to pay to District the Initial Consideration and the Administration Payment, and to perform all of the covenants and requirements set forth in this Agreement, which shall constitute fair consideration for this Agreement.

2.6.2 The “**Initial Consideration**” is equal to twenty-five million dollars (\$25,000,000). The Initial Consideration shall be payable by Developer in unequal installments (each an “**Initial Consideration Installment**” and collectively, the “**Initial Consideration Installments**”) pursuant to the following schedule no later than the date set forth below:

| | |
|--------------------------|---------------------------------------|
| Closing Date: | FIVE-MILLION DOLLARS (\$5,000,000.00) |
| [Year 1 ¹⁰]: | FIVE-MILLION DOLLARS (\$5,000,000.00) |
| [Year 2]: | ONE-MILLION DOLLARS (\$1,000,000.00) |
| [Year 3]: | ONE-MILLION DOLLARS (\$1,000,000.00) |
| [Year 4]: | ONE-MILLION DOLLARS (\$1,000,000.00) |
| [Year 5]: | ONE-MILLION DOLLARS (\$1,000,000.00) |
| [Year 6]: | ONE-MILLION DOLLARS (\$1,000,000.00) |
| [Year 7]: | FIVE-MILLION DOLLARS (\$5,000,000.00) |
| [Year 8]: | FIVE-MILLION DOLLARS (\$5,000,000.00) |

(1) No later than five (5) Business Days prior to Closing, each of District, Developer, and the Initial Consideration Escrow Agent shall execute and deliver an escrow agreement in the form attached as Exhibit O (the “**Initial Consideration Escrow Agreement**”). For so long as the Army is owed Initial Consideration under the terms of the EDC Agreement, all Initial Consideration Installments shall be paid by Developer for the benefit of District to an escrow account (the “**Initial Consideration Escrow Account**”) established by the Initial Consideration Escrow Agent. The Initial Consideration Escrow Agent will disburse the Initial Consideration Installments to Army in accordance with the Initial Consideration Escrow Agreement.

(2) On or before the Closing Date, Hines Guarantor and UA Guarantor shall each deliver to District a joint and several guaranty of the Initial Consideration Installments remaining due (a “**Initial Consideration Guaranty**”) in the form of Exhibit N attached hereto.

(3) On or before each anniversary of the Closing Date beginning with the second anniversary of the Closing Date, the Initial Consideration Escrow Agreement shall

¹⁰ Insert schedule with specific dates prior to execution; subsequent payments will be due from Developer to Escrow Agent 15 calendar days prior to each Closing Date anniversary.

expire and Developer shall pay directly to District the Initial Consideration Installment due the District on the upcoming anniversary of the Closing Date.

2.6.3 Administration Payment. As more particularly set forth in the operative provisions of Schedule 2.6.3 attached hereto, Developer shall pay the Administration Payment and each Component Developer shall pay the Vertical Development Administration Payment to District pursuant to the Quitclaim Deed delivered to Component Developer by District to compensate District for the administrative and monitoring tasks undertaken by District under the terms of this Agreement and the Related Agreements.

2.6.4 Payments. All payments due hereunder shall be paid in lawful money of the United States of America without deduction, offset, prior notice, or demand.

ARTICLE 3 - **REPRESENTATIONS AND WARRANTIES**

3.1 Representations and Warranties of District. District hereby represents and warrants to Developer as follows:

3.1.1 Execution, Delivery and Performance. District (i) has all requisite right, power and authority to execute and deliver this Agreement and to perform its obligations under this Agreement and the Related Agreements to be signed by District, and (ii) subject to the provisions of Section 17.18, has taken all necessary action to authorize the execution, delivery and performance of this Agreement. This Agreement has been duly executed and delivered by District, and constitutes the legal, valid and binding obligation of District, enforceable against it in accordance with its terms. The Person signing this Agreement on behalf of District is authorized to do so.

3.1.2 No Violation. The execution, delivery and performance by District of this Agreement and the transactions contemplated hereby and the performance by District of its obligations hereunder will not violate any of the terms, conditions or provisions of (i) any judgment, order, injunction, decree, regulation or ruling of any court or other Governmental Authority, or Law to which District is subject, or (ii) any agreement or contract to which District is a party or to which it is subject.

3.1.3 No Amendments or Agreements. Except as may be identified in this Agreement, there are no amendments, modifications, written instruments or other oral or written amendments that amend or modify the EDC Agreement. There are no commitments or understandings between Army and District as to the Walter Reed Redevelopment Property that are not embodied in the EDC Agreement.

3.1.4 NOI LBAs and MOUs. Except as may be identified in this Agreement, the LBAs and MOUs are unmodified and remain in full force and effect. District has not made any agreements, commitments, promises or understandings to or with the NOI Sublessees as to their respective NOI Parcels that are not embodied in the LBAs and MOUs.

3.1.5 No Consents. No consent or authorization of, or filing with, any Person (including any Governmental Authority), which has not been obtained, is required in connection with the execution, delivery and performance of this Agreement by District.

3.1.6 No Brokers. District has not dealt with any agent, broker or other similar Person in connection with the transfer of the interests in the Walter Reed Redevelopment Property as provided herein.

3.1.7 No Litigation. There is no litigation, arbitration, administrative proceeding or other similar proceeding pending against District that relates to this Agreement or any of the Related Agreements.

3.2 Representations and Warranties of Developer. Developer hereby represents and warrants to District as follows:

3.2.1 Due Formation. Developer is a limited liability company, duly formed and validly existing and in good standing and has full power and authority under the laws of the state of Delaware to conduct the business in which it is now engaged, and is registered and in good standing as a foreign limited liability company with the District of Columbia.

3.2.2 Organization and Members. Attached as Schedule 3.2.2 is a true, accurate and complete organizational structure chart of Developer, including all Members and their respective ownership interests in Developer.

3.2.3 Execution, Delivery and Performance. Developer has the full right, power and authority to acquire its interests in the Walter Reed Redevelopment Property as provided in this Agreement and to carry out Developer's obligations hereunder and under all Related Agreements, and all requisite action necessary to authorize Developer to enter into this Agreement and to carry out its obligations hereunder have been taken. This Agreement has been duly executed and delivered by Developer, and constitutes the legal, valid and binding obligation of Developer, enforceable against Developer in accordance with its terms. The person signing this Agreement on behalf of Developer is authorized to do so.

3.2.4 No Consents. No consent or authorization of, or filing with, any Person (including any Governmental Authority), which has not been obtained or will not be obtained, is required in connection with the execution, delivery and performance of this Agreement by Developer.

3.2.5 No Violation. The execution, delivery, and performance of this Agreement by Developer and the transactions contemplated hereby and the performance by Developer of its obligations hereunder do not violate any of the terms, conditions or provisions of (i) Developer's organizational documents, (ii) any judgment, order, injunction, decree, regulation or ruling of any court or other Governmental Authority, or Law to which Developer is subject, or (iii) any agreement or contract to which Developer is a party or to which it is subject.

3.2.6 No Brokers. Developer has not dealt with any agent or broker in connection with the transfer of interests in the Walter Reed Redevelopment Property to Developer as provided herein.

3.2.7 No Litigation. There is no litigation, arbitration, administrative proceeding or other similar proceeding pending or threatened in writing against Developer which, if decided adversely to Developer, (i) would impair Developer's ability to enter into and perform its obligations under this Agreement, or (ii) would materially adversely affect the financial condition or operations of Developer.

3.2.8 No Speculation. Developer is entering into this Agreement and will enter into the Ground Lease for the purposes contemplated therein and not with the view of speculating in land holding or transferring its interest in the Ground Lease except as permitted thereunder.

3.2.9 No Bankruptcy. Neither Developer nor any of its Members is the subject debtor under any federal, state or local bankruptcy or insolvency proceeding, or any other proceeding for dissolution, liquidation or winding up of its assets.

3.2.10 Financial Statements. The pro forma balance sheet of Developer submitted to District fairly presents the financial condition of Developer as of the Closing Date. There has been no material adverse change in the financial condition of Developer since the date of such balance sheet.

3.2.11 Anti-Money Laundering; Anti-Terrorism.

(1) Developer has not, and to Developer's knowledge, no Developer Party has engaged in any dealings or transactions (i) in contravention of the applicable anti-money laundering laws, regulations or orders, including without limitation, money laundering prohibitions, if any, set forth in the Bank Secrecy Act (12 U.S.C. Sections 1818(s), 1829(b) and 1951-1959 and 31 U.S.C. Sections 5311-5330), the USA Patriot Act of 2001, Pub. L. No. 107-56, and the sanction regulations promulgated pursuant thereto by U.S. Treasury Department Office of Foreign Assets Control (collectively, together with regulations promulgated with respect thereto, the "**Anti-Money Laundering Acts**"), (ii) in contravention of Executive Order No. 13224 dated September 24, 2001 issued by the President of the United States (Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism), as may be amended or supplemented from time to time ("**Anti-Terrorism Order**"), (iii) in contravention of the provisions set forth in 31 C.F.R. Part 103, the Trading with the Enemy Act, 50 U.S.C. Appx. Section 1 et seq. or the International Emergency Economics Powers Act, 50 U.S.C. Section 1701 et seq. (together with the Anti-Money Laundering Acts, the "**Terrorist Acts**"), or (iv) is named in the Annex to the Anti-Terrorism Order or any terrorist list published and maintained by the Federal Bureau of Investigation and/or the U.S. Department of Homeland Security, as may exist from time to time.

(2) To Developer's knowledge, neither Developer nor any other Developer Party (a) is conducting any business or engaging in any transaction with any Person appearing on the list maintained by the U.S. Treasury Department's Office of Foreign Assets Control located at 31 C.F.R., Chapter V, Appendix A, or is named in the Annex to the Anti-Terrorism Order or any terrorist list published and maintained by the Federal Bureau of Investigation and/or the U.S. Department of Homeland Security, as may exist from time to time, or (b) is a Person described in Section 1 of the Anti-Terrorism Order (a "**Restricted Person**").

3.3 Restatement at Closing. The representations and warranties of District and Developer set forth in Section 3.1 and Section 3.2 are true as of the Effective Date and, as a condition to Closing, shall be updated and restated by each of District and Developer as of Closing.

ARTICLE 4 - CONDITION OF PROPERTY; TITLE

4.1 Soil Characteristics. Pursuant to D.C. Official Code § 42-608(b), but not as a representation or warranty for which District shall have any liability hereunder, Developer is hereby advised by District that the characteristic of the soil of the Walter Reed Redevelopment Property as described by the Soil Conservation Service of the United States Department of Agriculture in the Soil Survey of the District published in 1976, as the same may be amended from time to time, and as shown on the Soil Maps of the District at the back of that publication, is _____¹¹. For further information, Developer can contact a soil testing laboratory, the District Department of Environmental Services (District Department of the Environment) or the Soil Conservation Service of the United States Department of Agriculture.

4.2 Underground Storage Tanks. In accordance with the requirements of the D.C. Underground Storage Tank Management Act of 1990, as amended by the District Underground Storage Tank Management Act of 1990 Amendment Act of 1992 (D.C. Official Code § 8-113.01, et seq. (2013 Repl.)) and the D.C. Underground Storage Tank Regulations, 20 DCMR Chapters 55-67, and 70, District's Underground Storage Tank Disclosure Form is attached as Schedule 4.2. Information pertaining to underground storage tanks and underground storage tank removals of which the D.C. Government has received notification is on file with the District Department of the Environment, Underground Storage Tank Branch, 1200 First Street, NE, 5th Floor, Room 538C, Washington, D.C. 20002, telephone (202) 535-2600.

4.3 Environmental Site Disclosures. District has provided, and Developer acknowledges receipt of, the environmental notices set forth in Schedule 4.3.

4.4 Former Military Installation; Reliance on Documents. The Walter Reed Redevelopment Property is a former military installation that has been or will be conveyed to District from the Army for economic development purposes. The Army has provided District with the FOST and Environmental Reports identified in Schedule 4.4, which District has provided to Developer, and District has no independent knowledge or information regarding the condition of the Walter Reed Redevelopment Property. Developer acknowledges that it has received the Environmental Reports from District and Army relating to the Walter Reed Redevelopment Property. District makes no representation or warranty as to the truth, accuracy or completeness of the FOST or Environmental Reports or any other materials, data or information delivered by District to Developer in connection with the transactions contemplated hereby. Developer acknowledges and agrees that all materials, data and information delivered by District to Developer in connection with the transactions contemplated hereby are provided to Developer as a convenience only and that any reliance on or use of such materials, data or information by Developer shall be at the sole risk of Developer. Without limiting the generality

¹¹ Need to confirm.

of the foregoing provisions, Developer acknowledges and agrees that (a) any environmental or other report with respect to the Walter Reed Redevelopment Property which is delivered by District to Developer shall be for general informational purposes only, (b) Developer shall not have any right to rely on any such report delivered by District to Developer (except to the extent permitted by the Person that prepared such report and to the extent set forth in such report), but rather will rely on its own inspections and investigations of the Walter Reed Redevelopment Property and any reports commissioned by Developer with respect thereto, and (c) neither District nor the Person that prepared any such report delivered by District to Developer shall have any liability to Developer for any inaccuracy in or omission from any such report.

4.5 DISCLAIMERS; “AS IS”. EXCEPT AS EXPRESSLY PROVIDED IN THIS AGREEMENT, DISTRICT IS NOT MAKING AND HAS NOT AT ANY TIME MADE ANY WARRANTIES OR REPRESENTATIONS OF ANY KIND OR CHARACTER, EXPRESS OR IMPLIED, WITH RESPECT TO THE WALTER REED REDEVELOPMENT PROPERTY, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OR REPRESENTATIONS AS TO HABITABILITY, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE, ZONING, TAX CONSEQUENCES, LATENT OR PATENT PHYSICAL OR ENVIRONMENTAL CONDITION, UTILITIES, OPERATING HISTORY OR PROJECTIONS, VALUATION, GOVERNMENTAL APPROVALS, THE COMPLIANCE OF THE WALTER REED REDEVELOPMENT PROPERTY WITH LAWS, THE TRUTH, ACCURACY OR COMPLETENESS OF ANY DOCUMENTS OR OTHER INFORMATION PERTAINING TO THE WALTER REED REDEVELOPMENT PROPERTY, THE STATUS OF ANY LITIGATION OR OTHER MATTER, OR ANY OTHER INFORMATION PROVIDED BY OR ON BEHALF OF DISTRICT TO DEVELOPER, OR ANY OTHER MATTER OR THING REGARDING THE WALTER REED REDEVELOPMENT PROPERTY. DEVELOPER ACKNOWLEDGES AND AGREES, AND EACH QUITCLAIM DEED FROM DISTRICT TO COMPONENT DEVELOPER SHALL PROVIDE, AND EACH COMPONENT DEVELOPER SHALL ACKNOWLEDGE AND AGREE IN ITS RESPECTIVE COMPONENT CONSTRUCTION COVENANT, THAT UPON CLOSING DISTRICT SHALL CONVEY TO DEVELOPER, AND UPON RELEASE PARCEL CLOSING, DISTRICT SHALL CONVEY TO A COMPONENT DEVELOPER AND DEVELOPER OR COMPONENT DEVELOPER, AS APPLICABLE, SHALL ACCEPT THE WALTER REED REDEVELOPMENT PROPERTY, OR THE APPLICABLE PORTIONS THEREOF, “AS IS, WHERE IS, WITH ALL FAULTS.” FURTHER, DEVELOPMENT OF THE WALTER REED REDEVELOPMENT PROPERTY IN ACCORDANCE WITH THIS AGREEMENT AND THE RELATED AGREEMENTS SHALL BE “AS IS, WHERE IS, WITH ALL FAULTS.” DEVELOPER IS ADVISED THAT MOLD AND/OR OTHER MICROSCOPIC ORGANISMS MAY EXIST AT THE WALTER REED REDEVELOPMENT PROPERTY AND THAT MOLD AND/OR OTHER MICROSCOPIC ORGANISMS MAY CAUSE PHYSICAL INJURIES, INCLUDING, WITHOUT LIMITATION, ALLERGIC REACTIONS, RESPIRATORY REACTIONS OR OTHER PROBLEMS, PARTICULARLY IN PERSONS WITH IMMUNE SYSTEM PROBLEMS, YOUNG CHILDREN AND ELDERLY PERSONS. OTHER THAN THE EXPRESS REPRESENTATIONS MADE BY DISTRICT IN SECTION 3.1, DEVELOPER HAS NOT RELIED AND WILL NOT RELY ON, AND EACH QUITCLAIM DEED TO EACH COMPONENT DEVELOPER SHALL PROVIDE THAT COMPONENT DEVELOPER SHALL NOT RELY ON, AND DISTRICT IS NOT LIABLE FOR OR BOUND BY, ANY EXPRESS OR IMPLIED WARRANTIES, GUARANTIES,

STATEMENTS, REPRESENTATIONS OR INFORMATION PERTAINING TO THE WALTER REED REDEVELOPMENT PROPERTY OR RELATING THERETO MADE OR FURNISHED BY DISTRICT, ANY MANAGER OF THE WALTER REED REDEVELOPMENT PROPERTY, OR ANY AGENT REPRESENTING OR PURPORTING TO REPRESENT DISTRICT, TO WHOMEVER MADE OR GIVEN, DIRECTLY OR INDIRECTLY, ORALLY OR IN WRITING. DEVELOPER REPRESENTS, AND EACH COMPONENT DEVELOPER SHALL REPRESENT IN ITS COMPONENT CONSTRUCTION COVENANT TO DISTRICT THAT DEVELOPER OR COMPONENT DEVELOPER, AS APPLICABLE, HAS CONDUCTED SUCH INVESTIGATIONS OF THE WALTER REED REDEVELOPMENT PROPERTY, INCLUDING, BUT NOT LIMITED TO, THE PHYSICAL AND ENVIRONMENTAL CONDITIONS THEREOF, AS DEVELOPER OR COMPONENT DEVELOPER, AS APPLICABLE, DEEMS NECESSARY TO SATISFY ITSELF AS TO THE CONDITION OF THE WALTER REED REDEVELOPMENT PROPERTY AND THE EXISTENCE OR NONEXISTENCE OR CURATIVE ACTION TO BE TAKEN WITH RESPECT TO ANY MOLD, FUNGI, VIRAL OR BACTERIAL MATTER, HAZARDOUS MATERIALS OR TOXIC SUBSTANCES ON OR DISCHARGED FROM THE WALTER REED REDEVELOPMENT PROPERTY, AND WILL RELY SOLELY UPON SAME AND NOT UPON ANY INFORMATION PROVIDED BY OR ON BEHALF OF DISTRICT OR ITS AGENTS OR EMPLOYEES WITH RESPECT THERETO. DEVELOPER, AND EACH COMPONENT DEVELOPER PURSUANT TO THE QUITCLAIM DEED DELIVERED TO IT, SHALL ASSUME THE RISK THAT ADVERSE MATTERS, INCLUDING BUT NOT LIMITED TO, CONSTRUCTION DEFECTS AND ADVERSE PHYSICAL AND ENVIRONMENTAL CONDITIONS (INCLUDING MOLD, FUNGI, VIRAL OR BACTERIAL MATTER, HAZARDOUS MATERIALS RADIOLOGICAL CONDITIONS OR ITEMS OR TOXIC SUBSTANCES), MAY NOT HAVE BEEN REVEALED BY DEVELOPER'S AND COMPONENT DEVELOPERS' INVESTIGATIONS, AND DEVELOPER, UPON CLOSING, AND EACH COMPONENT DEVELOPER, UPON EACH RELEASE PARCEL CLOSING, SHALL BE DEEMED TO HAVE WAIVED, RELINQUISHED AND RELEASED DISTRICT FROM AND AGAINST ANY AND ALL CLAIMS, DEMANDS, CAUSES OF ACTION (INCLUDING CAUSES OF ACTION IN TORT), LOSSES, DAMAGES, LIABILITIES, COSTS AND EXPENSES (INCLUDING ATTORNEYS' FEES AND COURT COSTS) OF ANY AND EVERY KIND OR CHARACTER, KNOWN OR UNKNOWN, WHICH DEVELOPER OR COMPONENT DEVELOPER MIGHT HAVE ASSERTED OR ALLEGED AGAINST DISTRICT AT ANY TIME BY REASON OF OR ARISING OUT OF ANY LATENT OR PATENT CONSTRUCTION DEFECTS OR PHYSICAL CONDITIONS, VIOLATIONS OF ANY LAWS (INCLUDING, WITHOUT LIMITATION, ANY ENVIRONMENTAL LAWS) AND ANY AND ALL OTHER ACTS, OMISSIONS, EVENTS, CIRCUMSTANCES OR MATTERS REGARDING THE WALTER REED REDEVELOPMENT PROPERTY. DEVELOPER AGREES THAT SHOULD ANY CLEANUP, REMEDIATION OR REMOVAL OF MOLD, FUNGI, VIRAL OR OTHER BACTERIAL MATTER, HAZARDOUS MATERIALS OR TOXIC SUBSTANCES OR OTHER ENVIRONMENTAL CONDITIONS ON THE WALTER REED REDEVELOPMENT PROPERTY BE REQUIRED FROM AND AFTER THE CLOSING, OR EARLIER IF CAUSED BY DEVELOPER, SUCH CLEAN-UP, REMOVAL OR REMEDIATION SHALL BE THE RESPONSIBILITY OF AND SHALL BE PERFORMED AT THE SOLE COST AND EXPENSE OF DEVELOPER, EXCEPT TO THE

EXTENT DEVELOPER IS ABLE TO RECOVER ANY COSTS AND EXPENSES FROM THE ARMY. DISTRICT SHALL HAVE NO RESPONSIBILITY TO PREPARE THE WALTER REED REDEVELOPMENT PROPERTY IN ANY WAY FOR DEVELOPMENT AT ANY TIME.

4.6 Survival of Disclaimers. District and Developer agree, and each Component Developer shall agree pursuant to the acceptance of its Quitclaim Deed, that the provisions of Section 4.5 (or as to each Component Developer, the incorporation of the substance of Section 4.5 into its Quitclaim Deed) shall survive Closing or as to Component Developers, the Release Parcel Closing, forever. Developer shall incorporate the provisions of Section 4.5 into each of the Vertical Development PSAs.

4.7 Title of Walter Reed Redevelopment Property; Developer's Permitted Exceptions.

4.7.1 Title Examination; Commitment for Title Insurance. Developer has obtained from the Title Company, at Developer's expense, ALTA title insurance commitments (the "**Title Commitments**") covering the Walter Reed Redevelopment Property, showing the matters affecting title thereto.

4.7.2 Survey. Developer has, at Developer's expense, employed _____ (the "**Surveyor**"), to survey the Walter Reed Redevelopment Property and prepare and deliver to Developer, the Title Company and District one or more ALTA surveys thereof. Developer is responsible for securing any and all surveys and engineering studies, at its sole cost and expense, as needed (i) for the Title Company to issue the title insurance policies required under this Agreement, (ii) to delineate the boundaries of the Walter Reed Redevelopment Property, the Horizontal Public Use Release Property, the NOI Parcels and the Release Parcels (including the creation of the legal descriptions to identify such areas), and (iii) as otherwise required to consummate the transactions contemplated by this Agreement and to perform the Horizontal Development (collectively, the "**Surveys**"). Developer shall provide District with complete and accurate copies of all Surveys and shall cause the Surveyor (or other Person preparing same) to include District and Title Company as parties to whom same are certified.

4.7.3 Title Matters; Developer's Permitted Exceptions.

(1) At Closing, District shall ground lease the Walter Reed Redevelopment Property to Developer subject to the Developer's Permitted Exceptions. The "**Developer's Permitted Exceptions**" shall be the following, collectively: (i) encroachments, overlaps, boundary disputes, or other matters which would be disclosed by an accurate survey or an inspection of the Walter Reed Property as of the Closing Date; (ii) any documents described in this Agreement that are to be recorded in the Land Records pursuant to the terms of this Agreement; (iii) defects or exceptions to title to the extent such defects or exceptions are created by the acts of Developer or Developer's Agents or created as a result of or in connection with the use of or activities on the Walter Reed Redevelopment Property or any portion thereof by Developer or Developer's Agents; (iv) all building, zoning, and other Law affecting the Walter Reed Redevelopment Property as of the Closing Date; (v) any easements, rights of way,

exceptions, and other matters required in order to obtain necessary governmental approval of the development of the Project or construction of the Horizontal Development and Vertical Developments located thereon in accordance with this Agreement and the Related Agreements; and (vi) any other easements, rights-of-way, exceptions, and other matters or documents of any kind recorded in the Land Records or unrecorded that affect the Walter Reed Property and are existing as of the Closing Date.

(2) Notwithstanding the foregoing, Developer acknowledges that the Parties intend to consummate Closing on the same day District acquires the fee simple title to the Walter Reed Redevelopment Property from Army. Accordingly, District shall have no obligation to cure any defects or encumbrances on title to the Walter Reed Redevelopment Property that are not created by District in violation of Section 4.7.4 as a condition of this Agreement or Closing hereunder.

4.7.4 Additional Title Matters. Both prior to and from and after Closing, District shall not enter into, grant, create or amend any easement, covenant or other encumbrance or conveyance restricting the use or development of the Walter Reed Redevelopment Property or portion thereof, in each case without the approval of Developer, which approval shall not be unreasonably withheld, conditioned or delayed and as requested by Developer in writing or as otherwise specifically provided in this Agreement or the Ground Lease.

4.8 Required Title Policies. Effective as of Closing, Developer shall obtain for District an ALTA extended coverage title insurance policy issued by the Title Company in an amount not greater than \$25,000,000 and satisfactory to the Title Company, insuring District's fee interest in the Walter Reed Redevelopment Property, subject only to the Developer's Permitted Exceptions and the Ground Lease, and with such endorsements as may be reasonably requested by District, all at the sole cost and expense of Developer.

4.9 Title Matters; Component Developer's Permitted Exceptions. At each Release Parcel Closing, District shall convey to the applicable Component Developer the Release Parcel subject to the Component Developer's Permitted Exceptions. The "Component Developer's Permitted Exceptions" shall be the following, collectively: (i) encroachments, overlaps, boundary disputes, or other matters which would be disclosed by an accurate survey or an inspection of the Release Parcel as of the Release Parcel Closing Date; (ii) any documents described in this Agreement that are to be recorded in the Land Records pursuant to the terms of this Agreement; (iii) defects or exceptions to title to the extent such defects or exceptions are created by Developer, Developer's Agents, Component Developer or Component Developer's Agents created as a result of or in connection with the use of or activities on the Property or any portion thereof by Developer, Developer's Agents, Component Developer or Component Developer's Agents; (iv) all building, zoning, and other Law affecting the Release Parcel as of the Release Parcel Closing Date; (v) any easements, rights of way, exceptions, and other matters required in order to obtain necessary governmental approval of the development of the Project or construction of the Horizontal Development and Vertical Developments located thereon in accordance with this Agreement and the Related Agreements; and (vi) any other easements, rights-of-way, exceptions, and other matters or documents of any kind recorded in the Land Records or unrecorded existing as of the Release Parcel Closing Date that affect the Release Parcel.

4.10 Risk of Loss.

4.10.1 Prior to Closing. No casualty prior to Closing to all or any portion of the existing improvements on the Walter Reed Redevelopment Property shall excuse Developer from its obligation to proceed to Closing hereunder, but Developer shall have no obligation to rebuild or restore any such existing improvements.

4.10.2 Prior to Release Parcel Closing. Any casualties occurring to all or any portion of the Walter Reed Redevelopment Property or any improvements constructed thereon following Closing, but prior to the Release Parcel Closing applicable to such improvements, shall be governed by the terms of the Ground Lease and, to the extent the affected portion of the Walter Reed Redevelopment Property and as between Developer and Component Developer will be subject to the applicable Vertical Development PSA, to the extent one exists at the time of casualty. In no event shall District shall have any obligation to rebuild or restore any improvements existing or constructed on the Walter Reed Redevelopment Property.

**ARTICLE 5 -
GUARANTIES****5.1 Developer Guarantees.** Developer shall deliver to District the following:

5.1.1 At Closing, the Horizontal Development Completion Guaranty from, respectively, Hines Guarantor and UA Guarantor, provided the foregoing continue to meet the Approved Guarantor Criteria, or such other Approved Guarantor.

5.1.2 At Closing, Initial Consideration Guaranties from Hines Guarantor and UA Guarantor provided Hines Guarantor and UA Guarantor continue to meet the Approved Guarantor Criteria, or such other Approved Guarantor.

5.2 Component Developer Guarantees. At each Release Parcel Closing, Developer shall cause each Component Developer to deliver to District, from one or more Approved Guarantors, a Vertical Development Completion Guaranty with respect to the applicable Vertical Development, as provided in the form attached to this Agreement as Exhibit J.

5.3 District Remedies; Approved Guarantor's Obligations.

5.3.1 In the event Developer fails to timely perform the Horizontal Development Completion Obligations in respect of a Horizontal Phase for which District has approved a Binding Scope and Schedule (subject to any applicable notice or cure periods), in addition to the remedies contained in this Agreement and the Ground Lease, District shall have the rights set forth in the applicable Horizontal Development Completion Guaranty subject to the terms and conditions thereof.

5.3.2 If Developer fails to achieve Final Completion of a Horizontal Phase subject to a Binding Scope and Schedule by the Expiration Date, District shall have the right to immediately demand performance by the Approved Guarantor under the Horizontal Development Completion Guaranty for such Horizontal Phase.

5.3.3 If Developer fails to make an Initial Consideration Installment on or before the date on which such Initial Consideration Installment becomes delinquent (subject to any applicable notice or cure periods), in addition to the remedies contained in this Agreement and the Ground Lease, District shall have the rights set forth in the Initial Consideration Guaranty.

5.3.4 In the event a Component Developer fails to timely perform the Vertical Development Completion Obligations, in addition to the remedies contained in the Component Construction Covenant, District shall have the rights set forth in the applicable Vertical Development Completion Guaranty.

5.4 Release of Guarantees.

5.4.1 Following District Review of the Final Completion Certificate for a Horizontal Phase, in accordance with Section 12.3.2, each Approved Guarantor that has delivered a Horizontal Development Completion Guaranty with respect to such applicable Horizontal Phase shall be automatically released by District (which release District shall promptly memorialize in writing upon written request of Developer) from all obligations arising under the Horizontal Development Completion Guaranty with respect to such completed Horizontal Phase, except for obligations to cause the removal of record, by bonding or otherwise, of any mechanic's or materialmen's lien filed in respect of the Horizontal Development work performed in respect of such Phase and such other obligations that explicitly survive release pursuant to the terms of the Horizontal Development Completion Guaranty.

5.4.2 Each Component Construction Covenant will provide that following District Review of the Final Completion Certificate for a Vertical Development or Building within a Vertical Development in accordance with the terms of the applicable Component Construction Covenant, each Approved Guarantor that has delivered a Vertical Development Completion Guaranty shall be automatically released by District (which release District shall promptly memorialize in writing upon written request of Component Developer) from all obligations arising under the applicable Vertical Development Completion Guaranty with respect to such Vertical Development or Building, except for obligations to cause the removal of record, by bonding or otherwise, of any mechanic's or materialmen's lien filed in respect of the initial construction of such Vertical Development or Building within a Vertical Development and such other obligations that explicitly survive release pursuant to the terms of the Vertical Development Completion Guaranty.

5.4.3 Notwithstanding the provisions of Sections 5.4.1 and 5.4.2, no release of an Approved Guarantor described in such Sections shall relieve such Approved Guarantor from its obligations arising in respect of any other Horizontal Phase that is the subject of a Binding Scope and Schedule or if such Approved Guarantor is also then a Vertical Development Completion Guarantor under a Vertical Development Completion Guaranty then in effect, in respect of such Vertical Development for which District has not received and Reviewed a Final Completion Certificate pursuant to Article 12 or the applicable provisions of a Component Construction Covenant.

5.4.4 Each Approved Guarantor's liability under each Initial Consideration Guaranty shall automatically expire and terminate when the Initial Consideration is paid to District and such Approved Guarantor shall be released thereunder (which release District shall promptly memorialize in writing upon written request of Developer).

5.5 Approved Guarantors. Each Guaranty required by Section 5.1 and Section 5.2 shall be from one or more Persons who satisfies the applicable Approved Guarantor Criteria described on Schedule 5.5 (each, an "**Approved Guarantor**"). In connection with the submission of a pre-approved guarantor that satisfies an Approved Guarantor Criteria or any proposed guarantor for confirmation that such proposed guarantor satisfies the Approved Guarantor Criteria or otherwise for Approval by District, the applicable Person shall provide to District its Guarantor Submissions.

5.6 Guarantor Submissions.

5.6.1 Pre-Closing. No later than thirty (30) days prior to the scheduled date of Closing, Developer shall submit to District current Guarantor Submissions for District Review for the purpose of District determining whether the proposed guarantors, who will be executing the guaranties to be delivered at Closing, satisfy the Approved Guarantor Criteria. Each Vertical Development PSA shall require, and Developer shall use reasonable efforts to cause, each Component Developer to submit to District not later than thirty (30) days prior to the scheduled date for each Release Parcel Closing, the Guarantor Submissions for the proposed guarantor that will be executing the Vertical Development Completion Guaranty to be delivered at the Release Parcel Closing.

5.7 Post-Closing.

5.7.1 Following Closing, at the times required under the terms of the applicable Guaranty and this Agreement, Developer shall submit to District then-current Guarantor Submissions for Approved Guarantors who executed the Horizontal Development Completion Guaranty and Initial Consideration Guaranty for the purpose of confirming that each Approved Guarantor continues to satisfy the Approved Guarantor Criteria.

5.7.2 In the event that there has been a Material Adverse Change as to both Approved Guarantors or both Approved Guarantors default under the terms of each of their respective Guaranties after the expiration of applicable notice and curative periods, and District so notifies Developer then Developer shall provide a replacement Approved Guarantor, who shall execute a new Guaranty no later than ninety (90) days following Notice from District.

5.8 Release of Hines Guarantor and/or UA Guarantor in Certain Circumstances.

5.8.1 Following the end of the Required Joint Ownership Period and provided that there is no Event of Default occurring, upon Developer's written request and statement that, as applicable, a Hines Affiliate or a UA Affiliate, as applicable, is no longer or will no longer be a direct or indirect owner in Developer (a "**Withdrawing Key Member**") and subject to the satisfaction of the conditions described in the next sentence, District will release in writing within ten (10) Business Days of written request the Approved Guarantor that is an Affiliate of the Withdrawing Key Member from all of its future obligations under its Horizontal

Development Completion Guaranty following the date on which such Key Member ceases to own a direct or indirect ownership interest in Developer. Such release is conditioned on the remaining Key Member providing to District Guarantor Submissions for the Approved Guarantor of the remaining Key Member demonstrating that such Approved Guarantor continues to satisfy the Approved Guarantor Criteria.

5.8.2 If the Key Members are removed from Control of Developer by an Institutional Lender/Investor and such removal is permitted under Section 14.5.1(i) and such Institutional Lender/Investor or its Affiliate provides (1) an Initial Consideration Guaranty from a guarantor meeting the Approved Guarantor Criteria for any then remaining unpaid Initial Consideration Installments and (2) a Horizontal Development Completion Guaranty for all Horizontal Phases as to which Final Completion has not been achieved from an Approved Guarantor, then within ten (10) Business Days of District's being provided Guarantor Submissions establishing that the foregoing requirements have been satisfied, District shall release in writing Hines Guarantor from future obligations under its Initial Consideration Guaranty and its Horizontal Development Completion Guaranty and UA Guarantor from its Horizontal Development Completion Guaranty, in each case with such removal being effective as of the date such Key Members are removed from Control of Developer.

ARTICLE 6 - CONDITIONS TO GROUND LEASE CLOSING

6.1 Conditions Precedent to Developer's Obligation to Close. The obligations of Developer to enter into the Ground Lease and develop the Project shall be subject to the following conditions precedent:

6.1.1 Agreement in Effect. This Agreement shall not have been previously terminated pursuant to any other provision hereof.

6.1.2 District Performance. District shall have performed all obligations hereunder required to be performed by District on or prior to the Closing Date.

6.1.3 Representations and Warranties. The representations and warranties made by District in Section 3.1 of this Agreement shall be true and correct in all material respects on and as of the Closing Date with the same force and effect as though such representations and warranties had been made on and as of such date, and District shall have executed and delivered to Developer a certificate, dated as of the Closing Date, to the foregoing effect.

6.1.4 Title. The Army Deeds has been or is contemporaneously recorded and title to the Walter Reed Redevelopment Property shall be vested of record and in fact in District and subject only to the Developer's Permitted Exceptions.

6.1.5 Delivery and Performance. District shall have delivered (or caused to be delivered) all of the items then required to be delivered to Developer pursuant to the terms of this Agreement, and District shall have performed and observed, in all material respects, all covenants and agreements of this Agreement to be performed and observed by District as of the Closing Date.

6.1.6 No Action. No action, suit or proceeding shall have been instituted or, to Developer's or District's knowledge, pending, by any third party (including actions or proceedings of or before any governmental body) to which District, Developer or the Project (or any component thereof) is a party or is subject and can reasonably be expected to have a material adverse effect on the Project or that challenges the authority of District to enter into this Agreement, the Ground Lease and/or the Project Legislation.

6.1.7 Horizontal Public Use Release Agreement. The Horizontal Public Use Release Agreement has been executed and delivered by all parties thereto, effective as of Closing.

6.1.8 Closing Escrow Agreement. The Closing Escrow Agreement shall be in form and substance reasonably satisfactory to Developer and shall have been fully executed and delivered by all parties required to execute same in accordance with Section 7.3.

6.1.9 Debt and Equity Financing. Developer has obtained Horizontal Development Loan Commitments for the Initial Horizontal Phase and Horizontal Development Equity Commitments from one or more Institutional Lender/Investors for the Horizontal Development for the Initial Horizontal Phase and through Final Completion of the primary Building within "Town Center."¹²

6.2 Conditions Precedent to District's Obligations to Close. The obligations of District to enter into the Ground Lease and deliver possession of the Walter Reed Redevelopment Property to Developer shall be subject to the following conditions precedent:

6.2.1 Agreement in Effect. This Agreement shall not have been previously terminated pursuant to any other provision hereof.

6.2.2 Developer Performance. Developer shall have performed all obligations hereunder required to be performed by Developer on or prior to the Closing Date.

6.2.3 Representations and Warranties. The representations and warranties made by Developer in this Agreement shall be true and correct in all material respects on and as of the Closing Date with the same force and effect as though such representations and warranties had been made on and as of such date, and Developer shall have executed and delivered to District a certificate, dated as of the Closing Date, to the foregoing effect.

6.2.4 Initial Binding Phase Scope and Schedule. Developer shall have provided to District, and District shall have Approved the Initial Binding Phase Scope and Schedule pursuant to Section 10.2.

6.2.5 Horizontal Funding and Financing Plan. Developer has updated the Horizontal Funding and Financing Plan, or certified that there are no proposed changes as of the Closing Date, and the same has been Reviewed by District.

¹² District to provide comments in a separate email.

6.2.6 Horizontal Development Budget. Developer has updated the Horizontal Development Budget, or certified that there are no proposed changes as of the Closing Date, and the same has been Reviewed by District.

6.2.7 Loan Commitments and Financing Commitments.

(1) Evidence of the Horizontal Development Loan Commitments and the Horizontal Development Equity Commitments for the funding to construct the Initial Horizontal Phase to be constructed pursuant to the Initial Binding Phase Scope and Schedule shall have been provided by Developer to District and District Reviewed the same.

(2) Developer has certified to District in writing that, as of the Closing Date, (a) there is no default, or event which with the passage of time or giving of notice or both would become a default, by any party under the Horizontal Development Financing Documents and (b) the terms of the Horizontal Development Financing Documents are consistent with the terms of the Horizontal Development Loan Commitments and Horizontal Development Equity Commitments Reviewed by District.

6.2.8 Commencement of Construction. Developer shall be ready, willing and able in accordance with the terms and conditions of this Agreement to Commence Construction of the Horizontal Development component of the Initial Binding Phase Scope and Schedule in accordance with the Master Development Plan, the Construction Plans and Specifications and the Related Agreements by the date set forth for such commencement on the Initial Binding Phase Scope and Schedule, all conditions precedent under this Agreement to such commencement have been fulfilled, and there have been no changes to the Submissions required to be approved or reviewed by District as of Closing pursuant to this Agreement, except as Approved or Reviewed by District in accordance with this Agreement, and Developer shall so certify to District in writing.

6.2.9 Certificates of Insurance. Developer shall have furnished to District certificates of insurance or duplicate originals of insurance policies required of Developer as set forth on Schedule 6.2.9.

6.2.10 Evidence of Authority. Developer shall have provided satisfactory evidence of its authority to lease the Walter Reed Redevelopment Property and to perform its obligations under this Agreement.

6.2.11 Related Agreements. Each of the Related Agreements to which Developer is a party and the Horizontal Development Completion Guaranties to be delivered pursuant to Section 5.1 shall have been fully executed and delivered by all parties thereto, all conditions to Closing set forth in the Related Agreements shall have been satisfied in all material respects, and Developer and such other parties shall each have performed all of their material obligations required to be performed at or before the Closing (if any) under the Related Agreements.

6.2.12 Horizontal Public Use Release Agreement. Developer shall have entered into the Horizontal Public Use Release Agreement required by Section 9.13.

6.2.13 No Defaults. There shall be no existing material default of Developer under this Agreement or any Related Agreement.

6.2.14 Delivery and Performance. Developer shall have delivered (or caused to be delivered) all of the items required to be delivered to District at or prior to Closing pursuant to the terms of this Agreement, including, but not limited to, those provided for in Section 7.2.2.

6.2.15 Approved Guarantors. The Approved Guarantors, who will be delivering one or more Guaranties at Closing, shall meet the Approved Guarantor Criteria. Each of the representations and warranties of each Approved Guarantor providing any of the guaranties referred to in Section 5.1 set forth in such guaranties shall be true and correct in all material respects on and as of the Closing Date and there shall be no default, or event with notice or the passage of time, or both, would constitute a default by any Approved Guarantor under any of such guaranties as of the Closing Date.

6.2.16 Submissions. Developer shall have submitted all Submissions required to be provided to District as of Closing pursuant to Article 10.

6.2.17 Closing Escrow Agreement. The Closing Escrow Agreement shall be in a form and substance reasonably satisfactory to District and shall have been fully executed and delivered by all parties required to execute same in accordance with Section 7.3.

6.3 Failure of a Condition.

6.3.1 Failure of a Condition to Developer's Obligation to Close. If all of the conditions to Closing set forth in Section 6.1 have not been satisfied by the Scheduled Closing Date, provided the same is not the result of Developer's failure to diligently pursue the satisfaction of such conditions (to the extent same are obligations of Developer) or to perform any obligation of Developer hereunder, Developer shall have the option, at its sole discretion, to: (i) waive such condition and proceed to Closing hereunder without a reduction of either Party's obligations hereunder; (ii) terminate this Agreement by Notice to District given on or before the Scheduled Closing Date, whereby, except for District's obligation to release the Developer Deposit where such unsatisfied Developer's condition is the result of District's failure to perform any of its obligations, the Parties shall be released from any further liability or obligation hereunder except those that expressly survive termination of this Agreement and without waiving any breach by either Party occurring prior to termination; or (iii) extend the Scheduled Closing Date to permit District to satisfy such unsatisfied condition(s) to Closing, but in no event shall such extension be in excess of one hundred eighty (180) days following the Scheduled Closing Date (the "**Closing Extension Period**"); or (iv) if the unsatisfied condition is caused by a breach of District's covenants hereunder, institute an action to enforce specific performance of District's obligations hereunder. Notwithstanding the foregoing, in the event all of the conditions to Closing set forth in Section 6.1 have not been satisfied by the Scheduled Closing Date, District may, at its sole option, extend the Scheduled Closing Date for the period of time necessary to satisfy such unsatisfied condition(s), but in no event shall such extension be beyond the Closing Extension Period. In the event Developer proceeds under clause (iii) above or District extends the Scheduled Closing Date as aforesaid, Closing shall occur within thirty (30) days after the conditions precedent set forth in Section 6.1 have been fully satisfied, but if any of such

conditions precedent have not been satisfied by the end of the Closing Extension Period, Developer may again proceed under clause (i), (ii) or (iv) above.

6.3.2 Failure of a Condition to District's Obligation to Close. If all of the conditions to Closing set forth in Section 6.2 have not been satisfied by the Scheduled Closing Date, provided the same is not the result of District's failure to perform any obligation of District hereunder, District shall have the option, at its sole discretion, to: (i) waive such condition and proceed to Closing hereunder without a reduction of either Party's obligations hereunder; (ii) extend the Scheduled Closing Date to permit Developer to satisfy such unsatisfied condition(s) to Closing, but in no event shall such extension be in excess of the Closing Extension Period; (iii) terminate this Agreement by Notice to Developer given on or before the Scheduled Closing Date, whereupon the District shall be entitled to draw on the Developer Deposit if such condition failure is a breach by Developer of any of its document delivery or other obligations for Closing (otherwise, District shall release the Developer Deposit to Developer) and the Parties shall be released from any further liability or obligation hereunder except those that expressly survive termination of this Agreement and without waiving any breach by either Party occurring prior to termination; or (iv) in the event such failure of a condition to Closing constitutes (or is the result of) an Event of Default, pursue any and all remedies applicable under Section 15.3. Notwithstanding the foregoing, in the event all of the conditions to Closing set forth in Section 6.2 have not been satisfied by the Scheduled Closing Date, Developer may, at its sole option, extend the Scheduled Closing Date for the period of time necessary to satisfy such unsatisfied condition(s), but in no event shall such extension be beyond the Closing Extension Period. In the event District proceeds under clause (ii), Closing shall occur within thirty (30) days after the conditions precedent set forth in Section 6.2 have been fully satisfied, but if any of such conditions precedent have not been satisfied by the end of the Closing Extension Period, District may again proceed under clause (i), (iii), or (iv) above.

ARTICLE 7 - **HORIZONTAL DEVELOPMENT CLOSING**

7.1 Closing Date. Developer shall diligently pursue performance of all of its covenants hereof and satisfaction of all of its conditions precedent to Closing. The scheduled time, date and place for consummation of the lease of the Walter Reed Redevelopment Property to Developer as contemplated herein ("Closing") shall be held at such place in Washington, D.C. as mutually agreed by District and Developer, at 10:00 a.m. [insert closing date per EDC Agreement - concurrent with the Effective Date] (the "Scheduled Closing Date"). The Parties agree to use reasonable efforts to pre-close the transaction contemplated hereby (i.e., sign documents into escrow with Settlement Agent) on the Business Day immediately preceding the then-scheduled Closing Date.

7.2 Deliveries at Closing.

7.2.1 District's Deliveries. At Closing, subject to the terms and conditions of this Agreement, District shall execute, notarize and deliver, as applicable, to Settlement Agent:

- (1) the Developer Deposit;

- (2) the Declaration of Covenants;
- (3) the Ground Lease;
- (4) the Memorandum of Lease;
- (5) the Memorandum of this Agreement;
- (6) the Affordable Housing Covenant to be recorded against any NOI Parcel that contains Residential Units that include ADUs;
- (7) for each NOI Sublease, a subordination and non-disturbance agreement (“**NOI SNDA**”) executed by District, in such form as reasonably acceptable to District;
- (8) a certificate, duly executed by District, stating that all of District’s representations and warranties set forth in Section 3.1 are true and correct in all material respects as of and as if made on the Closing Date; and
- (9) an executed Office of Tax and Revenue FP-7 real property recordation and transfer tax form, affidavit of title, settlement statement and any and all other deliveries required from District on the Closing Date under this Agreement or the Related Agreements and such other documents and instruments as are customary and as may be reasonably requested by Developer or Settlement Agent (and reasonably acceptable to District) to effectuate the transactions contemplated by this Agreement; provided, however that District shall not be required to deliver a “gap” indemnity or any other indemnity to the Title Company or any other Person.

7.2.2 Developer’s Deliveries. At Closing, subject to the terms and conditions of this Agreement, Developer shall execute, notarize and deliver, as applicable, to Settlement Agent:

- (1) the Initial Consideration Installment of \$5,000,000 due at Closing;
- (2) the Ground Lease;
- (3) the Memorandum of Lease;
- (4) the Memorandum of this Agreement;
- (5) each NOI Sublease that is executed between Developer and the NOI Sublessee, together with a memorandum thereof;
- (6) the Affordable Housing Covenant to be recorded against any NOI Parcel that contains Residential Units that include ADUs;
- (7) for each NOI Sublease, an NOI SNDA executed by the NOI Sublessee;

(8) the Horizontal Development Completion Guaranty fully executed by Hines Guarantor and UA Guarantor, or such other Approved Guarantor, and effective as of Closing with respect to the Initial Binding Phase Scope and Schedule;

(9) a certification of Developer's representations and warranties executed by Developer stating that all of Developer's representations and warranties set forth in Section 3.2 are true and correct in all material respects as of and as if made on the date of Closing;

(10) a certified fully executed copy of any amendments to Developer's CBE Agreement entered into prior to Closing;

(11) a certified fully executed copy of any amendments to Developer's First Source Agreement entered into prior to Closing;

(12) satisfactory evidence of (i) payment and performance bonds in accordance with Section 10.9.3 for the Horizontal Development work in the Initial Horizontal Phase, and (ii) liability, casualty and builder's risk insurance policies in the amounts, and with such insurance companies as required by Schedule 6.2.9;

(13) the following documents evidencing the due organization and authority of Developer to enter into, join and consummate this Agreement and the transactions contemplated herein:

(a) a copy of the organizational documents for Developer and a current certificate of good standing issued by the State of Delaware and the District of Columbia;

(b) authorizing resolutions, in form and content satisfactory to District, demonstrating the authority of Developer and of the Person executing each document on behalf of Developer to enter into this Agreement and the Related Agreements; and

(c) if requested by District, one or more customary opinions of counsel that Developer is validly organized, existing and in good standing in the State of Delaware, and is authorized to do business in, the District of Columbia, that Developer has the full authority and legal right to carry out the terms of this Agreement and the Related Agreements, that Developer has taken all actions to authorize the execution, delivery, and performance of said documents and any other document relating thereto in accordance with their respective terms, that none of the aforesaid actions, undertakings, or agreements violate any restriction, term, condition, or provision of the organizational documents of Developer or, to counsel's actual knowledge, any contract or agreement to which Developer is a party or by which it is bound;

(14) with respect to each Approved Guarantor delivering a Guaranty required to be delivered pursuant to this Section 7.2.2, Guarantor Submissions of such Approved Guarantor;

(15) an executed Office of Tax and Revenue FP-7 real property recordation and transfer tax form, affidavit of title, settlement statement and any and all other

deliveries required from Developer on the Closing Date under this Agreement or the Related Agreements and such other documents and instruments as are customary and as may be reasonably requested by District or Settlement Agent (and reasonably acceptable to Developer) to effectuate the transactions contemplated by this Agreement; and

(16) the Initial Consideration Guaranty fully executed by Hines Guarantor and UA Guarantor, or such other Approved Guarantor, and effective as of Closing.

7.3 Closing Escrow Agreement. No later than five (5) Business Days prior to Closing, each of Settlement Agent, Developer, and District shall execute and deliver an escrow agreement in the form attached hereto as Exhibit L (the “**Closing Escrow Agreement**”), which Closing Escrow Agreement shall govern Settlement Agent’s responsibilities regarding the documents and other items required to be delivered by such parties at Closing and the conditions for the release from escrow of such documents and other items.

7.4 Recordation of Closing Documents; Closing Costs.

7.4.1 Recordation. Promptly after Closing, or otherwise as the Parties may agree in the Closing Escrow Agreement, Developer shall cause Settlement Agent to file for recordation among the Land Records in accordance with the Closing Escrow Agreement, at no cost to District:

- (1) the Declaration of Covenants;
- (2) the Memorandum of this Agreement;
- (3) the Memorandum of Lease;
- (4) a Memorandum for each NOI Sublease that is executed on or before Closing;
- (5) the Affordable Housing Covenants applicable to each NOI Parcel that contains Residential Units that include ADUs;
- (6) Horizontal Development Financing Documents, to the extent same are required to be recorded at Closing pursuant to the terms thereof; and
- (7) any documents required to be recorded at or prior to Closing pursuant to the terms of this Agreement or the Related Agreements.

7.4.2 Costs. At Closing, as between Developer and District, Developer shall pay all of the costs pertaining to the lease of the Walter Reed Redevelopment Property (other than the costs of District’s counsel and consultants, which shall be paid by District).

ARTICLE 8 -
RELEASE PARCEL CLOSINGS

8.1 Request for Release Parcel Closing. At any time after Developer has identified a Component Developer to acquire any portion of the Walter Reed Redevelopment Property and develop thereon a Vertical Development (each portion, a “**Release Parcel**”), Developer may provide Notice to District (each, a “**Release Parcel Closing Request**”) of Developer’s desire to commence the process for the transfer of the Release Parcel to a Component Developer. The Release Parcel Closing Request shall include, at a minimum, the following:

8.1.1 Either (i) a Certificate of Substantial Completion for the Horizontal Development Completion Obligations required for the construction of the subject Release Parcel, as agreed between Developer and Component Developer under the Vertical Development PSA, or (ii) notification to District that the Release Parcel should be considered an Early Release Parcel with a detailed description or scope of work of the Horizontal Development Completion Obligations that will be undertaken by the Component Developer.

8.1.2 Submissions for Component Developer pursuant to Section 10.8.1 and Schedule 10.8.1.

8.1.3 Evidence that the Release Parcel included in the Release Parcel Closing Request has been subdivided into one or more separate record and tax lots, separate and apart from all other parcels, including from the remainder of the Walter Reed Redevelopment Property and a legal description, sufficient for recording in the Land Records, of the subject Release Parcel.

8.1.4 Certification from Developer that Developer complied with any applicable requirements with respect to the Horizontal Public Use Release Property required by the Vertical Development PSA for the Release Parcel or required to obtain Certificates of Occupancy for the Building(s) to be constructed as part of the Vertical Development on the Release Parcel.

8.1.5 The Vertical Development Plan, preliminary Vertical Development Budget and preliminary Vertical Development Funding and Financing Plan for Component Developer’s Vertical Development.

8.1.6 The survey described in Section 10.12.2.

8.1.7 The Vertical Development Schematic Drawings for the Vertical Development on the Release Parcel.

8.1.8 A draft of the Vertical Development Completion Guaranty from the proposed guarantor in the form attached hereto as Exhibit J.

8.1.9 Guarantor Submissions for the proposed guarantor who will be delivering the Vertical Development Completion Guaranty at the Release Parcel Closing.

8.1.10 The scheduled Release Parcel Closing Date.

8.1.11 A draft of the Component Construction Covenant from the proposed Component Developer in the form attached as Exhibit D-1.

8.1.12 A draft of the Memorandum of Component Construction Covenant in the form attached as Exhibit D-2.

8.1.13 A draft of the Quitclaim Deed for the Release Parcel in the form attached as Exhibit I-1, Exhibit I-2, or Exhibit I-3, as applicable.

8.1.14 If the Vertical Development to be constructed on the Release Parcel will contain Residential Units, the draft Affordable Housing Covenant for the Release Parcel in the form attached as Exhibit A.

8.2 Release Parcel Closing. The consummation of the transfer of a Release Parcel to a Component Developer as contemplated herein (each, a “**Release Parcel Closing**”) shall be held at such place and time as is selected by Developer on a Business Day that is not earlier than forty-five (45) days after District’s receipt of the Release Parcel Closing Request. At the Release Parcel Closing, District and Developer shall release the subject Release Parcel from the Ground Lease and District shall execute a Quitclaim Deed for such Release Parcel. The Parties agree to use reasonable efforts to pre-close the transaction contemplated hereby (i.e., sign documents into escrow with Settlement Agent) on the Business Day immediately preceding the then-scheduled Release Parcel Closing Date.

8.3 District Release Parcel Closing Conditions. District shall deliver the items set forth in Section 8.5 with respect to each Release Parcel Closing if, at the time of the Release Parcel Closing, all of the following conditions are satisfied or waived by District in its sole and absolute discretion:

8.3.1 Prerequisites. The prerequisites set forth in Section 8.1 have been satisfied.

8.3.2 Performance. Developer shall have performed all material obligations hereunder required to be performed by Developer with respect to the subject Release Parcel on or prior to the Release Parcel Closing Date.

8.3.3 Agreement in Effect. This Agreement shall not have been previously terminated pursuant to any other provision hereof.

8.3.4 Commencement. Component Developer shall have confirmed in writing its obligations under the Component Construction Covenant to, in each case subject to Excusable Development Delays, Commence Construction of the Vertical Development on the Release Parcel within twenty-four (24) months of the Release Parcel Closing and to diligently pursue such Vertical Development to Substantial Completion, and Component Developer shall have certified that any changes to the Submissions required to be Approved or Reviewed by District as of the Release Parcel Closing have been Approved or Review has been completed without timely objection, except as resolved with District.

8.3.5 Receipt of Administration Payment. The Administration Payment shall be deposited with Settlement Agent pursuant to the Release Parcel Closing Escrow Agreement.

8.3.6 Certificates of Insurance. Component Developer shall have furnished to District pro forma certificates of insurance (conditioned on the Release Parcel Closing) of insurance policies required pursuant to the Component Construction Covenant during the period of Component Developer's ownership prior to Commencement of Construction.

8.3.7 Evidence of Authority. Component Developer shall have provided satisfactory evidence of its authority to accept title to the Release Parcel and to perform its obligations under the Related Agreements.

8.3.8 Related Agreements. Each of the Related Agreements to be executed by Component Developer shall have been fully executed and delivered by Component Developer, all conditions to Release Parcel Closing set forth in such Related Agreements shall have been satisfied in all material respects, and Component Developer shall each have performed all of their material obligations required to be performed at or before the Release Parcel Closing (if any) under such Related Agreements.

8.3.9 No Initial Consideration Defaults. There shall be no existing Event of Default with respect to the payment by Developer of any Initial Consideration Installment or the pursuant to Section 2.6.2, and no failure by Developer to timely pay any Initial Consideration Installment pursuant to Section 2.6.2 exists that, with the passage of time and giving of notice, would constitute an Event of Default.

8.3.10 Component Developer and Vertical Development PSA. Developer shall have provided such Submissions with respect to the Component Developer and Vertical Development PSA to District and District shall have Approved or Reviewed the same without timely objection that has not been resolved with District, to the extent required under Section 10.8.2.

8.3.11 Approved Guarantor and Vertical Development Completion Guaranty.

(1) Component Developer shall have provided such Submissions to District for Review confirming that the proposed guarantor for the Vertical Development Completion Guaranty satisfies the Approved Guarantor Criteria as provided in Schedule 5.5, or if such proposed guarantor does not satisfy the Approved Guarantor Criteria, then District shall have Approved the proposed guarantor for the Vertical Development Completion Guaranty as an Approved Guarantor in its sole and absolute discretion.

(2) One or more Approved Guarantors shall have executed a Vertical Development Completion Guaranty in the form attached hereto as Exhibit J.

8.3.12 Release Parcel Closing Escrow Agreement. The Release Parcel Closing Escrow Agreement shall be in a form and substance reasonably satisfactory to District

and shall have been fully executed and delivered by all parties required to execute same in accordance with Section 8.8.

8.3.13 Substantial Completion of Horizontal Development. Unless

Developer identified the subject Release Parcel as an Early Release Parcel, Developer shall have achieved Substantial Completion of, and delivered to District a Certificate of Substantial Completion for, the Horizontal Development Completion Obligations required for the construction of the subject Release Parcel.

8.3.14 First Source and CBE Agreements. Component Developer shall have entered into a First Source Agreement and CBE Agreement with DOES and DSLBD, respectively, with regard to Component Developer's Vertical Development.

8.3.15 Early Release Parcels. If the subject Release Parcel is an Early Release Parcel, the transfer of the Release Parcel will not violate the limitations set forth in Section 9.13.

8.3.16 Outside Completion Date for Vertical Development. If the subject Release Parcel is being transferred to a Component Developer after the twentieth (20th) anniversary of the Effective Date, District and Component Developer shall have identified in the Component Construction Covenant the outside date for Substantial Completion, subject to Excusable Development Delays. Such Component Completion Covenants shall provide that, subject to notice and curative rights (including additional rights of mortgagees), District will have a contractual right of re-conveyance if Substantial Completion is not achieved on or before such outside date.

8.4 Developer and Component Developer Closing Conditions. Developer shall deliver the items set forth in Section 8.6 and shall cause the Component Developer to deliver the items set forth in Section 8.7 with respect to each Release Parcel Closing if, at the time of the Release Parcel Closing, all of the following conditions are satisfied or waived by Developer and Component Developer, each in their own sole and absolute discretion:

8.4.1 District Performance. District shall have performed all material obligations hereunder required to be performed by District on or prior to the Release Parcel Closing Date.

8.4.2 Agreement in Effect. This Agreement shall not have been previously terminated pursuant to any other provision hereof.

8.4.3 Title. Title to the Release Parcel shall be vested of record and in fact in District and subject only to the Component Developer's Permitted Exceptions.

8.4.4 Review and Approval. District shall have Reviewed without objection or Approved all of the Submissions or other items required to be Reviewed or Approved pursuant to the terms of this Agreement.

8.4.5 No Action. No action, suit or proceeding shall have been instituted or, to Component Developer's or District's knowledge, pending, by any third party (including actions or proceedings of or before any governmental body) to which District, Component Developer or

the Project (or any component thereof) is a party or is subject and can reasonably be expected to have a material adverse effect on the Release Parcel or challenges the authority of District to convey the Release Parcel to Component Developer.

8.4.6 Vertical Development PSA Closing Conditions. As to Developer and Component Developer, respectively, all conditions to their obligations to close the sale and purchase, respectively, of the Release Parcel under the Vertical Development PSA are satisfied or have been waived in writing by the benefitting party, as of the Release Parcel Closing Date.

8.4.7 Release Parcel Closing Escrow Agreement. The Release Parcel Closing Escrow Agreement shall be in form and substance reasonably satisfactory to Developer and Component Developer and shall have been fully executed and delivered by all parties required to execute same in accordance with Section 8.8.

8.5 District's Deliveries. At each Release Parcel Closing, subject to the terms and conditions of this Agreement and the satisfaction of the conditions contained in Section 8.3, District shall execute, notarize and deliver, as applicable, to Settlement Agent:

8.5.1 the Ground Lease Partial Termination for the Release Parcel;

8.5.2 the Quitclaim Deed for the Release Parcel, subject only to the Component Developer Permitted Exceptions; provided, however, District shall have no liability for the existence of, or the obligation to cure, title encumbrances and defects that are not Component Developer Permitted Exceptions but that do not arise out of District's breach of Section 4.7.4;

8.5.3 the Component Construction Covenant and Memorandum of the Component Construction Covenant for the Release Parcel;

8.5.4 if the Vertical Development to be constructed on the Release Parcel will contain Residential Units, the Affordable Housing Covenant for the Release Parcel; and

8.5.5 an executed Office of Tax and Revenue FP-7 real property recordation and transfer tax form, settlement statement and any and all other deliveries required from District on the Closing Date under this Agreement or the Related Agreements and such other documents and instruments as are customary and as may be reasonably requested by Component Developer or Settlement Agent (and reasonably acceptable to District) to effectuate the transactions contemplated by this Agreement; provided, however that District shall not be required to deliver a "gap" indemnity or any other indemnity to the Title Company or any other Person.

8.6 Developer's Deliveries. At each Release Parcel Closing, subject to the terms and conditions of this Agreement and the satisfaction of the conditions contained in Section 8.4, Developer shall execute, notarize and deliver, as applicable, to Settlement Agent:

8.6.1 the Ground Lease Partial Termination for the Release Parcel;

8.6.2 the Administration Payment due for the transaction, unless the same shall be paid by the Component Developer at the Release Parcel Closing pursuant to the terms of the Vertical Development PSA; and

8.6.3 an executed Office of Tax and Revenue FP-7 real property recordation and transfer tax form, affidavit of title, settlement statement and any and all other deliveries required from Developer on the date of Release Parcel Closing under this Agreement or the Related Agreements and such other documents and instruments as are customary and as may be reasonably requested by District or Settlement Agent (and reasonably acceptable to Developer) to effectuate the transactions contemplated by this Agreement.

8.7 Component Developer's Deliveries. At each Release Parcel Closing, subject to the terms and conditions of this Agreement and the satisfaction of the conditions contained in Section 8.4, Component Developer shall execute, notarize and deliver, as applicable, to Settlement Agent:

8.7.1 the Component Construction Covenant and Memorandum of Component Construction Covenant for the Release Parcel;

8.7.2 if the Vertical Development to be constructed on the Release Parcel will contain Residential Units, the Affordable Housing Covenant for the Release Parcel;

8.7.3 the consideration due Developer pursuant to the Vertical Development PSA;

8.7.4 the Administration Payment due for the transaction, unless the same shall be paid by Developer at the Release Parcel Closing pursuant to the terms of the Vertical Development PSA;

8.7.5 the Vertical Development Completion Guaranty fully executed by one or more Approved Guarantors and effective as of the Release Parcel Closing;

8.7.6 the following documents evidencing the due organization and authority of Component Developer to enter into the Related Agreements and consummate this Agreement and the transactions contemplated herein:

(1) the organizational documents and a current certificate of good standing issued by the jurisdiction in which Component Developer is formed, and, if Component Developer is not formed in the District of Columbia, evidence that Component Developer has registered as a foreign entity and is in good standing with the Superintendent of Corporations of DCRA;

(2) authorizing resolutions, in form and content satisfactory to District, demonstrating the authority of Component Developer and of the Person executing each document on behalf of Component Developer to execute and deliver each of the applicable Related Agreements and to perform the obligations thereunder;

(3) if requested by District, a customary opinion of counsel that Component Developer is duly formed, validly existing and in good standing in the jurisdiction of its formation, and, if Component Developer is not formed in the District of Columbia, Component Developer has registered as a foreign entity and is in good standing with the Superintendent of Corporations of DCRA; that Component Developer has the full authority and

legal right to carry out the terms of the Related Agreements, that Component Developer has taken all actions to authorize the execution, delivery, and performance of said documents and any other document relating thereto in accordance with their respective terms, that none of the aforesaid actions, undertakings, or agreements violate any restriction, term, condition, or provision of the organizational documents of Component Developer or, to the actual knowledge of such counsel, any contract or agreement to which Component Developer is a party or by which it is bound; and

8.7.7 an executed Office of Tax and Revenue FP-7 real property recordation and transfer tax form, affidavit of title, settlement statement and any and all other deliveries required from Component Developer on the Closing Date under this Agreement or the Related Agreements and such other documents and instruments as are customary and as may be reasonably requested by District or Settlement Agent (and reasonably acceptable to Component Developer) to effectuate the transactions contemplated by this Agreement.

8.8 Release Parcel Closing Escrow Agreement. On or prior to the Release Parcel Closing, each of Settlement Agent, Developer, Component Developer, and District shall execute a “**Release Parcel Closing Escrow Agreement,**” which Release Parcel Closing Escrow Agreement shall govern Settlement Agent’s responsibilities regarding the documents and other items required to be delivered by such parties at Closing and the conditions for the release from escrow of such documents and other items.

8.9 Recordation of Closing Documents. Promptly after each Release Parcel Closing, or as otherwise as the parties may agree in the Release Parcel Closing Escrow Agreement, Developer shall cause Settlement Agent to file for recordation among the Land Records in accordance with the Closing Escrow Agreement, at no cost to District:

8.9.1 the Ground Lease Partial Termination;

8.9.2 the Quitclaim Deed;

8.9.3 the Memorandum of Component Construction Covenant;

8.9.4 the Affordable Housing Covenant, if applicable;

8.9.5 if Component Developer has obtained debt financing for the acquisition of the Release Parcel, the deed of trust or similar instrument and any other Vertical Development Financing Documents to the extent the same are required to be recorded pursuant to the terms thereof; and

8.9.6 any documents required to be recorded at or prior to the Release Parcel Closing pursuant to the terms of this Agreement or Related Agreements.

8.10 Closing Costs. At each Release Parcel Closing, as between Developer, Component Developer and District, Developer or Component Developer shall pay all of the costs pertaining to such Release Parcel Closing (other than the costs of District’s counsel and consultants, which shall be paid by District).

ARTICLE 9 -
HORIZONTAL DEVELOPMENT REQUIREMENTS AND PHASING

9.1 Horizontal Development Scope. As part of the Horizontal Development, Developer, at Developer's sole cost and expense shall be responsible for all preparation of the Walter Reed Redevelopment Property (excluding the Housing Land during the term of the Housing Lease, unless the leasehold interest is acquired by Developer or its Affiliates) for development and construction of the Project in accordance with the Master Development Plan, each Binding Phase Scope and Schedule, the Construction Plans and Specifications, and Laws. Developer shall be responsible for the performance of all work and services necessary to permit and prepare the Walter Reed Redevelopment Property for the construction of the Project, including the preparation for the construction of each Vertical Development, and occupancy of the NOI Occupancy Buildings by the NOIs. To the extent such work is to be undertaken by a Component Developer with respect to an Early Release Parcel as part of its Vertical Development Completion Obligations pursuant to the Vertical Development PSA, the Component Construction Covenant shall require Component Developer to undertake such Horizontal Development in accordance with the Component Construction Covenant, the Master Development Plan, the Construction Plans and Specifications of Component Developer, and Laws. The scope of the Horizontal Development shall include, as necessary for the development and construction of the Walter Reed Redevelopment Property, but not be limited to, the following:

(1) **Off-Site Work.** Such improvements and other work outside of the boundaries of the Walter Reed Redevelopment Property that are necessary to obtain the Permits, which may include, without limitation, planning and erection of directional signs, street lighting, signalization and other facilities or improvements to off-site sidewalks and/or roadways, so as to provide adequate ingress and egress to and from the Walter Reed Redevelopment Property, and relocation of utility lines from and within the Walter Reed Redevelopment Property, except for improvements to Aspen Street, N.W.

(2) **Abandonment and Relocation.** Necessary abandonment, closure, relocation and rearrangement of streets, alleys, utilities, water and sewer lines and other existing improvements that are within the Walter Reed Redevelopment Property.

(3) **Site Preparation.** Demolition, clearing, and, except as to Release Parcels if and to the extent that such obligations are the responsibility of a Component Developer under the Vertical Development PSA, rough grading, excavation, fill, compaction and finish grading for the Walter Reed Redevelopment Property, including any undercutting and stabilization of subgrades and the construction of any and all necessary retaining walls, berms and berm stairways.

(4) **Temporary Construction Facilities.** Installation of staging areas and access from public ways to the staging areas and temporary drainage facilities for the performance of the Horizontal Development, including temporary facilities (including, without limitation, temporary parking facilities) necessary to satisfy the obligations of Developer contained in the NOI Subleases and the Declaration of Covenants.

(5) Storm Drainage Facilities. Installation of a storm sewer system suitable to drain the Walter Reed Redevelopment Property and related flood control facilities, running at least to the property line of the Walter Reed Redevelopment Property (and off-site if necessary), together with all connections therefrom to the storm sewer system located on each Release Parcel and NOI Parcel and the other portions of the Walter Reed Redevelopment Property, including, without limitation, if applicable, storm sewer laterals, subsurface foundation drain laterals, stormwater detention areas and replicated wetland areas, and all underground pipes and catch basins, with all off-site and on-site systems adequate for proper drainage of the roofs of Buildings and other improvements to be constructed on each Release Parcel and NOI Parcel, except if, and to the extent, Component Developers are responsible for on-site detention and drainage within a Release Parcel under the terms of a Vertical Development PSA. Such work shall include any work required to remove or relocate existing storm sewer lines within the Walter Reed Redevelopment Property to the extent such removal or relocation is necessary to construct the Project in accordance with the Master Development Plan.

(6) Sanitary Sewer Facilities. Installation of a sewage distribution network and related facilities, servicing the Walter Reed Redevelopment Property as necessary to connect the sewage facilities to the Buildings and other improvements existing or to be erected on each Release Parcel and the NOI Parcels to municipal sewage facilities.

(7) Water Facilities. Installation of a water (including potable water, waste water, and storm water) distribution network and related facilities servicing the Walter Reed Redevelopment Property as necessary to connect the water systems to the Buildings and other improvements to be erected on each Release Parcel and the NOI Parcels to municipal water facilities.

(8) Electrical Power. Cooperating with regulated or unregulated, as applicable, electricity providers in Developer's (or if Developer can require another entity to undertake the work, such entity's) installation of an electricity distribution network and related facilities, servicing the Walter Reed Redevelopment Property as necessary to connect adequate electricity to the Buildings and other improvements existing or to be erected on each Release Parcel and the NOI Parcels.

(9) Heating and Cooling Facilities. To the extent such systems are not to be constructed with respect to a Vertical Development by a Component Developer within such Vertical Development, installation of a heating and cooling distribution network and related facilities, servicing portions of the Walter Reed Redevelopment Property as necessary to connect adequate heating and cooling to the Buildings and other improvements existing or to be erected on each Release Parcel and the NOI Parcels that will not have their own heating and cooling systems.

(10) Telecommunications Facilities. Cooperating with telecommunications providers in their installation of telephone and telecommunications lines and related facilities servicing the Walter Reed Redevelopment Property as necessary to connect adequate telecommunications and telephone service to the Buildings and other improvements existing or to be erected on each Release Parcel and the NOI Parcels.

(11) Technical Services, Bonds, Certifications, Insurance. Obtaining all architectural, engineering and related services, obtaining all required certifications, and obtaining all payment and performance bonds, builder's risk insurance, and other insurance for the Horizontal Development and construction thereof required hereunder and the Ground Lease.

(12) Environmental Remediation. Except for the items that the United States agrees to remediate pursuant to the Army Deed and Laws, Developer shall perform all investigations, removal, remedial actions, cleanup and abatement, corrective action or other remediation that may be required pursuant to any applicable Environmental Law with respect to the Walter Reed Redevelopment Property, except for any environmental remediation or abatement of the NOI Parcels. District shall have no responsibility for any investigations, removal, remedial actions, cleanup and abatement, corrective action or other remediation that may be required pursuant to any applicable Environmental Law with respect to the Walter Reed Redevelopment Property.

(13) Other Infrastructure and Parks. Developer shall develop and construct all public infrastructure, public improvements, and other public spaces and amenities across the entire Walter Reed Redevelopment Property (collectively, the "**Public Infrastructure**"), which shall include the items identified on Schedule 9.1(13).¹³ The total public space for the Project shall be consistent with the Comprehensive Plan. All public spaces and other public areas (such as promenades and bike paths) shall include typical amenities, such as lighting, benches, landscaping and similar items.

9.2 Horizontal Minimum Requirements. Developer shall commence and complete each of the following (collectively referred to as the "**Horizontal Minimum Requirements**") within the time frames set forth below, in each case subject to Force Majeure and, if applicable, Governmental Delay. Once Developer commences each of the Horizontal Minimum Requirements, Developer shall provide District Notice thereof identifying the date on which such Horizontal Minimum Requirement has commenced.

9.2.1 Within nine (9) months after Closing, Developer shall Commence Demolition of Building 2 in accordance with the scope of work set forth in Schedule 9.2.1 ("**Building 2 Demolition**"). For purposes of this Section, "**Commence Demolition of Building 2**" shall mean to (x) hire contractor(s) to begin the Building 2 Demolition and (y) commence environmental remediation and/or demolition within Building 2. Developer shall complete the Building 2 Demolition within thirty-six (36) months after Developer Commences Demolition of Building 2.

9.2.2 Within twelve (12) months after Closing, Developer will open a portion of the Walter Reed Redevelopment Property identified in Schedule 9.2.2 for public access and use (the "**Initial Open Space**"). After providing Notice to District, Developer may temporarily restrict public access to or relocate the Initial Open Space as necessary to install infrastructure, address safety and security considerations, or open alternate temporary or permanent public spaces comparably sized to such portion of the Initial Open Space that is being closed.

¹³ Schedule to include description of streets and rights of way, landscaping and typical public amenities.

9.2.3 Within twenty-four (24) months after Closing, Developer shall open the Great Lawn to public access and use. After providing Notice to District, Developer may temporarily restrict public access to certain portions of the Great Lawn for such limited times as are necessary to construct infrastructure or other improvements on, under, or in the vicinity of the Great Lawn.

9.2.4 Within sixty (60) months after Closing, Developer shall complete the restoration of the Great Lawn, in the location and in accordance with the requirements set forth in the Horizontal Development Scope, which includes the removal, enhancement, remediation or abandonment in place of stormwater and utility improvements that cut through the Great Lawn, as well as the completion of landscape remediation, preservation and enhancements to the Great Lawn.

9.2.5 Within seventy-two (72) months after Commencement of Demolition of Building 2, Developer shall either (i) begin an interim use of Building 1 in accordance with Schedule 9.2.5, or (ii) sell Building 1 to a Component Developer.

9.2.6 Developer shall Substantially Complete the Horizontal Development work, and with respect to Release Parcels, having sold or marketed for sale to Component Developers the following cumulative minimum GFA of Release Parcels and NOI Parcels (collectively, the “**Minimum GFA Delivery Schedule**”):

(1) Release Parcels and NOI Parcels entitled to be developed for a minimum of 600,000 square feet of GFA within the first five (5) years after Closing.

(2) Release Parcels and NOI Parcels entitled to be developed for a minimum of an additional 900,000 square feet of GFA (1,500,000 square feet of GFA cumulative) within the first ten (10) years after Closing.

(3) Release Parcels and NOI Parcels entitled to be developed for a minimum of an additional 700,000 square feet of GFA (2,200,000 square feet of GFA cumulative) within the first fifteen (15) years after Closing.

(4) Release Parcels and NOI Parcels entitled to be developed for a minimum of an additional 900,000 square feet of GFA (3,100,000 square feet of GFA cumulative) within the first twenty (20) years after Closing.

9.2.7 NOI Move-In Obligations. Developer shall comply with the NOI Move-In Obligations set forth in Section 9.10.2.

9.3 Compliance. Developer shall construct or cause the construction of the Horizontal Development (i) pursuant to the scope described herein, (ii) in accordance with all Laws, applicable standards and regulations, including District of Columbia transportation laws and regulations and DDOT guidelines for the construction of streets and sidewalks, (iii) in accordance with the Comprehensive Plan, as the same may be amended, and (iv) within the time periods set forth in the Horizontal Minimum Requirements and the outside date for Substantial Completion set forth in the Binding Phase Scope and Schedule.

9.4 Phased Development. Developer plans to complete or cause the completion of the Horizontal Development in phases consisting of specific areas within the Walter Reed Redevelopment Property (each, a “Horizontal Phase”). The first Horizontal Phase is referred to herein as the “Initial Horizontal Phase” and each subsequent Horizontal Phase is referred to herein as a “Subsequent Horizontal Phase.”

9.5 Preliminary Phasing Plan.

9.5.1 As of the Effective Date, Developer expects that each area identified within the “**Preliminary Phasing Plan**”¹⁴ attached as Schedule 9.5.1 will be considered a Horizontal Phase.

9.5.2 As of the Effective Date, Developer expects to complete the Horizontal Development for each Horizontal Phase identified within the Preliminary Phasing Plan within the time periods identified in the schedule attached as Schedule 9.5.2.

9.5.3 Notwithstanding the foregoing, and subject to compliance with the requirements of this Article 9 and other applicable provisions of this Agreement, Developer may change the Horizontal Development work to be included in any Horizontal Phase and may change the sequencing of Horizontal Phases at any time prior to inclusion in a Binding Scope and Schedule.

9.6 Initial Binding Phase Scope and Schedule. Developer shall Commence Construction and achieve Substantial Completion of the Initial Binding Phase Scope and Schedule in accordance with the scope and timeframes set forth in the Initial Binding Scope and Schedule.

9.7 Subsequent Binding Phase Scope and Schedule.

9.7.1 The scope and schedule for each Subsequent Horizontal Phase shall be as set forth in a Subsequent Binding Phase Scope and Schedule, which Developer shall submit to District for District Approval pursuant to Section 10.3.

9.7.2 Developer shall Commence Construction of each Subsequent Binding Phase Scope and Schedule within twelve (12) months following the date of Substantial Completion of the most recent Horizontal Phase as to which Developer achieved Substantial Completion (each, a “**Minimum Subsequent Phase Start Date**”) and cause the Substantial Completion of such Subsequent Horizontal Phase and Schedule in accordance with the scope and timeframes set forth in each Subsequent Binding Phase Scope and Schedule but in all events prior to the expiration of this Agreement and the Ground Lease.

9.8 Delays in Construction.¹⁵

¹⁴ Schedule shall include the (i) identification of the geographic boundaries of the Horizontal Phases; (ii) description of the Horizontal Development that is expected to be undertaken for each of the Horizontal Phases; and a (iii) sequencing plan for undertaking the Horizontal Development among each of the Horizontal Phases.

9.8.1 Excusable Development Delay.

(1) The outside date for Commencement of Construction in a Binding Phase Scope and Schedule shall be subject to a day-for-day extension due to Excusable Development Delays in accordance with the terms of this Section 9.8.1. Any such Excusable Development Delay shall have first occurred, as to the Initial Phase Binding Phase Scope and Schedule, after Closing, and, as to each Subsequent Phase Binding Phase Scope and Schedule, after District's Approval of such Subsequent Phase Binding Phase Scope and Schedule. To the extent any action, inaction or event giving rise to a delay is within the reasonable control of, is due to the fault or negligence of or, as to a Governmental Delay, is reasonably foreseeable by Developer, or its Members, Affiliates, representatives or contractors, such action, inaction or event shall not be grounds for Excusable Development Delay under this Agreement. In all instances, Developer shall use commercially reasonable efforts to mitigate the length of the Excusable Development Delay. In claiming Excusable Development Delay, Developer must reasonably demonstrate that the Excusable Development Delay is caused by a delay of a critical path item of Commencement of Construction. Developer shall notify District within five (5) Business Days of reasonably learning of the event that has given rise to the claimed start of such Excusable Development Delay. Developer shall notify District within five (5) Business Days of reasonably learning of the end of the event that has given rise to the claimed Excusable Development Delay.

(2) To the extent Developer claims Excusable Development Delay on the basis of a claim of limited availability of institutional equity and/or non-recourse real estate debt or high vacancy or significantly deteriorating leasing markets, Developer shall provide District Notice of the potential Excusable Development Delay, which Notice shall include a description of the matter giving rise to the potential Excusable Development Delay, an estimate of the duration of the potential Excusable Development Delay and evidence to support Developer's claim of Excusable Development Delay. Developer shall periodically update such Notice if such Excusable Development Delay is expected to continue longer than originally estimated, which update shall include evidence to support Developer's claim of continuing Excusable Development Delay.

(3) To the extent Developer claims Excusable Development Delay on the basis of a claim that District unreasonably withheld its Approval or failed to specify in reasonable detail the reason for District's disapproval or rejection of a matter and the changes that would be required for Approval of any matter requiring Approval by District under the terms of this Agreement, Developer shall provide District Notice of the potential Excusable Development Delay, which Notice shall include a description of the matter giving rise to the potential Excusable Development Delay and an estimate of the duration of the potential Excusable Development Delay, and a period of five (5) Business Days in order to cure the matter. If District cures the matter within the foregoing five (5) Business Day period, Developer shall not be entitled to claim Excusable Development Delay because of such matter.

¹⁵ Component Construction Covenant to include the same definitions in respect of Excusable Development Delays impacting Component Developer or the Vertical Development.

(4) To the extent Developer claims Excusable Development Delay on the basis of a claim with respect to any matter that requires the review or consent of any Governmental Authority, delays caused by such Governmental Authority either (i) not completing its review within the customary response period for the matter in question, imposing conditions that are not customary for the matter in question or acting outside of its authority contained in Laws, or (ii) imposing conditions that would constitute a Material Change to the Master Development Plan or applicable Binding Phase Scope and Schedule, Developer shall provide Notice to District of the potential Excusable Development Delay, which Notice shall include a description of the matter giving rise to the potential Excusable Development Delay and an estimate of the duration of the potential Excusable Development Delay, and a period of ten (10) Business Days in order to cure the matter. If the matter is cured within the foregoing ten (10) Business Day period, Developer shall not be entitled to claim Excusable Development Delay because of such matter. Developer shall periodically update such Notice if such Excusable Development Delay is expected to continue longer than originally estimated, which update shall include evidence to support Developer's claim of continuing Excusable Development Delay.

9.8.2 Unforeseen Site Conditions. To the extent Developer discovers unknown soil conditions, unknown Hazardous Materials, an unknown archeological site or artifacts or other unknown physical conditions on the Walter Reed Development Property, which conditions were not discovered from Developer's due diligence or development activities, identified in reports provided to Developer, including the Environmental Reports, or the public record, or not reasonably foreseeable (each, an "**Unforeseen Site Condition**") and such Unforeseen Site Condition causes an actual delay in the construction of the applicable Horizontal Phase, then Developer shall be entitled to an extension of the outside date for Substantial Completion in the subject Binding Phase Scope and Schedule in accordance with the terms of this Section 9.8.2. In no event shall a condition on the Property caused by Developer, or its Members, Affiliates, representatives or contractors constitute an Unforeseen Site Condition under this Agreement. The outside date for Substantial Completion shall be extended day-for-day for the period of time in which Developer is addressing the Unforeseen Site Condition. Developer shall provide prompt Notice to District, but in no event later than ten (10) days, after its discovery of an Unforeseen Site Condition, which Notice shall include a detailed description of the Unforeseen Site Condition and an estimate of the delay requested by Developer as a result of the Unforeseen Site Condition. Developer shall provide Notice to District every thirty (30) days during the duration of the delay, which Notice shall include a detailed description of Developer's efforts undertaken since the date of the last Notice to address the Unforeseen Site Condition and an estimate of the remaining period of the delay. In all instances, Developer shall use commercially reasonable efforts to mitigate any delays caused by the Unforeseen Site Condition. In claiming a delay on the basis of an Unforeseen Site Condition, Developer must reasonably demonstrate that the Unforeseen Site Condition causes a delay of a critical path item of Substantial Completion.

9.8.3 Force Majeure. The outside dates for milestones in a Binding Phase Scope and Schedule shall be subject to an extension for delays caused by Force Majeure in accordance with the terms of this Section 9.8.3. Any such extension shall be day-for-day for the period of Force Majeure. Developer shall, within five (5) Business Days of discovery of such Force Majeure event, notify District in writing after it becomes aware of a Force Majeure event, which Notice shall include Developer's estimate of the length of the delay that will be caused by

such Force Majeure event and the actions Developer is taking to minimize such delay. Any such Force Majeure event shall have first occurred, as to the Initial Phase Binding Phase Scope and Schedule, after Closing, and, as to each Subsequent Phase Binding Phase Scope and Schedule, after District's Approval of such Subsequent Phase Binding Phase Scope and Schedule. In all instances, Developer shall use commercially reasonable efforts to mitigate the length of a delay because of a Force Majeure event. In claiming Force Majeure, Developer must reasonably demonstrate that the Force Majeure event causes a delay of a critical path item of a milestone to which Developer is requesting an extension.

9.9 Developer Optional Extensions.

9.9.1 Extension to Minimum GFA Delivery Schedule. If Developer does not expect to timely complete the deadlines set forth in Section 9.2.6(2) or Section 9.2.6(3) (each, a “**Missed Delivery Deadline**”), despite using commercially reasonable efforts to complete such deadline, and so long as there is no continuing Event of Default by Developer, then Developer, at its sole option, may cause District to extend such Missed Delivery Deadline for a period of one (1) year upon Notice and payment to District of a fee equal to: (a) One Million Dollars (\$1,000,000.00) for the deadline set forth in Section 9.2.6(2) and (b) Two Million Dollars (\$2,000,000) for the deadline set forth in Section 9.2.6(3) (if and only if there is a Missed Delivery Deadline). Developer shall provide Notice to District of the exercise of such Extension at least ninety (90) days and no greater than one (1) year in advance of the Missed Delivery Deadline. Developer shall make such payment at least fifteen (15) days after any such Missed Delivery Deadline. Any exercises of an Extension under this Section 9.9.1 apply only to the subject Missed Delivery Deadline and does not extend any subsequent deadlines set forth in the Minimum GFA Delivery Schedule, the requirements or deadlines in a Binding Phase Scope and Schedule, or the requirements or deadlines for the Horizontal Minimum Requirements. Any fees paid by Developer hereunder shall be in addition to, and not a credit against, the consideration due under Section 2.6.

9.9.2 Extension for Commencement of Construction of Horizontal Phase.

If Developer does not expect to timely achieve Commencement of Construction of any Horizontal Phase by the date required under the Initial Binding Phase Scope and Schedule or Section 9.7.2 (each, a “**Missed Commencement Deadline**”) and so long as there is no continuing Event of Default by Developer, then Developer, at its sole option, may cause District to extend such Missed Commencement Deadline for a period of one (1) year upon Notice and payment to District of a fee. Developer shall provide Notice to District of the exercise of such Extension at least thirty (30) days and no greater than one (1) year in advance of the Missed Commencement Deadline. Developer shall make such payment at least fifteen (15) days after any such Missed Commencement Deadline (if and only if there is a Missed Commencement Deadline). Developer shall be entitled to exercise up to two (2) Extensions per each Horizontal Phase. In order for Developer to exercise an Extension for a Missed Commencement Deadline, Developer shall pay District a fee equal to Five Hundred Thousand Dollars (\$500,000) for each Extension for the first Horizontal Phase subject to the Missed Commencement Deadline. For each Subsequent Phase for which Developer wishes to exercise an Extension for a Missed Commencement Deadline, the fee due to District shall be increased by an amount equal to Two Hundred Fifty Thousand Dollars (\$250,000), such that the Extensions for Missed Commencement Deadlines for a second Horizontal Phase shall equal Seven Hundred Fifty

Thousand Dollars (\$750,000), for a third Horizontal Phrase shall equal One Million Dollars (\$1,000,000), and so on. Any exercises of an Extension under this Section 9.9.2 apply only to the subject Missed Commencement Deadline and does not extend any subsequent deadlines set forth in the Minimum GFA Delivery Schedule, any other requirements or deadlines in a Binding Phase Scope and Schedule, or the requirements or deadlines for the Horizontal Minimum Requirements. Any fees paid by Developer hereunder shall be in addition to, and not a credit against, the consideration due under Section 2.6.

9.9.3 Extension for Completion of a Horizontal Phase. If Developer does not expect to timely achieve Substantial Completion of any Horizontal Phase by the date required for the same in the applicable Binding Phase Scope and Schedule (each, a “**Missed Completion Deadline**”), despite Developer using commercially reasonable efforts to complete such deadline, and so long as there is no continuing Event of Default by Developer, then Developer, at its sole option, may cause District to extend such Missed Completion Deadline for a period of one (1) year upon Notice and payment to District of a fee, equal to: (a) Five Hundred Thousand Dollars for the first Extension of any Phase, (b) Seven Hundred Fifty Thousand Dollars (\$750,000) for the Extension of any second Phase, and (c) One Million Dollars (\$1,000,000) for the Extension of any third Phase. Developer shall provide Notice to District of the exercise of such Extension at least thirty (30) days and no greater than one (1) year in advance of the Missed Completion Deadline. Developer shall make such payment at least fifteen (15) days after any such Missed Completion Deadline (if and only if there is a Missed Completion Deadline). Developer shall have the option of exercising Extensions for Missed Completion Deadlines for up to three (3) Horizontal Phases. Any exercises of an Extension under this Section 9.7.3 apply only to the subject Missed Completion Deadline of the subject Horizontal Phase and does not extend any deadlines set forth in the Minimum GFA Delivery Schedule, the requirements or deadlines in any Subsequent Binding Phase Scope and Schedule, or the requirements or deadlines for the Horizontal Minimum Requirements. Any fees paid by Developer hereunder shall be in addition to, and not a credit against, the consideration due under Section 2.6.

9.10 NOIs.

9.10.1 Developer shall comply with the obligations set forth in Schedule 9.10.1 relating to the NOI Sublessees and the NOI Parcels, subject to each NOI Sublessee performing its obligations under its respective NOI Sublease.¹⁶

9.10.2 Developer shall Accommodate NOI Sublessee tenant improvement and move-in needs (the “**NOI Move-In Obligations**”) into existing Buildings 11, 14, 17, 7 and 6 (collectively, the “**NOI Occupancy Buildings**”) at the expense of Developer. “**Accommodate**” for this purpose means, pursuant to a schedule and budget agreed to by Developer and each respective NOI Sublessee: (i) scheduling truck traffic and (only for Buildings occupied by multiple tenants) elevator use to facilitate the tenant improvement work and move-ins of the NOI Sublessees; (ii) arranging with utility providers to bring utilities required for NOI Sublessee occupancy to the perimeter of the NOI Occupancy Buildings; and (iii) assisting NOI Sublessees

¹⁶ The Schedule will identify the timing for achieving Substantial Completion of the Horizontal Development impacting the NOI tenants, the coordination plan for each NOI, and the schedule for the NOI move-in.

to arrange utility hook-ups where needed for electric power, natural gas, water, wastewater and chilled water to service the NOI Occupancy Buildings.

9.11 Interim Operations and Activation Plan. Developer shall implement the District approved “**Interim Operations and Activation Plan**” attached as Schedule 9.11.¹⁷ Any changes to the Interim Operations and Activation Plan shall be subject to District Approval.

9.12 Management.

9.12.1 As more particularly set forth in the Declaration of Covenants, Developer shall create on or before Closing the Owners’ Association to, among other things, maintain, manage, operate, repair and replace the Common Elements at the sole cost and expense of the Owners’ Association, funded through assessments to landowners or sublessees (excluding the District) within the Walter Reed Redevelopment Property (including NOI Sublessees). Each Component Developer and each tenant, subtenant, owner or other occupant of a Vertical Development, including the NOI Sublessees, shall be required to pay their respective share of assessments pursuant to the terms and conditions contained in the Declaration of Covenants.

9.12.2 Developer and/or the Owners’ Association may seek to obtain legislation from the Council to create a Walter Reed Business Improvement District that will work with or separately from the Owners’ Association to fund services and provide improvements at Walter Reed.

9.12.3 Developer and District shall release the Common Elements and the Housing Land from the Ground Lease and convey fee simple title to the same in accordance with the terms of this Section 9.12.3. Upon written request from Developer and the Owners’ Association to District, with respect to any Common Element or the Housing Land as identified in such request by the Owners’ Association and for which a legal description is provided, any Horizontal Development has been completed, and as to which any necessary subdivision and creation of a separate tax lot has been performed, District shall:

(1) Join Developer in executing and recording a Ground Lease Partial Termination with respect to such Common Element and/or Housing Land;

(2) Execute and deliver a Quitclaim Deed with respect to such Common Element, conveying such Common Element to the Owners’ Association, which Quitclaim Deed shall include a right of re-entry in the event the use of the Common Element is in violation of the use restrictions contained in the Quitclaim Deed; and

(3) Subject to Section 2.2.2, execute and deliver a Quitclaim Deed with respect to such Housing Land, conveying such Housing Land to the Owners’ Association if the Housing Lease remains in effect at the Expiration Date, which Quitclaim Deed shall include

¹⁷ The Schedule will include (i) an outline of preservation methods, (ii) information relating to the monitoring of historic buildings and landscapes, and (iii) a description of how the land comprising the portion of the Walter Reed Redevelopment Property which at the time in question has neither been conveyed as a Release Parcel nor accepted as Horizontal Release Property will be maintained and operated, including all associated utilities and any temporary uses. *[Note: if Army does not shut down the boiler, Developer will do so]* This plan will remain in effect until all relevant portions of the Horizontal Development are completed.

a 99-year reverter in the event the use of the Housing Land ceases to be used for residential purposes.

9.12.4 Any costs incurred in relation to the release and conveyance to the Owner's Association described in Section 9.12.3(2) shall be paid by the Owners' Association. Title to the parcel and improvements comprising the Common Element or the parcel comprising the Housing Land shall be subject to the all matters and encumbrances of title existing as of the date of such conveyance and District shall have no obligation to cure any of the same, subject to District's compliance with its obligations under Section 4.7.4.

9.12.5 Developer and Owners' Association shall be entitled to provide the notice referenced in Section 9.12.3(2) at any time after (a) as to any Common Element, the date Developer achieves Substantial Completion of the Horizontal Phase in which the Common Element is located and (b) as to the Housing Land, the date Developer achieves Substantial Completion of the last Horizontal Phase. Notwithstanding the foregoing, in the event Developer and the Owners' Association fail to (a) request the release, (b) provide a legal description or (c) subdivide and/or create a tax lot for any portion of a Common Element or Housing Land on or before the Expiration Date, such failure shall be a default by Developer under this Agreement. The obligations contained in Sections 9.12.3 – 9.12.5 shall survive the expiration or termination of this Agreement.

9.13 Horizontal Public Use Release Property. Developer shall enter into an agreement (“**Horizontal Public Use Release Agreement**”) with DDOT, or such other applicable District of Columbia agency, and District, which shall provide, among other things, the terms and conditions for identified parcels, each agency’s acceptance requirements of the Horizontal Public Use Release Property, and the conditions of District’s release of the Horizontal Public Use Release Property from the Ground Lease after issuance of the District Certificate of Completion of the applicable Horizontal Phase.

9.14 Separate Lots. Developer shall arrange, at Developer’s sole cost and expense, for delineation of the Leased Premises into separate record or tax lots, which delineation shall be subject to District Review prior to submission to the applicable Government Authorit(ies). In all events the delineation shall be consistent with the Comprehensive Plan. District further agrees to cooperate with Developer in this regard, including, but not limited to, executing any such reasonable forms of documents, certificates, plats, submissions, applications and other documents that are required by District in connection with the foregoing; provided, that District shall be under no obligation to incur any out-of-pocket expenses or any liabilities with respect to its cooperation under this Section.

9.15 Early Release Parcel Limitations. Subject to the other terms and conditions set forth in this Agreement, Developer may proceed to Release Parcel Closings on Early Release Parcels up to a maximum of 450,000 square feet of GFA of Vertical Development to be developed by Component Developers who are not Affiliates of Developer.

9.16 Eligibility for Project Grants. Until the last day of the District of Columbia tax year that is ten (10) years after the date on which Developer Commences Demolition of Building 2, Developer shall be eligible annually to receive grant funds (the “**Grant**”). The Grant funds

shall be expended to pay part of the costs of operating, maintaining and construction on the Walter Reed Redevelopment Site, including for design, construction financing and project administration, provided an Event of Default is not continuing under this Agreement or the Ground Lease. The amount of such Grants in total shall not exceed the cumulative amount of taxes assessed to and paid and payable by Developer pursuant to D.C. Official Code §47-1005.01 and attributable directly to Developer's leasehold interest of the Walter Reed Redevelopment Site. Such Grant shall be subject to the requirements of the Walter Reed Redevelopment Omnibus Act of 2015, the City-Wide Grants Manual and Sourcebook (as the same may be amended or substituted), and any such other document issued that governs the provision of District grants.

ARTICLE 10 - **DEVELOPER AND COMPONENT DEVELOPER SUBMISSIONS**

10.1 Amendments to the Master Development Plan. Developer shall not make, or permit to be made, a Material Change to the Master Developer Plan without District Approval. To the extent Developer desires to make a change to the Master Development Plan that is not a Material Change, Developer shall submit the change to District for District Review for the sole purpose of enabling District to confirm that such change is not a Material Change. Master Developer shall update the Master Development Plan at such times as Vertical Development Plans have been Reviewed or Approved by District to the extent necessary to conform the Master Development Plan to the Reviewed or Approved Vertical Development Plans.

10.2 Initial Binding Phase Scope and Schedule. Prior to Closing, Developer shall submit to District for District Approval its proposed Horizontal Development Schematic Drawings and the Construction Schedule for District Approval for the Initial Horizontal Phase.

10.3 Subsequent Binding Phase Scope and Schedule. At least four (4) months prior to the scheduled date of Substantial Completion of each Subsequent Horizontal Phase as contained in the corresponding Binding Phase Scope and Schedule, Developer shall submit to District for District Approval its Horizontal Development Schematic Drawings for the next Subsequent Horizontal Phase to be constructed. At the time of its submission to District of the Horizontal Development Schematic Plans for a Subsequent Horizontal Phase, Developer shall submit to District for District Review a preliminary Construction Schedule for the Subsequent Horizontal Phase and (a) the then-current Guarantor Submissions for and (b) an executed certificate confirming the representations and warranties contained in the Horizontal Development Completion Guaranty are true and correct as of the date of the certificate from Approved Guarantors who have executed the Horizontal Development Completion Guaranty for the purpose of District determining whether each Approved Guarantor continues to satisfy the Approved Guarantor Criteria. District will be deemed to be unreasonable if it does not approve Horizontal Development Schematic Drawings and requests additional work scope or requirements that materially increase Developer's costs or adversely impact Developer's Construction Schedule if the Horizontal Development Schematic Drawings comply with all requirements of this Agreement and if the Horizontal Development for the Horizontal Phase if performed in accordance with the Horizontal Development Schematic Drawings, and the work contemplated thereunder, and the Construction Schedule do not impose unreasonable

interference with the use and operation of adjacent properties. At least forty-five (45) days prior to the scheduled date of Commencement of Construction for each Subsequent Horizontal Phase, Developer shall submit to District a Construction Schedule for District Review to confirm the Construction Schedule meets the requirements of this Agreement and provides for a date of Substantial Completion of the Horizontal Phase that is not more than twelve (12) months later than the required date for achieving substantial completion under the primary Construction Contract for the Horizontal Phase.

10.4 Amendments to Binding Phase Scope and Schedule.

10.4.1 Prior to Commencement of Construction.

(1) Following District Approval of the Horizontal Development Schematic Drawings for a Horizontal Phase pursuant to Section 10.3, Developer shall submit to District (i) Design Development Drawings (once finalized) for the Horizontal Development work for the subject Horizontal Phase for informational purposes and (ii) Construction Drawings for the Horizontal Development work for the subject Horizontal Phase to District for District Review or District Approval, as applicable. District Review of the Construction Drawings shall be for the purpose of enabling District to confirm that such Construction Drawings do not include a Material Change from the Horizontal Development Schematic Drawings which were previously Approved by District. Additionally, Developer shall submit to District any change to any level of Construction Plans and Specifications that contain a Material Change as compared to the Approved Horizontal Development Schematic Drawings or the Master Development Plan. In the event that any of the Construction Plans and Specifications contains a Material Change as compared to the Approved Horizontal Development Schematic Drawings or the Master Development Plan, the Material Change shall be subject to District Approval.

(2) At all times prior to Commencement of Construction of a Horizontal Phase, Developer will submit to District any changes to the Construction Schedule for such Horizontal Phase for District Review. Such District Review is limited to confirming that the Construction Schedule provides for a date of (i) Construction Commencement of the Horizontal Phase on or before the Minimum Subsequent Phase Start Date and (ii) Substantial Completion of the Horizontal Phase that is not more than twelve (12) months later than the required date for achieving substantial completion under the primary Construction Contract for the Horizontal Phase. Notwithstanding the foregoing, in no event shall any proposed amendment to the Construction Schedule for any Horizontal Phase revise the Minimum GFA Delivery Schedule or the Horizontal Minimum Requirements except to reflect changes resulting from Excusable Delay or Extensions exercised by Developer in accordance with this Agreement.

10.4.2 After Commencement of Construction. Following Commencement of Construction of a Horizontal Phase, Developer shall submit all changes to the Construction Plans and Specifications for the Horizontal Development work for the subject Horizontal Phase that constitute a Material Change to District for District Approval. Further, as provided in Section 10.19.1, Developer shall submit to District any changes to the Construction Schedule for such Horizontal Phase as part of its Developer Quarterly Reports, which changes shall be subject to District Review. Such District Review is limited to confirming that notwithstanding the changes, the Construction Schedule provides for a date of Substantial Completion of the Horizontal Phase

that is not more than twelve (12) months later than the required date for achieving substantial completion under the primary Construction Contract for the Horizontal Phase. Notwithstanding the foregoing, in no event shall any proposed amendment to the Construction Schedule for any Horizontal Phase revise the Minimum GFA Delivery Schedule or the Horizontal Minimum Requirements except to reflect changes resulting from Excusable Delay or Extensions exercised by Developer in accordance with this Agreement.

10.5 Amendments to the Interim Operations and Activation Plan. Developer shall submit any proposed amendments¹⁸ to the Interim Operations and Activation Plan to District. Any proposed amendment that is a Material Change shall be subject to District Approval, while all other proposed amendments shall be subject to District Review.

10.6 Horizontal Funding and Financing Plan.

10.6.1 Developer has provided to District Developer's preliminary Horizontal Funding and Financing Plan for the Horizontal Development, which plan is attached as Schedule 10.6.1. Developer shall update the Horizontal Funding and Financing Plan (or certify that there are no proposed changes to the Horizontal Funding and Financing Plan as of such date) at Closing.

10.6.2 Developer shall submit to District updates to the Horizontal Funding and Financing Plan at the same time as Developer's submission of the (a) Horizontal Development Schematic Drawings for each Subsequent Horizontal Phase pursuant to Section 10.3 and (b) Construction Schedule for each Subsequent Horizontal Phase pursuant to Section 10.3. In addition, Developer shall submit to District an update to the Horizontal Funding and Financing Plan at any time following a Material Change to the Horizontal Funding and Financing Plan. The updated Horizontal Funding and Financing Plans shall reflect all changes to the Horizontal Funding and Financing Plan occurring following the previous submission to District.

10.6.3 The Horizontal Funding and Financing Plan and each update thereto shall be subject to District Review, which District Review shall be for the sole purpose of confirming debt and equity sources (including infrastructure funding contributions from NOI Sublessees) equal budgeted Horizontal Project Costs as contained in the Horizontal Development Budget for the Horizontal Phase in question and is consistent with the Horizontal Development Loan Commitments and the Horizontal Development Equity Commitments for the Horizontal Phase in question.

10.7 Horizontal Development Budget.

10.7.1 Developer has provided to District Developer's initial budget for the Horizontal Development based upon the Master Development Plan (the "**Horizontal Development Budget**"), which is attached hereto as Schedule 10.7.1. The Horizontal Development Budget sets forth a cost itemization prepared by Developer specifying Developer's current best estimate of all Horizontal Development Project Costs (direct and indirect) by

¹⁸ Need to finalize schedule. Depending on level of specificity of matters, may need to discuss including a materiality threshold for amendments.

category. The Horizontal Development Budget includes a breakdown of Horizontal Development Project Costs by Horizontal Phase and a further break down by the Horizontal Development components of each Horizontal Phase. Developer shall update the Horizontal Development Budget (or certify that there are no proposed changes to the Horizontal Development Budget as of such date) at Closing.

10.7.2 Developer shall submit to District updates to the Horizontal Development Budget as applicable to the relevant Horizontal Phase at the same time as Developer's submission of the (a) Horizontal Development Schematic Drawings for each Subsequent Horizontal Phase pursuant to Section 10.3 and (b) Construction Schedule for each Subsequent Horizontal Phase pursuant to Section 10.3. The updated Horizontal Development Budget shall reflect all changes to the Horizontal Development Budget for such Horizontal Phase occurring following the previous submission to District.

10.7.3 The Horizontal Development Budget and each update thereto shall be subject to District Review, which District Review shall be for the sole purpose of confirming debt and equity sources (including infrastructure funding contributions from NOI Sublessees) equal budgeted Horizontal Project Costs as contained in the Horizontal Development Budget for the Horizontal Phase in question and that the work contemplated in the Horizontal Development Budget matches the Binding Phase Scopes and Schedules.

10.8 Component Developer and Vertical Development PSA.

10.8.1 Developer is responsible for marketing to and identifying a Component Developer for each Release Parcel. Prior to executing any Vertical Development PSA, Developer shall notify and submit to District the following: (a) the identity of the Component Developer selected; (b) Submissions with respect to such Component Developer for District Review or District Approval, as applicable, pursuant to Schedule 10.8.1; (c) the final draft of the Vertical Development PSA for District Review pursuant to Section 10.8.2; (d) a statement identifying the amount of the estimated Administration Payment that will be paid to District; and (e) a description of the sales processes undertaken by Developer to ensure fair market value of such Release Parcel in accordance with Schedule 10.8.2.

10.8.2 The Vertical Development PSA shall be subject to District Review. Each Vertical Development PSA shall meet the requirements contained in this Agreement and in Schedule 10.8.2. In no event shall the Vertical Development PSA be effective unless the Component Developer and the Vertical Development PSA has been Reviewed by District pursuant to the terms of this Section 10.8. Once a Vertical Development PSA has been reviewed by District without objection, Developer and Component Developer shall submit to District any amendment to the Vertical Development PSA as it relates to the amount of the consideration due Developer thereunder, the identity of the Component Developer or the Release Parcel, or the Horizontal Development Completion Obligations undertaken by Component Developer for District Review.

10.9 Other Developer Construction Submissions.

10.9.1 Funding Commitments. At Closing as to the Initial Horizontal Phase and at least forty-five (45) days prior to Commencement of Construction of each Subsequent Horizontal Phase, Developer shall submit to District for District Review written evidence of the Horizontal Development Loan Commitments and the Horizontal Development Equity Commitments for such Horizontal Phase for the sole purposes of enabling District to confirm that the sources of debt and equity funds for the Horizontal Phase (including the infrastructure funding contributions of the NOI Sublessees) are sufficient to pay for all Horizontal Project Costs included in the updated Horizontal Development Budget for such Horizontal Phase. Additionally, Developer shall certify at Closing as to the Initial Horizontal Phase and at least forty-five (45) days prior to Commencement of Construction of each Subsequent Horizontal Phase that, (a) to Developer's knowledge, there is no material event of default, or event, which with the passage of time or giving of notice or both would become a material event of default, by Developer under the Horizontal Development Financing Documents providing financing for such Horizontal Phase, and (b) the terms of the Horizontal Development Financing Documents are consistent with the terms of the Horizontal Development Loan Commitments and Horizontal Development Equity Commitments Reviewed by District.

10.9.2 Contractor. Developer shall submit to District for District Review at least forty-five (45) days prior to Commencement of Construction of any Horizontal Phase (a) the identity of its Contractor(s) for such Horizontal Phase, (b) evidence of the Contractor(s) due formation, existence and, if such Contractor is not formed in the District of Columbia, evidence of its registration as a foreign entity with the Superintendent of Corporations of DCRA and good standing, and (c) evidence as to such Contractor's experience and portfolio. Developer may request that the requirement for District Review of the selected Contractor(s) be satisfied by Developer's submission of and District Review of a bid list of candidates for Contractor(s), and Developer's subsequent selection of Contractor(s) on such bid list previously subject to District Review.

10.9.3 Payment and Performance Bonds

(1) At Closing as to the Initial Horizontal Phase and at least forty-five (45) days prior to Commencement of Construction of each Subsequent Horizontal Phase, Developer shall submit to District for District Review payment and performance bonds (which may be pro forma bonds pending execution of the Construction Contract) with respect to the work to be performed under the Construction Contract for the subject Horizontal Phase in accordance with the Construction Drawings and Construction Contract therefor. District Review is limited to confirming the following requirements:

(a) Such bonds shall be issued by one or more surety companies that are admitted as bonding carriers listed on the then most current version of U.S. Treasury Circular 570 or any replacement or substitute U.S. government listing, have an A.M. Best's rating of at least A-:VIII or better and are duly licensed and authorized to conduct and transact surety business in the District of Columbia by the Commissioner of the Department of Insurance, Securities and Banking of the District of Columbia.

(b) The form of the payment and performance bonds is consistent with AIA Document 312 or another form that provides substantially equivalent protection to the owner, with such changes as District may reasonable request.

(c) The form of the payment and performance bonds names District as a Dual-obligee or beneficiary, as applicable, as its interest may appear.

(d) The amount of the bond equals the Construction Contract price.

(2) Provided that such payment and performance bond otherwise meets all of the requirements of this Section 10.9.3, the payment and performance bond provided by Developer's Contractor may be used to satisfy Developer's obligation to provide a payment and performance bond pursuant to this Section 10.9.3. To the extent Developer or its Contractor is unable to obtain a payment and performance bond that satisfies the requirements contained in this Section 10.9.3, despite using commercially reasonable efforts to obtain the same, Developer may request a waiver of the requirement(s) that cannot be met, which waiver request shall be subject to District Approval within District's sole and absolute discretion.

(3) To the extent Developer submitted to District for District Review pro forma bonds in accordance with Section 10.9.3(1), then Developer shall submit to District the issued payment and performance bonds on or before the date of Commencement of Construction.

(4) Developer shall maintain the payment and performance bonds, or cause the same to be maintained, until Final Completion of the applicable Project Component.

10.10 Component Developer Submissions Prior to Release Parcel Closing.

10.10.1 Vertical Development Funding and Financing Plan.

(1) It shall be a District requirement for each Release Parcel Closing that the applicable Component Developer provide a preliminary Vertical Development Funding and Financing Plan, which Vertical Development Funding and Financing Plan shall be in the form attached as Schedule 10.10.1, as part of the Release Parcel Closing Request submitted to District in accordance with Section 8.1.

(2) Each Vertical Development Funding and Financing Plan shall be subject to District Review for the sole purpose of confirming sources and uses of funds are equal to Vertical Project Costs as contained in the preliminary Vertical Development Budget for the Vertical Development and, to the extent obtained, is consistent with the Vertical Loan Commitments and the Vertical Equity Commitments for the Vertical Development.

(3) The Component Construction Commitment shall require Component Developer to update the Vertical Development Funding and Financing Plan and submit same to District for District Review prior to Commencement of Construction of such Vertical Development pursuant to Section 10.14.

10.10.2 Vertical Development Budget.

(1) It shall be a District requirement for each Release Parcel Closing that the applicable Component Developer provide a preliminary Vertical Development Budget as part of the Release Parcel Closing Request submitted to District in accordance with Section 8.1.

(2) Each Vertical Development Budget shall be subject to District Review for the sole purpose of general confirmation by District of sufficiency of budgeted Vertical Project Costs necessary for such Vertical Development for which a Vertical Development Budget has been submitted and that the work contemplated in the Vertical Development Budget matches the Vertical Development Plan.

(3) The Component Completion Covenant shall require Component Developer to update the Vertical Development Budget and submit same to District for District Review prior to Commencement of Construction of such Vertical Development pursuant to Section 10.14.

10.10.3 Vertical Development Plan.

(1) It shall be a District requirement for each Release Parcel Closing that the applicable Component Developer provide a Vertical Development Plan for the Vertical Development as part of the Release Parcel Closing Request submitted to District in accordance with Section 8.1.

(2) Each Vertical Development Plan will be subject to District Review solely for the purpose of confirming that such Vertical Development Plan is in compliance with the Master Development Plan, Comprehensive Plan and this Agreement. If such Vertical Development Plan is not in compliance with the Master Development Plan, Comprehensive Plan and this Agreement (because for example, a variance to the Comprehensive Plan is being requested) then the Vertical Development Plan will be subject to District Approval.

(3) The Component Construction Covenant shall require Component Developer to update the Vertical Development Plan and submit same to District for District Review, or for District Approval if there are changes that constitute Material Changes, prior to Commencement of Construction of such Vertical Development in accordance with Section 10.14.

10.10.4 Vertical Development Schematic Drawings.

(1) It shall be a District requirement for each Release Parcel Closing that the applicable Component Developer provide as part of the Release Parcel Closing Request pursuant to Section 8.1, the following:

- (a) An ALTA survey of the Release Parcel; and
- (b) Vertical Development Schematic Drawings for the Vertical Development.

(2) Such Submissions are submitted to District for District Review solely for the purpose of confirming that such Submissions are in compliance with the Master Development Plan and Comprehensive Plan. If such Submissions are not in compliance with the Master Development Plan and Comprehensive Plan, then such Submissions shall be submitted to District for District Approval.

10.11 Submissions Prior to Commencement of Construction of Vertical Development. Each Component Construction Covenant shall require Component Developer to make the following Submissions to District at least forty-five (45) days prior to Commencement of Construction of the Vertical Development, or as part of the Release Parcel Notice, if Component Developer intends to Commence Construction of the Vertical Development less than forty-five (45) days after the Release Parcel Closing.

10.11.1 Updates to Release Parcel Closing Date Submissions. Updates to the Vertical Development Funding and Financing Plan, Vertical Development Budget and Vertical Development Plan for District Review, or as to each a statement certifying that there has been no change, and unless, as to the Vertical Development Plan, the updated Vertical Development Plan contains Material Changes, in which case such updated Vertical Development Plan will be submitted to District for District Approval.

10.11.2 Construction Plans and Specifications Drawings. Design Development Drawings (once finalized) and Construction Drawings for the Vertical Development, prior to Commencement of Construction. Developer shall submit the Design Development Drawings to District for District's informational purposes. The Construction Drawings shall be submitted for District Review for the sole purpose of enabling District to confirm that the plans and specifications do not contain a Material Change. Additionally, the Component Construction Covenant will require Component Developer to submit to District any change to any level of Construction Plans and Specifications that contain a Material Change as compared to the Approved Vertical Development Schematic Drawings or the Master Development Plan. In the event such plans and specifications contain a Material Change, such Submissions shall be submitted to District for District Approval. The Component Construction Covenant will provide that following Commencement of Construction of a Vertical Development, Component Developer shall submit to District all changes to the Construction Drawings for the Vertical Development that constitute a Material Change for District Approval.

10.11.3 Funding Commitments. Written evidence of Vertical Development Loan Commitments and Vertical Development Equity Commitments for the funding of Vertical Project Costs for District Review. District Review is for the sole purpose of enabling District to confirm that the sum of the Vertical Development Loan Commitments (if applicable) and the Vertical Development Equity Commitments are equal to the total Vertical Project Costs included in the updated Vertical Development Budget. Additionally, the Component Construction Covenant shall require a Component Developer certify prior to Commencement of Construction that, (a) to Component Developer's knowledge, there is no material event of default, or event which with the passage of time or giving of notice or both would become a material default, by Component Developer under the Vertical Development Financing Documents and (b) the terms of the Vertical Development Financing Documents are consistent with the terms of the Vertical

Development Loan Commitments and Vertical Development Equity Commitments Reviewed by District.

10.11.4 Contractor. Submissions evidencing that Contractor is not a Prohibited Person, that such Contractor is duly formed and validly existing in the State of its formation and if such Contractor is not formed in the District of Columbia, evidence of its registration as a foreign entity with the Superintendent of Corporations of DCRA and Submissions as to such Contractor's experience and portfolio for District Review. Component Developer may request that such District Review be made with respect to bid list candidates rather than a selected Contractor.

10.11.5 Payment and Performance Bonds.

(1) Payment and performance bonds (which may be pro forma bonds pending execution of the Construction Contract) with respect to the work to be performed under the Construction Contract for the Vertical Development in accordance with the Construction Drawings and Construction Contract therefor for District Review. District Review is limited to confirming the following requirements:

(a) Such bonds shall be issued by one or more surety companies that are admitted as bonding carriers listed on the then most current version of U.S. Treasury Circular 570 or any replacement or substitute U.S. government listing, have an A.M. Best's rating of at least A-VII or better and are duly licensed and authorized to conduct and transact surety business in the District of Columbia by the Commissioner of the Department of Insurance, Securities and Banking of the District of Columbia.

(b) The form of the payment and performance bonds is consistent with AIA Document 312 or another form that provides substantially equivalent protection to the owner, with such changes as District may reasonable request.

(c) The form of the payment and performance bonds names District as a Dual-obligee or beneficiary, as applicable, as its interest may appear.

(d) The amount of the bond equals the Construction Contract price.

(2) Provided that such payment and performance bond otherwise meets all of the requirements of this Section 10.11.5, the payment and performance bond provided by Component Developer's Contractor may be used to satisfy Component Developer's obligation to provide a payment and performance bond hereunder. To the extent Component Developer or its Contractor is unable to obtain a payment and performance bond that satisfies the requirements contained in this Section 10.11.5, despite using commercially reasonable efforts to obtain the same, Developer may request a waiver of the requirement(s) that cannot be met, which waiver request shall be subject to District Approval within District's sole and absolute discretion.

(3) To the extent Component Developer submitted to District for District Review pro forma bonds in accordance with Section 10.11.5(1), then Component

Developer shall submit to District the issued payment and performance bonds on or before the date of Commencement of Construction.

(4) Component Developer shall maintain the payment and performance bonds, or cause the same to be maintained, until Final Completion of the applicable Project Component.

10.11.6 Construction Schedule. Component Developer's Construction Schedule for the Vertical Development.

10.12 Insurance Certificates. Certificates of insurance or duplicate originals of insurance policies required pursuant to the Component Construction Covenant that will apply during the period from Commencement of Construction until Substantial Completion of the Vertical Development.

10.13 Press Releases, Marketing, Signage and Promotional Materials.

10.13.1 Subject to any necessary approvals by the Army, the name of the Project shall be "The Parks at Walter Reed" or such other name as Developer shall select with District Approval.

10.13.2 Subject to the last sentence of this Section 10.13.2, the District (without cost to the District) shall be identified where Developer's name or trade name or logo is used on signage and Promotional Materials consistent with the same "level of identification" as Developer's name (or such like or derivative nomenclature) or such lesser level as reasonably acceptable to District in construction signage installed by Developer at the Project. District shall have the right to Approve the general template for use of the District's name, logo or like identifiers. Expressly excluded from this provision are publications, marketing materials, solicitations and/or informational materials specifically designed by Developer to recruit or market to prospective lessees, buyers, investors, lenders, and/or other financial institutions, as to which no requirement to identify District shall apply.

10.13.3 Developer shall prepare the Design Guidelines referenced in the Declaration of Covenants. Such Design Guidelines will govern, among other things, Vertical Development exterior signage. As part of the Declaration of Covenants, such Design Guidelines will be submitted for District Review solely for the purpose of confirming compliance with Laws and good industry practice. The Owners' Association will have authority to grant variances to the Design Guidelines. Subject to compliance with the other provisions of this Section 10.13.3, the Declaration of Covenants and Laws, Developer and/or the Owners' Association shall have discretion over signage, advertising, sponsorship, branding and marketing for sale of the Release Parcels, including, but not limited to, Component Developers' and their tenants' identification, promotion of Vertical Developments and similar activities (whether revenue producing or otherwise); provided, however, that the foregoing shall not apply to any of the Horizontal Public Use Release Property. All signage installed by Developer shall be installed, maintained and updated from time to time at the sole cost and expense of Developer, the Owners' Association or a Component Developer as further provided in the Declaration of Covenants.

10.13.4 Developer shall use good faith efforts to coordinate with District all Project press releases that are prepared by Developer with respect to the Project starting from the Effective Date, excluding press releases in respect of a particular Vertical Development or Release Parcel sale; provided, however, any press releases prepared by Developer that reference the duties, obligations or commitments of District with respect to the Project shall be subject to District Approval in its sole and absolute discretion, which District Approval shall be obtained prior to publication of the press release. District shall coordinate with Developer all press releases issued by District with respect to the Project starting from the Effective Date.

10.13.5 Developer shall coordinate with, invite, and provide Notice to District of all significant Project public events (i.e., community meetings, stakeholder meetings, presentations to trade association groups, presentation to out-of-town dignitaries and similar events) organized by Developer. For any event involving the immediate community or key public officials (such as Council members, international ambassadors, members of Congress and their aides, officials of the Federal government and executives of regional organizations), Developer shall use reasonable efforts to timely notify District and schedule such meetings such that District representatives may attend. Any event organized by Developer that is required to be coordinated with District pursuant to this Section 10.13.5 that are to be attended by key public officials will be coordinated using the protocols appropriate to the office of the key public official as reasonably directed by District.

10.14 Construction Schedule. Developer shall update the Construction Schedule as part of its Developer Quarterly Report (or such Developer Quarterly Report shall state that there have been no changes to the Construction Schedule) until District confirms Substantial Completion of the last to be completed Horizontal Phase. Each Component Construction Covenant shall provide that Component Developer shall submit its Construction Schedule (and all updates thereto) to District for informational purposes only, provided such Component Developer is in compliance with the construction requirements of the Component Construction Covenant.

10.15 Community Participation Plan. Developer shall comply with, and each Component Construction Covenant shall contain obligations of the Component Developer to comply with, where applicable to a particular Vertical Development (i) Developer's program for public involvement, education and outreach with respect to the Project (including input from the community that is impacted by the Project and Vertical Developments provided in the Master Development Plan as they are designed, developed, constructed and operated) (the "**Community Participation Program**"), described in the attached Schedule 10.15, and (ii) Developer's plan for implementing the Community Participation Program, which shall include, without limitation, the organization(s) with whom Developer proposes to discuss the Project, a schedule for public meetings and the type of information that Developer proposes to submit to the public (the Community Participation Program, together with such plan, is collectively referred to as the "**Community Participation Plan**"), described in the attached Schedule 10.15. The Community Participation Plan shall include a mechanism to document all public meetings, including a narrative description of the events of each meeting, the concerns raised by members of the public, and Developer's responses to such concerns. Developer shall submit such documentation to District promptly following each meeting and shall otherwise include a summary of Developer's and each Component Developer's activities with respect to, and in furtherance of, the Community Participation Plan in each Developer Quarterly Report. Any changes to the

Community Participation Program or the Community Participation Plan shall be subject to District Approval.

10.16 Material Changes. No Material Changes to any approved Submission may be made without District's prior Review or Approval. If Developer desires to make any Material Changes to a Submission after same has been Reviewed or Approved by District, Developer shall submit in writing the proposed changes to District for Review or Approval. District's Review or Approval of any Material Change shall be limited to the matters affected by the Material Change.

10.17 Progress Meetings/Consultation. During the preparation of the Submissions, District's staff and Developer or, pursuant to its Component Construction Covenant, Component Developer, as applicable, shall hold periodic progress meetings with the applicable Developer or Component Developer (together with any such consultants or contractors as may be designated by Developer or Component Developer, as applicable) working on the applicable issues as appropriate considering the progress of such Submissions, to coordinate the preparation of, submission to, and review of such Submissions by District. The scheduling of such meetings shall be coordinated with District reasonably in advance so as to permit District's attendance. If District's representative is not available after such prior Notice, Developer or, pursuant to its Component Construction Covenant, Component Developer, as applicable, may conduct such meeting; provided, however, that District may require a subsequent meeting to review the result of such unattended meeting and provide comments, corrections and inputs in a participatory capacity. With respect to all Submissions and revisions of Submissions, District's staff and Developer or, pursuant to its Component Construction Covenant, Component Developer, as applicable, shall communicate and consult informally as frequently as is necessary so as to assist in Developer's or Component Developer's preparation of, and District's review and/or approval of, the formal submittal of such Submissions or revisions of Submissions to District.

10.18 Quarterly Status Reports

10.18.1 In addition to the other Submissions required pursuant to this Article 10, Developer shall submit to District no later than the twentieth (20th) day following the close of each calendar quarter, a report ("Developer Quarterly Report") setting forth the current status of the Project, which shall include, at a minimum, (i) a detailed account, certified by Developer, of current progress compared to the Horizontal Minimum Requirements, the Initial Binding Phase Scope and Schedule, and any Subsequent Binding Phase Scope and Schedule; (ii) activities with respect to the implementation of the Interim Operations and Activation Plan; (iii) the anticipated schedule for Horizontal Public Use Release Property for each Horizontal Phase; (iv) the date on which Developer anticipates it will achieve Substantial Completion for each Horizontal Phase; (v) the date on which Developer anticipates it will Commence Construction for each Subsequent Horizontal Phase; (vi) information on any proposed Release Parcel Closing Request Developer expects to deliver to District within the succeeding six (6) month period; (vii) any public meetings planned by Developer for the Project within the next quarter; and (viii) either confirmation that there have been no changes or a description of any changes in the ownership of the interest in, or Control of, Developer and the Key Members. Each Developer Quarterly Report shall be in the form set forth on Exhibit M-1 hereof, subject to such changes, modifications and additions to the form set forth on such Exhibit that District may reasonably

require from time to time in writing, provided that no such change, modification or addition shall be effective for any Developer Quarterly Report unless Developer has been provided with at least forty-five (45) days' prior notice thereof. Developer shall include as part of each Developer Quarterly Report a reasonable number of construction photographs taken since the last report submitted by Developer. Developer shall also contemporaneously submit to District any progress reports related to the development and construction of the Project that it submits to its Approved Mortgagees. Following District Review of the Final Completion Certificate of the last Horizontal Phase completed, Developer's obligations to provide Developer Quarterly Reports shall terminate.

10.18.2 Each Component Construction Covenant shall provide that, following each Release Parcel Closing, the Component Developer shall submit to District a quarterly status report (each, a "**Component Developer Quarterly Report**") with respect to the development, construction, operation and management of such Component Developer's Vertical Development, which Component Developer Quarterly Report shall be in the form set forth on Exhibit M-2 hereof with respect to the applicable Vertical Development, subject to such changes, modifications and additions that District may reasonably require from time to time in writing, provided that no such change, modification or addition to the form set forth on such Exhibit shall be effective for any Component Developer Quarterly Report unless Component Developer has been provided with at least forty-five (45) days' prior notice thereof. Component Developer shall include as part of each of its Component Developer Quarterly Reports a reasonable number of construction photographs taken since the last report submitted by Component Developer. Each Component Developer will also contemporaneously submit to District any progress reports related to the development and construction of the Project and the leasing and sales of the Vertical Developments that it submits to its lenders. Each Component Developer's obligation to provide to District its Component Developer Quarterly Reports shall terminate with respect to its Vertical Development following District Review of the Final Completion Certificate of such Vertical Development.

10.19 Requirements of Construction Plans and Specifications.

10.19.1 All Construction Plans and Specifications shall (i) be prepared and completed in accordance with this Agreement (or as to a Component Developer, its Component Construction Covenant), the applicable provisions of the Related Agreements and the previously approved Submissions, (ii) conform to and be consistent with Laws, (iii) to the extent the same are required to be submitted to District pursuant to the terms of this Agreement, be at the indicated scale or other scale reasonably satisfactory to District, and (iv) be consistent with the immediately preceding version of such Construction Plans and Specifications.

10.19.2 Notwithstanding anything to the contrary herein, prior to Developer's or, pursuant to its Component Construction Covenant, Component Developer's, as applicable, application for any Construction Permit, the Construction Plans and Specifications forming part of such application applicable to such Construction Permit must have been Approved or Reviewed by District, to the extent required under the terms of this Agreement.

10.19.3 The drawings, plans and specifications to be submitted shall be prepared by or signed by the Architect of Record or licensed engineer for the work in question. A District

of Columbia licensed structural, geotechnical, and/or civil engineer, as applicable, shall review and certify all final foundation and grading designs. The Architect of Record shall coordinate the work of any associated design professions, including engineers and landscape architects. No Person that is a Prohibited Person or is debarred by HUD or the District of Columbia shall be engaged to provide architectural, engineering or other design or consulting services with respect to the Project.

ARTICLE 11 - **DISTRICT REVIEW AND APPROVAL**

11.1 Scope of Developer Authority. As more fully described below and pursuant to the Ground Lease and Related Agreements, the Parties agree and acknowledge that Developer is solely responsible for all decisions related to the Project except such decisions that are retained by the District herein where either District Review or District Approval is expressly required.

11.2 Scope of District Review and Approval of Developer's Submissions. Each Submission (and each component of a Submission) requiring District's Review or Approval shall be submitted to District in accordance with the procedures set forth below.

11.2.1 District Review. For those Submissions that are subject to "**District Review**" pursuant to the terms of this Agreement, District shall have a period of thirty (30) days (except for District Review under Section 12.2.2 and Section 12.3.2, which shall be fifteen (15) days) to review and submit any reasonable objection to the Submission submitted by Developer or, pursuant to Article 8 and the applicable provisions of Article 10 incorporated into Article 8, or its Component Construction Covenant, Component Developer, as applicable. "**District Review**" means review by District of a Submission, which review is limited to (a) confirming the matters as specifically provided for District Review in a particular provision of this Agreement, with respect to any Submission under such provision; (b) for the sole purpose of confirming compliance with the applicable provisions of this Agreement and, where applicable, a Related Agreement; or (c) such other purpose as may be expressly stated herein. If District provides Developer or Component Developer, as applicable, a written statement describing in specificity its objections prior to the expiration of the foregoing thirty (30) day (or fifteen (15) day, as applicable) period, Developer or pursuant to its Component Construction Covenant, Component Developer, as applicable, shall revise its Submission to address District's reasonable objection and resubmit the revised Submission to District for District Review.

11.2.2 District Approval. For those Submissions that are subject to "**District Approval**" pursuant to the terms of this Agreement, District shall have a period of thirty (30) days to review and approve or disapprove the Submissions submitted by Developer or Component Developer, as applicable. Where a provision of this Agreement provides for District Approval as to specified matters only, such approval will be limited to such specified matters. Except to the extent the District Approval of a Submission is explicitly provided as within District's sole and absolute discretion, District shall not unreasonably withhold or condition its approval hereunder. If District provides Developer or Component Developer, as applicable, a written statement describing in specificity its objections prior to the expiration of the foregoing thirty (30) day period, Developer or pursuant to its Component Construction Covenant,

Component Developer, as applicable, shall revise its Submission to address District's objection and resubmit the revised Submission to District for District Approval.

11.3 Deemed Approval. Except for the Submissions identified in the definition of "Institutional Lender", Section 10.1, Section 10.8.1 and Section 14.4, which shall require District's affirmative approval, in the event District fails to provide Developer or Component Developer, as applicable, with District's approval, disapproval or comments to a Submission that is subject to District Approval within thirty (30) days, Developer or Component Developer may provide to District a Notice (a "**Second Request**") requesting that District respond to the Submission within ten (10) Business Days. District shall have an additional ten (10) Business Day period to notify Developer or Component Developer in writing of District's response to the applicable Submission. In the event District fails to respond to a Second Request submitted by Developer or Component Developer to District within such ten (10) Business Day period, the applicable Submission shall be deemed approved by District, provided that (i) the Second Request for the Submission contains, in capitalized bold face type, the following statement: "A FAILURE TO RESPOND TO THIS NOTICE WITHIN TEN (10) BUSINESS DAYS SHALL CONSTITUTE APPROVAL OF THE [NAME OF SUBMISSION] ORIGINALLY SUBMITTED ON [DATE OF DELIVERY OF LAST COMPONENT OF APPLICABLE SUBMISSION TO DISTRICT]," and (ii) such Submission is in compliance with this Agreement, the Related Agreements and Laws.

11.4 Disapproval Notice. In the event District disapproves or objects to a Submission, the notice of such disapproval or objection shall state the reasons for such disapproval or objection. If a Submission is disapproved by District or District has provided Developer or Component Developer, as applicable, objections to the Submission, Developer or pursuant to its Component Construction Covenant, Component Developer, as applicable, shall have a fifteen (15) day period to revise the Submission to address the reasonable objections or comments of District and shall resubmit the amended Submission for District Review or District Approval, as applicable.

11.5 Extension of Time Periods. Notwithstanding the provisions above, if District determines that it requires additional time to review a Submission or resubmitted Submission, District may extend the review period by (a) an additional period of ten (10) Business Days by delivering Notice of such extension to Developer or Component Developer, as applicable, no later than ten (10) Business Days after District's receipt of all of the components of such Submission.

11.6 Approvals in Writing. Except for deemed Approvals pursuant to Section 11.3, all approvals or objections required or permitted pursuant to this Agreement must be in writing. In no event shall any alleged oral approval of any Submission (or any other matter requiring District's approval) be binding on District.

11.7 No Representation. District's review and approval of any Submission and any changes thereto is not and shall not be construed as a representation or other assurance that such Submission complies with zoning or any building codes, regulations or standards, including, without limitation, building, engineering and structural design, or any other Laws. District shall

incur no liability by reason of its review of any Submissions and is reviewing such Submissions solely for the purpose of protecting its own interests under this Agreement.

ARTICLE 12 -
DEVELOPER; DEVELOPMENT OF PROJECT SITE AND CONSTRUCTION OF
PROJECT

12.1 Obligation to Construct Horizontal Project.

12.1.1 Developer's Obligation Generally. As additional consideration for District ground leasing the Walter Reed Redevelopment Property to Developer, Developer hereby agrees to develop and construct (or cause the construction of) the Horizontal Development (and each component thereof except as otherwise provided herein), in accordance with the Master Development Plan, the Construction Plans and Specifications, this Agreement, the Related Agreements to which it is a party, as applicable, and Laws. All components of the Horizontal Development shall be constructed in compliance with (and performed under) Permits and in accordance with all requirements of Governmental Authorities in accordance with prevailing industry standards.

12.1.2 Component Developer Generally. As additional consideration for District conveying a Release Parcel to a Component Developer, each Component Developer shall agree in a Component Construction Covenant to develop and construct (or cause the construction of) the applicable Project Component (and each component thereof except as otherwise provided herein), in accordance with the Master Development Plan, the Vertical Development Plan, the Construction Plans and Specifications, the Related Agreements to which Component Developer is a party, as applicable, and Laws. The Component Construction Covenant shall provide that the applicable Vertical Development shall be constructed in compliance with (and performed under) Permits and in accordance with all requirements of Governmental Authorities, and in a diligent manner, subject to Excusable Development Delays, in accordance with prevailing industry standards. Each Component Construction Covenant shall require Component Developer to Commence Construction of its respective Vertical Development within twenty-four (24) months after the Release Parcel Closing.

12.2 Substantial Completion of Project Components.

12.2.1 Promptly after achieving Substantial Completion of each Horizontal Phase (or portion thereof, to the extent of the Horizontal Development on an Early Release Parcel), Developer (or Component Developer, to the extent of an Early Release Parcel) shall submit to District a Certificate of Substantial Completion with respect to the Horizontal Phase (or portion thereof) and the Lender's Construction Consultant's report to confirm Substantial Completion to District for District Review. Upon receipt of the Submissions required pursuant to the foregoing sentence, District shall have the right, but not the obligation, to submit the Certificate of Substantial Completion and report to the District Construction Consultant for District Review to confirm Substantial Completion.

12.2.2 Promptly after achieving Substantial Completion of a Vertical Development, each Component Construction Covenant shall provide that Component Developer

shall submit to District a Certificate of Substantial Completion with respect to the Vertical Development and the report from the Component Developer's senior lender's construction consultant to confirm Substantial Completion to District for District Review. Upon receipt of the Submissions required pursuant to the foregoing sentence, District shall have the right, but not the obligation, to submit the Certificate of Substantial Completion and report to the District Construction Consultant for District Review to confirm Substantial Completion.

12.3 Final Completion of Project Components.

12.3.1 Following Substantial Completion for each Horizontal Phase (or portion thereof, to the extent of the Horizontal Development on an Early Release Parcel), Developer (or Component Developer, to the extent of an Early Release Parcel) shall diligently pursue and achieve Final Completion for the subject Horizontal Phase. Upon Developer's or Component Developer's, as applicable achievement of Final Completion, Developer or Component Developer, as applicable, shall provide a Final Completion Certificate and the Lender's Construction Consultant's report to confirm Final Completion to District for District Review. Upon receipt of the Submissions required pursuant to the foregoing sentence, District shall have the right, but not the obligation, to submit the Final Completion Certificate and report to the District Construction Consultant for District Review to confirm Final Completion.

12.3.2 Following Substantial Completion for each Vertical Development, each Component Construction Covenant shall provide that Component Developer shall diligently pursue and achieve Final Completion for the subject Vertical Development. The Component Construction Covenant shall require that upon Component Developer's achievement of Final Completion, the Component Developer shall provide a Final Completion Certificate and the report from Component Developer's senior lender's construction consultant as to Final Completion to District for District Review. Upon receipt of the Submissions required pursuant to the foregoing sentence, District shall have the right, but not the obligation, to submit the Final Completion Certificate and report to the District Construction Consultant for District Review to confirm Final Completion.

12.4 Project Completion Outside Date. Developer shall have performed all Horizontal Development work for 3,100,000 square feet of GFA vertical development cumulative (including NOI Occupancy Buildings) within twenty (20) years after the Effective Date (the "**Project Completion Outside Date**"). It is the objective of the Parties that all Component Developers shall Substantially Complete the Vertical Development within twenty-three (23) years after the Effective Date.

12.5 Green Building Requirement and Environmental Goals. Developer shall, and each Component Construction Covenant shall require each Component Developer to, comply with the environmental goals described in Schedule 12.5.

12.6 Affordable Housing. Component Developers constructing Vertical Developments that contain Residential Units shall satisfy the requirements set forth in the Affordable Housing Plan and Affordable Housing Covenant, including, without limitation, the development, construction, lease and sale of the ADUs required to be constructed pursuant to the Affordable Housing Covenants, which must at least satisfy the Affordable Housing Minimum. Any

Residential Units constructed on NOI Parcels that are income restricted shall be ADUs and may be counted towards satisfying the Affordable Housing Minimum.

12.7 Inspection of Site.

12.7.1 After Closing, District reserves for itself and its employees and agents the right to enter the Walter Reed Redevelopment Property (including, without limitation, Walter Reed Redevelopment Property each Release Parcel, NOI Parcel and NOI Occupancy Building) from time to time upon reasonable prior notice to Developer or NOI Sublessee, as applicable (or upon such notice as may be reasonable, if any, in the event of an emergency), for the purpose of (i) performing inspections in connection with the development and construction of the Project, including the conformance of the Project to the Master Development Plan, (ii) curing any default of such Person that remains uncured after applicable notice and cure periods as set forth in Article 15, or (iii) in the case of an emergency. Developer waives, and each NOI Sublessee shall waive, any claim that it may have against District arising out of entry upon the Walter Reed Redevelopment Property for the aforementioned purposes, resulting from causes other than gross negligence or willful misconduct of District, its employees or agents. Any inspection of the Project or access to the Walter Reed Redevelopment Property by District hereunder shall not be deemed an approval, warranty or other certification as to the compliance of the Project, any Project Component or Walter Reed Redevelopment Property with any Permits, building codes, regulations or standards, including, without limitation, building engineering and structural design, or other Laws.

12.7.2 Each Component Construction Covenant shall contain rights of entry of District and other provisions parallel to those contained in Section 12.7.1 with respect to each Release Parcel and Vertical Development following the Release Parcel Closing.

12.8 District Construction Consultant. District shall have the right to utilize a construction consultant or other consultants of District's choosing (the "**District Construction Consultant**"), at District's expense, to assist District in the review of the Submissions and inspection of the development and construction of the Project and all components thereof. Developer shall, and each Component Construction Covenant shall require the Component Developers to, reasonably cooperate with such construction consultant and other consultants engaged by District.

12.9 Issuance of Permits. Developer, as to the Horizontal Development, and pursuant to its Component Construction Covenant, each Component Developer, as to its respective Vertical Development, shall have the sole responsibility, at Developer's or Component Developer's, as applicable, sole cost and expense, for obtaining all Permits required for its respective construction work and shall make application therefor directly to the applicable Governmental Authority. For so long as District owns fee simple title to the Walter Reed Redevelopment Property, or the applicable portion thereof, District shall, upon request by Developer, execute applications for Permits, as fee owner of the applicable portion of the Walter Reed Redevelopment Property, to the extent required by the applicable Governmental Authority, at no cost, expense, obligation or liability to District. In no event shall Developer commence demolition, construction or renovation of all or any portion of the Walter Reed Redevelopment Property until Developer shall have obtained all Permits required for such work. Each

Component Construction Covenant shall provide that a Component Developer shall not commence construction or renovation on its respective Release Parcel, until Component Developer shall have obtained all Permits required for such work. Developer shall submit its applications for Permits to the applicable Governmental Authority within a period of time that Developer reasonably believes in good faith is sufficient to allow issuance of such Permits prior to the date necessary to avoid the delay of any date set forth on the Binding Phase Scope and Schedule. From and after the date of Developer's submission of an application for a Permit, Developer shall diligently prosecute such application until receipt of the Permit. Each Component Construction Covenant shall require Component Developer, from and after the date of Component Developer's submission of an application for a Permit, to diligently prosecute such application until receipt of the Permit. In addition, from and after submission of any such application, and until issuance of the Permit, Developer shall report Permit status in writing as part of the Developer Quarterly Report and each Component Construction Covenant shall require the Component Developer to report Permit status in writing as part of its Component Developer Quarterly Report.

12.10 Waiver of Claims. Developer, as the tenant under the Ground Lease after Closing, hereby waives, and each Component Construction Covenant shall require Component Developer to waive, for itself (and for its successors, assigns, subtenants and other Persons claiming by or through the same) any and all claims to or awards of damages, if any, to compensate for the closing, vacating, and/or change of grade of any street, alley, or other public right-of-way within or fronting or abutting on, or adjacent to, the Walter Reed Redevelopment Property in connection with the Project.

12.11 Disclosure of Fees. Developer shall, upon District's request, disclose all development management fees, general contracting fees, construction management fees, property management fees, and other fees that are paid to Developer or Affiliates during the term of the Project. Each Component Construction Covenant shall require Component Developers, who are either Hines Affiliates or UA Affiliates, to disclose all development management fees, general contracting fees, construction management fees, property management fees, and other fees that are paid to Component Developer or Affiliates.

12.12 Lender's Construction Consultant. In the event that an Institutional Lender/Investor providing the debt financing for the construction of a Horizontal Phase selects a Lender's Construction Consultant (or, in the event of multiple Lender's Construction Consultants for such Horizontal Phase, then such Lender Construction Consultant retained by the most senior Institutional Lender/Investor) for the review and oversight of the construction for such Horizontal Phase, then, upon District's written request, Developer will use commercially reasonable efforts to require such Lender's Construction Consultant to simultaneously provide copies of its reports that it furnishes to such Institutional Lender/Investor to District and permit District to rely on the information in such reports. District shall accept such limitations on reliance of the content of such reports and limitations of liability as such Lender's Construction Consultant may impose as a condition to providing such reports to District. District shall have no right to direct Lender's Construction Consultant. All requests to Institutional Lenders/Investors to provide loans for a Horizontal Phase shall include the requirements set forth in this Section 12.12.

12.13 Compliance with Applicable Environmental Requirements.

12.13.1 Except as provided in Section 12.13.2, Developer hereby covenants that, at its sole cost and expense, it shall comply with all provisions of Environmental Laws applicable to the Walter Reed Redevelopment Property and all uses, improvements and appurtenances of and to the Walter Reed Redevelopment Property, and shall perform all investigations, removal, remedial actions, cleanup and abatement, corrective action or other remediation that may be required pursuant to any Environmental Law, and the District and its officers, directors, agents and employees shall have no responsibility or liability with respect thereto. Developer shall indemnify, defend and hold the District and its officers, directors, agents and employees (individually, an “**Indemnified Party**” and collectively, the “**Indemnified Parties**”) harmless from and against any and all third party claims and causes of action of any nature whatsoever, and any resulting costs, damage, and liabilities arising out of such third party claims and causes of action of any nature whatsoever (including, without limitation, the reasonable fees and disbursements of counsel and engineering consultants) incurred by or asserted against any Indemnified Party in connection with, arising out of, in response to, or in any manner relating to (i) Developer’s violation of any Environmental Law or (ii) any Release or threatened Release of a Hazardous Material, or any condition of pollution, contamination or Hazardous Material-related nuisance on, under or from the Walter Reed Redevelopment Property first occurring after the Closing; provided however, that the foregoing indemnity shall not apply to any losses, costs, claims, damages, liabilities and causes of action (including reasonable attorneys’ fees and court costs) to the extent arising solely from the gross negligence or willful misconduct of any Indemnified Party first occurring after Closing. Nothing in this Section 12.13.1 in any way alters or limits or waives any of Army’s obligations contained in the EDC Agreement, Army Deed or Laws. This Section 12.13 shall survive the expiration or termination of this Agreement.

12.13.2 Developer has no obligation for the environmental condition of, any violation of Environmental Laws with respect to, or any obligations to perform environmental testing, remediation, abatement or cleanup with respect to the NOI Occupancy Buildings, and, for so long as the Housing Lease exists (unless the leasehold is acquired by Developer or its Affiliate), the Housing Land or Buildings 8 and 9, except to the extent caused by the actions or inactions of Developer, its agents, employees or contractors.

12.13.3 Developer shall provide District with written notice of violations of applicable Environmental Laws that Developer has received or is aware of relating to the Project or any Project Component, promptly after Developer receives or becomes aware of such notice or allegation.

12.13.4 Developer shall obtain and maintain, at its sole expense, any Permits or other approvals required under applicable Environmental Laws for its development and operation of the Project, independent of any permits held by District. District will not co-sign or otherwise be identified as a responsible party for any Permits or activities that Developer conducts on or about the Project.

12.13.5 District shall have the right, upon request to the Developer to review and comment on applications for Permits and other approvals required under applicable Environmental Laws prior to submission to environmental Governmental Authorities. Where

practicable, Developer shall provide District with advance Notice of and an opportunity to jointly participate in meetings, including permit application meetings, with environmental regulatory authorities relating to the Project. Developer shall provide District with copies of all non-routine correspondence with environmental regulatory authorities related to enforcement actions or notices of violations affecting the Project or any Project Component promptly after receipt.

12.13.6 Developer shall not cause or permit to be removed or disturbed any historical, archeological, architectural, or other cultural artifacts, relics, remains, or objects of antiquity. In the event such items are discovered, Developer shall immediately notify District and protect the site and the material from further disturbance until District gives clearance to proceed.

12.13.7 Each Component Construction Covenant shall contain provisions parallel to this Section 12.13 with respect to the Release Parcels conveyed to Component Developers.

12.13.8 As between Developer and District, and without impacting any liability or responsibility of Army, Developer shall be responsible for all underground storage tanks located on the Walter Reed Development Property.

12.14 Transportation Mitigation Measures. Developer shall, and each Component Construction Covenant shall require each Component Developer to, comply with the transportation mitigation measures described in Schedule 12.14.

ARTICLE 13 - COVENANTS AND RESTRICTIONS

13.1 Covenants Running With the Land.

13.1.1 General. The Parties hereby acknowledge that it is intended and agreed that the agreements and covenants of Developer provided in this Agreement (including, without limitation, the payments set forth in Article 2, and the development, construction and other obligations contained herein) shall be covenants running with the Walter Reed Redevelopment Property, and all Buildings and other improvements constructed thereon, and, along with, and as shall be more particularly set forth in, the Related Agreements to be recorded among the Land Records at Closing, shall be binding to the fullest extent permitted by law and equity on Developer, subtenants, successors, assigns and any other Person obtaining an interest in the Walter Reed Redevelopment Property, for the benefit and in favor of, and enforceable by, District and its successors and assigns, for the time periods specified in this Agreement and the Related Agreements.

13.1.2 Covenants to be Recorded. In furtherance of the foregoing, at Closing or Release Parcel Closing, as applicable, the below listed covenants and agreements shall be recorded in the Land Records, and the Ground Lease and each Quitclaim Deed, as applicable, shall reflect that they are subject and subordinate to such covenants and agreements:

(1) At Closing, the Declaration of Covenants, which shall run with the land and shall be binding upon the Walter Reed Redevelopment Property, as more particularly set forth in the Declaration of Covenants.

(2) At Closing, the Affordable Housing Covenant for each applicable NOI Parcel, which shall run with the land and shall be binding on thereon in accordance with its terms.

(3) At each Release Parcel Closing for a Release Parcel on which the Vertical Development will include Residential Units, the Affordable Housing Covenant, which shall run with the land and shall be thereon in accordance with its terms.

(4) At each Release Parcel Closing, a Memorandum of the Component Construction Covenant, which, together with the agreements and covenants of Component Developer that pertain solely to the development of the Vertical Developments, shall run with the land and be binding upon the Release Parcel for the duration of its term, as more particularly set forth in such Component Construction Covenant.

13.2 Workforce Development and Contracting Opportunities. Pursuant to Mayor's Order 83-265, D.C. Law 5-93, as amended, and D.C. Law 14-24, as codified in D.C. Official Code §2-219.01, et seq., a goal of District is the creation of job opportunities for District of Columbia residents. Developer has executed, and on or before the applicable Release Parcel Closing, each Component Developer shall execute, a First Source Agreement. During all applicable times as required under the terms of the First Source Agreement, Developer shall comply with the requirements of the same and each First Source Agreement executed by Component Developer will require such Component Developer to comply with the same.

13.3 CBE Requirement. Developer has executed, and on or before the applicable Release Parcel Closing, each Component Developer shall execute, a CBE Agreement and shall comply in all respects with the same and the CBE Requirement.

13.4 Audits and Books and Records.

13.4.1 District shall have the right, on reasonable advance notice, to inspect the books and records of Developer and to have its own independent annual audit of such books and records for the purposes of ensuring Developer's obligations under this Agreement and the Related Agreements to which Developer is a party. Developer shall cooperate with District in providing reasonable access to its respective books and records during normal business hours for these purposes upon reasonable advance notice. Developer shall maintain its books and records in accordance with generally accepted industry practice, consistently applied. Copies of the organizational documents for Developer, and for TPWR LLC as a Member of Developer, including an operating agreement or partnership agreement, as amended, between the Members or partners of Developer or TPWR LLC, as applicable, will be included as part of the books and records made available to District in connection with any such audit, and will also be provided to District within ten (10) days after any such agreements are executed or amended. Notwithstanding the above, District's right to inspect the books and records of Developer shall be limited to such books and records dating back to no more than the previous seven (7) years from the date such record is created.

13.4.2 If any inspection or audit described in this Section 13.4.2 shows any material errors in any books and records impacting Developer's compliance with this Agreement

and the Related Agreements to which Developer is a party, Developer shall promptly correct all such errors and inaccuracies and cause all financial statements related thereto to be corrected and re-issued.

13.4.3 Developer shall keep books, records and accounts of its respective operations and transactions relating to the Project and the Walter Reed Redevelopment Property (if any) separate and apart from the books, records and accounts with respect to any other property or business enterprise.

ARTICLE 14 - TRANSFER AND ASSIGNMENT¹⁹

14.1 Reliance of District on Developer. Developer hereby recognizes and acknowledges that: (i) the Horizontal Development of the Walter Reed Redevelopment Property as set forth in the Master Development Plan is important to the general welfare of the community in which the Walter Reed Redevelopment Property is located; (ii) the qualifications and identity of Developer, each of the Key Members and their respective principal officers, managers, Members and partners are of particular importance to District; and (iii) District is entering into this Agreement with Developer because of the qualifications and identity of Developer, the Key Members, and their respective principal officers, managers, Members and partners, and in so entering into this Agreement, is willing to accept and rely on the obligations of Developer for the faithful performance of all of Developer's undertakings and covenants in this Agreement and the Related Agreements to which Developer is a party.

14.2 Assignment of Agreement. Developer and District acknowledge and agree that District is entering into this Agreement with Developer on the basis of the particular experience and access to financial resources of the Key Members. Except to the extent the same is a Permitted Transfer, Developer shall not Transfer this Agreement or the Ground Lease without District Approval, which may be withheld in its sole discretion.

14.3 Ownership Holdings of Key Members. Except to the extent the same is a Permitted Transfer, a Key Member shall not Transfer its direct or indirect ownership interest in Developer to any Person without District Approval, which may be withheld in its sole discretion.

14.4 Changes of Control of Key Members. Extent to the extent the same is the result of a Permitted Transfer, any Change of Control of a Key Member, or any Transfer of the direct or indirect ownership interest of a Key Member shall not be permitted without District Approval, which may be withheld in its sole discretion.

14.5 Permitted Transfers.

14.5.1 Definition of Permitted Transfers. Subject to the provisions of this Section 14.5, each of the following Transfers shall be a "Permitted Transfer" under the terms of this Agreement, provided that, following such Transfer, (x) neither Developer nor any Key

¹⁹ Construction covenant will address transfer provisions applicable to Component Developers.

Member, nor any Person Controlling Developer or any Key Member, shall be a Prohibited Person and (y) the CBE Ownership Requirement continues to be met:

(a) A Transfer of this Agreement and the Ground Lease to an Approved Mortgagee in connection with the exercise of its remedies under an Approved Mortgage;

(b) A Transfer of this Agreement and the Ground Lease to a Person who will become the Developer, in connection with the admission of one or more Institutional Lenders/Investors to Developer as a direct or indirect owner thereof, provided such Transfer does not result in a Change in Control of Developer or a Key Member;

(c) A Transfer of interests within Developer in connection with the admission of one or more Institutional Lenders/Investors to Developer; provided such Transfer does not result in a Change of Control of Developer or a Key Member;

(d) A Transfer of a direct or indirect ownership interest in Developer in connection with the admission of a Person to satisfy the CBE Ownership Requirement, provided such Transfer does not result in a Change of Control of Developer or a Key Member;

(e) Any direct or indirect Transfer within a Hines Affiliate that is a direct or indirect owner of Developer, provided that, following such Transfer, such Person continues to be a Hines Affiliate;

(f) Any direct or indirect Transfer within a UA Affiliate that is a direct or indirect owner of Developer, provided that, following such Transfer, such Person continues to be a UA Affiliate;

(g) Any direct or indirect Transfer within a Triden Affiliate that is a direct or indirect owner of Developer, provided that, following such Transfer, such Person continues to be a Triden Affiliate and a Certified Business Enterprise;

(h) Any Transfer of a direct or indirect ownership interest in Developer by, and any Transfer of a direct or indirect ownership interest within, an Institutional Lender/Investor that is a direct or indirect owner in Developer, provided that, following such Transfer, the Person holding such direct or indirect ownership interest in Developer continues to qualify as an Institutional Lender/Investor;

(i) A Transfer that results in the dilution of a Key Member's ownership interest in Developer and/or a Change of Control of Developer, as a result of a default by such Key Member under the organizational documents of Developer or the organizational documents of a joint venture entity that Controls Developer, provided that the Person Controlling Developer following such default or exercise of rights continues to meet the requirements of a Qualified Developer or Developer engages a Qualified Developer pursuant to a development management agreement;

(j) As to the Hines Affiliate Key Member, a Transfer as a result of a public offering in HILP or a public offering in any Person that is formed by HILP to succeed to all or substantially all of the real estate development business of HILP in the greater Washington, D.C. metropolitan area;

(k) As to the Hines Affiliate Key Member, a Change of Control in such Key Member and/or a Transfer of the direct or indirect ownership interests of such Key Member as a result of any sale, merger or other business combination of all or substantially all of the real estate development business of HILP in the greater Washington, D.C. metropolitan area (which transaction may include other assets and businesses) provided that the resulting Key Member is, or is Controlled by, a Person who (1) meets the requirements of a Qualified Developer or (2) is an Institutional Lender/Investor and Developer engages a Qualified Developer through a development management agreement;

(l) As to the UA Affiliate Key Member, a Transfer as a result of a public offering in Urban Atlantic Development, LLC or any Person that is formed by Urban Atlantic Development, LLC to succeed to all or substantially all of the real estate development business of Urban Atlantic Development, LLC in the greater Washington, D.C. metropolitan area;

(m) As to the UA Affiliate Key Member, a Change of Control in such Key Member and/or a Transfer of the direct or indirect ownership interests of such Key Member as a result of any sale, merger or other business combination of all or substantially all of the real estate development business of Urban Atlantic Development, LLC in the greater Washington, D.C. metropolitan area (which transaction may include other assets and businesses) provided that the resulting Key Member is, or is Controlled by, a Person who (1) meets the requirements of a Qualified Developer or (2) is an Institutional Lender/Investor and Developer engages a Qualified Developer through a development management agreement;

(n) Upon expiration of the Required Joint Ownership Period, any Transfer by or within the Hines Affiliate Key Member, provided that (1) the UA Affiliate Key member continues to own at least the same direct or indirect ownership interest percentage in Developer that it held immediately prior to such Transfer and (2) Developer is controlled by a UA Affiliate following such Transfer;

(o) Upon expiration of the Required Joint Ownership Period, any Transfer by or within the UA Affiliate Key Member, provided that (1) the Hines Affiliate Key member continues to own at least the same direct or indirect ownership interest percentage in Developer that it held immediately prior to such Transfer and (2) Developer is controlled by a Hines Affiliate following such Transfer; and

(p) A Change of Control of a Key Member and/or a Transfer of the direct or indirect ownership interest of such Key Member in Developer as a result of the bankruptcy of such Key Member or its Affiliate, provided that the Developer continues to meet the requirements of a Qualified Developer.

14.5.2 Right to Make Permitted Transfer. Permitted Transfers of this Agreement and the Ground Lease or that result in a Change of Control of Developer or of a Key Member or may be effected upon Notice to District and District Review, which District Review shall be limited to confirming the requirements of Section 14.5.1 have been met. Developer shall provide District Notice of Transfers of interests within Developer that do not result in a Change of Control of Developer or Change of Control of a Key Member promptly upon occurrence. Notwithstanding the foregoing, Developer is not obligated to provide Notice to District of Transfers of interests within a Member (a) that is a Hines Affiliate that constitute Transfers of interests to, by or between members of the Hines Family, Hines Family Trusts, any current or former employee of HILP, his or her spouse or former spouse and/or any trust the beneficiaries of which are a current or former employee of HILP, his or her spouse and their families; (b) that is a UA Affiliate to, by or between members of the UA Member Family, UA Member Trusts, any current or former employee of Urban Atlantic Development, LLC, his or her spouse and/or any trust the beneficiaries of which are a current or former employee of Urban Atlantic Development, LLC, his or her spouse and their families; (c) that is a Triden Affiliate to a family member, spouse or former spouse of a family member of Michael Jones or Curtis Williams, trusts the beneficiaries of which consist of any of the foregoing and/or any current or former employee of Triden, his or her spouse or former spouse and/or any trust the beneficiaries of which are a current or former employee of Triden, his or her spouse and their families; or (d) that is an Institutional Investor/Lender to any separate account or Affiliate of the transferor.

14.6 Enforceability. Developer hereby acknowledges and agrees that the restrictions on Transfer pursuant to this Article 14 do not constitute an unreasonable restraint on Developer's right to transfer or otherwise alienate any portion of the Walter Reed Redevelopment Property. Developer hereby waives any and all claims, challenges and objections that may exist with respect to the enforceability of the restrictions on Transfer contained in the Agreement, including any claim that such restrictions on Transfer constitute an unreasonable restraint on alienation.

14.7 Release. A Transfer of this Agreement and the Ground Lease that is Approved by District or is a Permitted Transfer under Section 14.5 will automatically release the transferee from all obligations under this Agreement and the Ground Lease arising on or after the date of the Transfer and the assignee shall be deemed to assume all of the obligations of the transferor under this Agreement and the Ground Lease. The assignor and assignee shall execute a customary assignment and assumption agreement evidencing such assumption by assignee.

14.8 CBE Participation. Notwithstanding anything in this Agreement to the contrary, including without limitation, the terms and provisions of this Article 14, Developer shall satisfy the requirements set forth in Section 13.3, including, without limitation, the CBE Ownership Requirement.

ARTICLE 15 - DEFAULTS AND REMEDIES

15.1 Default by Developer.

15.1.1 Events of Default. Each of the following shall constitute an "Event of Default" by Developer under this Agreement:

(1) **Monetary Defaults.** Developer shall fail to pay or cause to be paid any Initial Consideration Installment, and such default shall continue for ten (10) days after Notice from District, which shall be a “**Monetary Default**” under this Agreement.

(2) **Failure to Provide Substitute Guaranty.** Developer shall fail to provide a substitute Horizontal Development Completion Guaranty or an Initial Consideration Guaranty within ninety (90) days after Notice from District if (a) there is not at least one Approved Guarantor providing a Horizontal Development Completion Guaranty and/or Initial Consideration Guaranty, as applicable, that meets the Approved Guarantor Criteria for Approved Guarantor in accordance with Section 5.7 of this Agreement or (b) if both of the Approved Guarantors default under each of their respective Guaranties.

(3) **Horizontal Development Default.** Developer shall fail to (i) complete any of the Horizontal Minimum Requirements in accordance with the time periods set forth in Section 9.2 of this Agreement; or (ii) achieve Substantial Completion of the Binding Phase Scope and Schedule for any Horizontal Phase by the outside date set forth therefor within such Binding Phase Scope and Schedule, subject to Section 9.6 and Section 9.7 of this Agreement, and in either case such failure continues for thirty (30) days after Notice to Developer of such failure.

(4) **Misrepresentation.** Any of Developer’s representations and warranties under Section 3.2 is not true and correct in all material respects as of the Effective Date or as of the Closing Date.

(5) **Insurance.** Developer shall fail to obtain or maintain in effect any insurance required to be maintained by Developer under this Agreement and the Ground Lease, or pay any insurance premiums, prior to the same becoming delinquent, or fails to reinstate, maintain, and provide evidence to District of the insurance required to be obtained or maintained by Developer or its Contractors under this Agreement and the Ground Lease, and such failure shall continue for a period of ten (10) days after Notice from District.

(6) **Bankruptcy; Insolvency.**

(a) Developer shall admit in writing in a legal proceeding its inability to pay its debts as they mature or shall file a voluntary petition in bankruptcy or insolvency or for reorganization under the United States Bankruptcy Code; or

(b) Developer shall be adjudicated bankrupt or insolvent by any court; or

(c) Involuntary proceedings under the United States Bankruptcy Code shall be instituted against Developer, or a receiver or a trustee shall be appointed for all or substantially all of the property of Developer, and such proceedings shall not be dismissed or stayed or the receivership or trusteeship vacated within one hundred twenty (120) days after the institution of appointment; or

(d) Other than pursuant to a Transfer of this Agreement and the Ground Lease to an Approved Mortgagee or its Affiliate, Developer shall make a general assignment for the benefit of creditors.

(7) Transfer. Developer shall breach the restrictions on Transfer set forth in Article 14 of this Agreement, and such breach shall not be remedied as set forth in Article 14 within thirty (30) days after Notice of such breach from District to Developer. If such breach relates to a Transfer within or by a Key Member, remedying such breach shall include an Institutional Lender/Investor that is a direct or indirect member of Developer obtaining Control of Developer as permitted in Section 14.5.1(i).

(8) Prohibited Person or Terrorist Acts. Developer becomes a Prohibited Person due to an action or omission arising from or relating to this Agreement or the Leased Premises, or under the Terrorist Acts or Anti-Terrorism Order, as may be supplemented by additional legislation, orders or regulations, it shall become a violation of Laws for District to do business with Developer during the term of this Agreement, and either breach is not remedied within thirty (30) days after Notice of such breach from District to Developer. If such breach is the result of the acts of a Key Member or its Affiliate, remedying such breach shall include an Institutional Lender/Investor that is a direct or indirect member of Developer obtaining Control of Developer as permitted in Section 14.5.1(1).

(9) Ground Lease Default. A default occurs under the Ground Lease that is not cured within the notice and cure period set forth in the Ground Lease.

(10) Other Default. If Developer shall default in the observance or performance of any term, covenant or condition of this Agreement or the Ground Lease not specified in the foregoing clauses (1) – (9) of this Section 15.1.1 of this Agreement and Developer shall fail to remedy such default within thirty (30) days after Notice by District, or if such a default is of such a nature that it cannot reasonably be remedied within such thirty (30) day period (but is otherwise susceptible to cure), then Developer shall have such additional period of time as may be reasonably necessary to cure such default, but in no event more than an additional one hundred eighty (180) days, provided that Developer commences the cure within such original thirty (30) day period and thereafter diligently pursues and completes such cure.

15.2 District Remedies Upon an Event of Default by Developer. During the continuance of an uncured Event of Default by Developer, District shall have the following remedies, at District's sole election, but subject in each instance to the rights of any Approved Mortgagees under the terms of the Ground Lease:

15.2.1 If (i) the Event of Default is a Monetary Default, (ii) the Event of Default occurs prior to Developer having Commenced Demolition of Building 2, (iii) if an Approved Mortgagee or Noticed Investor fails to provide a Request for Default Forced Sale in accordance with Section 15.4.1, or (iv) if Developer fails to fulfill its obligations during a Default Forced Sale in accordance with Section 15.4, then District may, subject to Section 15.3, terminate this Agreement and the Ground Lease and retain all consideration paid to date and all amounts, if any, then remaining under the Initial Consideration Guaranty (which may be drawn upon by

District in accordance with the terms thereof) as liquidated damages, and all Development Work Product shall be assigned to District as provided in Section 17.15;

15.2.2 District may, after giving Developer a Notice of its intention to do so at least ten (10) Business Days before District's commencing to cure such Event of Default (or upon such notice as may be practical, if any, in the event of an emergency), cure such Event of Default, at Developer's sole cost and expense, in which event Developer shall reimburse District its actual out-of-pocket costs for such cure within ten (10) Business Days after demand therefor;

15.2.3 District may pursue specific performance of Developer's obligations hereunder;

15.2.4 District may pursue any and all other remedies available at law and/or in equity, including (without limitation) injunctive relief, other than termination of this Agreement or the Ground Lease; or

15.2.5 Subject to Section 15.3, District may pursue a Default Forced Sale.

15.3 Partial Termination. In the event that (i) District elects to terminate this Agreement in accordance with Section 15.2.1 or through a Default Forced Sale in accordance with Section 15.4, (ii) Developer had, prior to the occurrence of the Event of Default, Commenced Construction on one or more Horizontal Phases in accordance with the applicable Binding Phase Scopes and Schedules, and (iii) the Event of Default for which District is terminating this Agreement and the Ground Lease is unrelated to and inapplicable to such Horizontal Phase for which Developer has Commenced Construction (each, an "**Unrelated Default Phase**"), then District shall exercise only a partial termination of this Agreement and the Ground Lease. Additionally, no termination of this Agreement and the Ground Lease in accordance with Section 15.2.1 or through a Default Forced Sale in accordance with Section 15.4 shall apply with respect to any Horizontal Phase for which Substantial Completion has been obtained. For clarity, Events of Default that impact the entire Horizontal Development (such as a failure to pay an Initial Consideration Installment or bankruptcy of Developer) are applicable to all Horizontal Phases other than any Phase as to which Substantial Completion has been achieved. As provided in Section 4.7, no partial or full termination of this Agreement or the Ground Lease has any effect on the rights of Component Developers or their successors as owners of Release Parcels or the Owners' Association as to Common Elements conveyed to the Owners' Association. To evidence such partial termination, the Parties shall execute a Ground Lease Partial Termination to be recorded in the Land Records reflecting such partial termination such that the Leased Premises then consists only of the property within the Unrelated Default Phase. All other terms and conditions of this Agreement and the Ground Lease shall remain in full force and effect, including, but not limited to, the obligation for Developer to pay the Initial Consideration.

15.4 Default Forced Sale

15.4.1 Unless the circumstances set forth in Section 15.2.1 have been satisfied, District must provide a Default Forced Sale Notice and proceed as set forth in this Section 15.4.1 prior to termination of this Agreement and the Ground Lease.

(1) To initiate the Default Forced Sale process, District shall provide written notice to all Approved Mortgagees and Noticed Investors, with a copy to Developer, identifying that District wishes to terminate Developer's interest under this Agreement and the Ground Lease with respect to the Forced Sale Property due to an uncured Event of Default (a "Default Forced Sale Notice").

(2) Within thirty (30) days after District's delivery of the Default Forced Sale Notice, if such uncured Event of Default is not cured by or on behalf of Developer, then any Approved Mortgagee or Noticed Investor that wishes to proceed with the Default Forced Sale processes set forth in this Section 15.4 shall provide a written notification of such intention to District (a "Request for Default Forced Sale"); provided, however, that in the event that an Approved Mortgagee or Noticed Investor is a Prohibited Person or caused it to become a violation of Laws for District to do business with Developer under the Terrorist Acts or Anti-Terrorism Order in accordance with Section 15.1.1(8), such Approved Mortgagee or Noticed Investor is prohibited from issuing a Request for Default Forced Sale.

(3) In the event a Request for Default Forced Sale is received by District within such thirty (30) day period, District shall proceed to terminate Developer's interest under this Agreement and the Ground Lease with respect to the Forced Sale Property in accordance with this Section 15.4.

(4) In the event that a Request for Default Forced Sale is not received by District within such thirty (30) day period, then, subject to the rights of the Approved Mortgagees in the Ground Lease, District shall have the option, in its sole discretion, to either proceed with a Default Forced Sale for the Forced Sale Property in accordance with this Section 15.4 or to terminate this Agreement and the Ground Lease with respect to the Forced Sale Property in accordance with Section 15.2.1.

(5) In the event that either (i) a Request for Default Forced Sale is received by District within such thirty (30) day period, or (ii) despite not receiving a Request for Default Forced Sale within such thirty (30) day period, District nonetheless elects to proceed with a Default Forced Sale, District shall provide notice to Developer and all Approved Mortgagees and Noticed Investors that the Default Forced Sale process has commenced with regard to the Forced Sale Property ("Commencement of Default Forced Sale").

15.4.2 If Developer has not performed within the time period set forth in Section 15.4.1.2, the Developer has not (i) notified District of the Forced Sale Broker (defined below) selected to advise on the conduct the sale; (ii) submitted to District the Bid List (defined below) of Qualified Developers (defined below); and (iii) submitted to District a Forced Sale Plan (defined below), then District may elect to terminate this Agreement and the Ground Lease with respect to the Forced Sale Property pursuant to Section 15.2.1. In such circumstance, neither Developer, any Approved Mortgagees nor any Noticed Investors shall be entitled to any compensation from District or any proceeds from any sale.

15.4.3 Any Default Forced Sale shall be conducted in the following manner:

(1) Within thirty (30) days after the Commencement of Default Forced Sale, the Sales Party shall select a professional brokerage firm (the “**Forced Sale Broker**”) with at least ten (10) years’ experience in commercial land and multi-family residential development and sales in the greater District of Columbia Metropolitan Statistical Area to assist the Sales Party in conducting the Default Forced Sale. The Sales Party shall provide the name of the Forced Sale Broker to the Sales Party and District prior to hiring such Forced Sale Broker. The contract between the Sales Party and Forced Sale Broker shall name District as a third party beneficiary to such contract and require all notices to the Sales Party shall include a copy to District.

(2) The Forced Sale Broker with the Sales Party shall develop a bid list (the “**Bid List**”) of Qualified Developers within thirty (30) days of selection as the Forced Sale Broker and provide a copy of the Bid List to District within such thirty (30) day period. No party on the Bid List shall be an Affiliate or Member of the Developer or of Developer’s Members. The Forced Sale Broker shall be required to use the Forced Sale Broker’s commercially reasonable efforts to create a Bid List that will achieve the highest price for the Forced Sale Property.

(3) The Sales Party and Forced Sale Broker shall develop a plan (the “**Forced Sale Plan**”), with input from District, for the sale of the Forced Sale Property to one or more Qualified Developers, which Forced Sale Plan may include, without limitation, the bid process and the option to divide the Forced Sale Property into one or more bid packages based on expected market interest based on permitted uses within different portions of the Forced Sale Property and other factors. The Forced Sale Broker shall submit the Forced Sale Plan to District for District Approval within fifteen (15) days following the submission of the Bid List to District.

(4) The Forced Sale Broker shall commence the Default Forced Sale in accordance with the Forced Sale Plan within sixty (60) days following District Approval of the Forced Sale Plan.

(5) If District determines that the Default Forced Sale does not meet the requirements of the Forced Sale Plan, District can require changes to the bid documents so that the Default Forced Sale, once consummated, will meet the requirements of the Forced Sale Plan.

(6) The Sales Party shall accept the highest offer(s) received from Qualified Developers in accordance with the Forced Sale Plan.

15.4.4 For purposes of this Agreement, “**Qualified Developers**” are real estate developers, or a consortium of real estate developers, that:

(1) Have developed, or their Affiliates have developed (singly or collectively), within the United States horizontal infrastructure improvements for mixed use development with a total value of at least fifty million dollars (\$50,000,000) within the five (5) years prior to the date of the Bid List;

(2) Either (i) meet or (ii) provide completion guaranties from one or more guarantors that collectively meet financial credit tests reasonably satisfactory to District for the Horizontal Construction Obligations under the Ground Lease and this Agreement that will be assumed by such Qualified Developer under the applicable bid package (which shall in no event exceed those of the Hines Guarantor) which credit tests shall not exceed the Horizontal Developer Net Worth Requirements; and

(3) Can provide the representations and warranties set forth in Section 3.2 to be true at the Forced Sale Property closing in all material respects to District.

15.4.5 The Sales Party and District will negotiate and include in the bid documents (a) a complete assignment and assumption of Developer's rights and obligations under the Ground Lease and this Agreement and obligations contained in the Declaration of Covenants by the Qualified Developer purchaser if the Forced Sale Plan provides for the sale of all the Forced Sale Property to a single purchaser, or (b) documents providing for the partial assignment and assumption of the Ground Lease and this Agreement, and the obligations contained in the Declaration of Covenants specifying those obligations that are not specific to the parcel(s) of the Forced Sale Property included in the bid package, that are to be assumed by the Qualified Developer purchaser if the Forced Sale Property is being offered for sale in separate parcels under separate bid packages. The obligations assumed shall include the obligation to pay any Initial Consideration Installment or Administration Payment due after the date of the Forced Sale.

15.4.6 In no event will any purchaser under a Default Forced Sale be liable or responsible for (i) any prior or then existing monetary default of Developer; (ii) any damages sustained by District arising out of any prior or then existing monetary default of Developer; (iii) any default that is specific to Developer and its direct and indirect equity holders; or (iv) any non-monetary defaults except to complete the Horizontal Development within the portion of Forced Sale Property acquired by such purchaser.

15.4.7 The proceeds of the Default Forced Sale shall be applied as follows: (i) first, to the payment of all reasonable and necessary third party costs of the Default Forced Sale and costs payable to third parties that can result in a lien on the Default Forced Sale Property; (ii) second, to District, in the amount of Developer's obligations to pay any amounts due under this Agreement or the Ground Lease at the time of the Default Forced Sale (excluding any damage claim asserted by District by reason of the Event of Default and amounts payable to District under clause (iv) of this Section 15.4.7); (iii) third, to Approved Mortgagees in an amount equal to the principal, interest and other indebtedness due under the Approved Mortgages; (iv) fourth, to District, in an amount equal to District's attorneys' fees, legal expenses incurred in enforcing its rights under this Agreement and the Ground Lease, any costs incurred by District in exercising its rights under this Agreement with respect to such Event of Default, and any actual damages asserted by District by reason of the Event of Default (provided the amount of such actual damages shall not exceed more than five percent (5%) of the outstanding contributed balance of the Noticed Investors); (v) fifth, seventy-five percent (75%) to Noticed Investors (through Developer) and twenty-five percent (25%) to District until the Noticed Investors (through Developer) have received an amount equal to the Noticed Investors' aggregate capital contributions, as reduced by all distributions made by Developer to Noticed Investors; and (vi)

sixth, all remaining proceeds will be distributed to District. Under no circumstances shall District be required to fund any costs in conducting a Default Forced Sale or to pay any sums to Developer to reimburse Developer for out-of-pocket costs incurred by it in performing its obligations under the Ground Lease and this Agreement other than through proceeds of the Default Forced Sale.

15.5 No Waiver By Delay; No Waiver as to Other Defaults. Notwithstanding anything to the contrary contained herein, any delay by District in instituting or prosecuting any actions or proceedings with respect to a default by Developer hereunder or in asserting its rights or pursuing its remedies under this Article 15 or otherwise, the Horizontal Development Guaranty, the Initial Consideration Guaranty, any Related Agreement to which Developer is a party, or any other right or remedy available under law or in equity, shall not operate as a waiver of such rights or to deprive District of or limit such rights in any way (it being the intent of this provision that District shall not be constrained by waiver, laches, or otherwise in the exercise of such remedies). Any waiver by District hereunder must be made in writing. Any waiver in fact made by District with respect to any specific default by the other Party under this Section 15.5 shall not be considered or treated as a waiver of District with respect to any other defaults by the other Party or with respect to the particular default except to the extent specifically waived in writing.

15.6 Rights and Remedies Cumulative. The rights and remedies of District under this Agreement, the Horizontal Development Guaranty, the Initial Consideration Guaranty and the Related Agreements, whether provided by law, in equity, or by the terms of this Agreement, the Horizontal Development Guaranty, the Initial Consideration Guaranty, or any Related Agreements to which Developer is a party, as applicable, shall be cumulative, and the exercise by District of any one or more of such remedies shall not preclude the exercise of any other remedies for the same such default or breach. Notwithstanding the foregoing, District shall not have the right to terminate this Agreement or the Ground Lease except as expressly permitted in this Article 15.

15.7 No Consequential or Punitive Damages. Notwithstanding the provisions of this Article 15 or anything in this Agreement to the contrary, in no event shall District or Developer be liable for any consequential, punitive or special damages; provided, however, that this Section 15.7 shall not be deemed to preclude or prevent the collection of any fees or monetary penalties expressly provided for in this Agreement or any Related Agreement.

15.8 Attorneys' Fees. In the event District prevails in any legal action or proceeding to enforce the terms of this Agreement, District shall be entitled to recover from Developer the reasonable attorneys' fees and costs incurred by District in such action or proceeding. In the event District is represented by the Office of the Attorney General for the District, reasonable attorneys' fees shall be calculated based on the then applicable hourly rates established in the most current Adjusted Laffey Matrix prepared by the Civil Division of the United States Attorney's Office for the District of Columbia and the number of hours employees of the Office of the Attorney General for the District of Columbia prepared for or participated in any such litigation.

ARTICLE 16 -
NOTICES

Any notices to be given under this Agreement to District shall be in writing and delivered by certified mail, postage pre-paid, or by hand or by private, reputable overnight commercial courier service, to District at the following addresses:

Office of the Deputy Mayor for Planning and Economic Development
1350 Pennsylvania Avenue, N.W.
Suite 317
Washington, DC 20004
Attention: Deputy Mayor for Planning and Economic Development

With a copy to:

Office of the Deputy Mayor for Planning and Economic Development
1350 Pennsylvania Avenue, N.W.
Suite 317
Washington, DC 20004
Attention: Project Manager, Walter Reed

With a copy to:

Office of the Deputy Mayor for Planning and Economic Development
1350 Pennsylvania Avenue, N.W.
Suite 317
Washington, DC 20004
Attention: General Counsel

Any notices to be given under this Agreement to Developer shall be in writing and delivered by certified mail, postage pre-paid, or by hand or by private, reputable overnight commercial courier service, to Developer at the following address:

TPWR DEVELOPER LLC
c/o Hines Interests Limited Partnership
Two CityCenter, 800 10th Street, N.W.
Suite 600
Washington, DC 20001
Attention: Charles K. Watters, Jr., Senior Managing Director
Facsimile: (202) 347-2802
Email: chuck.watters@hines.com
chris.hughes@hines.com

with a copy to:

Graves, Horton, Askew and Johns, LLC
1750 K Street, NW
Suite 200
Washington, DC 20006
Attention: Eric Jenkins
Facsimile: (866) 471-2997
Email: ejenkins@ghajfirm.com.com

and to:

Hines WR
c/o Hines Interests Limited Partnership
Two CityCenter
800 10th St., NW, Suite 600
Washington, D.C. 20001
Attention: Charles K. Watters, Jr., Senior Managing Director
Facsimile: (202) 347-2802
Email: chuck.watters@hines.com
chris.hughes@hines.com

with a copy to:

Hines WR LLC
c/o Hines Legal Department
2800 Post Oak Blvd., Suite 4800
Houston, TX 77056
Attention: Corporate Counsel
Facsimile: (713) 966-2636
Email: corporate.legal@hines.com

and to:

Baker Botts L.L.P.
One Shell Plaza
910 Louisiana
Houston, TX 77002
Attention: Paul Landen and Kim Schlanger
Facsimile: (713) 229-7713 and
(713) 229-7799
Email: paul.landen@bakerbotts.com
kimberly.schlanger@bakerbotts.com

with a copy to:

UAD Walter Reed, LLC
c/o Urban Atlantic Development, LLC
7735 Old Georgetown Road, Suite 600
Bethesda, MD 20814

Attn: Victoria S. Davis, President
Facsimile: (301) 280-6639
Email: vdavis@urban-atlantic.com

and to:

Urban Atlantic Companies
7735 Old Georgetown Road, Suite 600
Bethesda, MD 20814
Attn: General Counsel
Facsimile: (301) 280-6639
Email: nschecter@urban-atlantic.com

With a copy to:

Triden Development Group, LLC
One Metro Center
700 12th Street NW, Suite 700
Washington, D.C. 20005
Attn: Michael Jones, Managing Director
Facsimile: (202) 904-2448
Email: Michael-triden@cox.net

and to:

Sullivan & Barros, LLP
1990 M Street, NW, Suite 200
Washington, D.C. 20036
Attention: Tony Barros
Facsimile: (888) 854-4768
Email: tbarros@sullivanbarros.com

Either Party may change the recipients or addresses to which notice shall be given by written notice to the other Party. Notices which shall be served in the manner aforesaid shall be deemed to have been received for all purposes hereunder at the time such notice shall have been: (i) if hand delivered to a party against receipted copy, when the copy of the notice is receipted; (ii) if given by nationally recognized overnight delivery service, on the next business day after the notice is deposited with the overnight delivery service; or (iii) if given by certified mail, return receipt requested, postage prepaid, on the date of actual delivery or refusal thereof. If notice is tendered under the terms of this Agreement and is refused by the intended recipient of the notice, the notice shall nonetheless be considered to have been received and shall be effective as of the date provided in this Agreement.

ARTICLE 17 - MISCELLANEOUS

17.1 Term of this Agreement. The term of this Agreement will be from the Effective Date until the earlier of (i) termination in accordance with the terms and conditions contained

herein, and (ii) twenty-nine (29) years and eleven (11) months from the Closing Date, except for those terms and conditions herein that expressly survive the expiration or termination.

17.2 Information as to Members. Developer shall, at such time or times as District may reasonably request, furnish District with a complete statement, certified by president or other executive officer, manager, managing member or general partner of Developer, to the best of its knowledge, setting forth all of the stockholders, managers, Members or partners through the tiers set forth in Schedule 3.2.2 and the extent of their respective holdings and providing such additional information as District may reasonably require to confirm that there has been no Change of Control of Developer or the Key Members and that the CBE Ownership Requirement is satisfied. Notwithstanding the foregoing, no disclosure under this Section 17.2 is required with respect to interests owned in any Member (a) in respect of a Hines Affiliate, that is owned by a member of the Hines Family, any Hines Family Trust, any current or former employee of HILP, his or her spouse or former spouse and/or any trust the beneficiaries of which are a current or former employee of HILP, his or her spouse and their families; (b) in respect of a UA Affiliate, that is owned by a member of the UA Member Family, UA Member Trusts, any current or former employee of Urban Atlantic Development, LLC, his or her spouse and/or any trust the beneficiaries of which are a current or former employee of Urban Atlantic Development, LLC, his or her spouse and their families; (c) in respect of a Triden Affiliate, that is owned by a family member, spouse or former spouse of a family member of Michael Jones or Curtis Williams, trusts the beneficiaries of which consist of any of the foregoing, any current or former employee of Triden and/or his or her spouse or former spouse and/or any trust the beneficiaries of which are a current or former employee of Triden, his or her spouse and their families; or (d) any interest within any Member that is an Institutional Investor/Lender.

17.3 Party in Position of Surety with Respect to Obligations. Developer, for itself and its successors and assigns and for all other persons who are or who shall become, whether by express or implied assumption or otherwise, liable upon or subject to any obligation or burden under this Agreement, hereby waives, to the fullest extent permitted by law and equity, any and all claims or defenses otherwise available on the grounds of its (or their) being or having become a person in the position of surety, whether real, personal, or otherwise or whether by agreement or operation of law, including, without limitation any and all claims and defenses based upon extension of time, indulgence or modification of this Agreement.

17.4 Estoppel Certificates. The Parties hereto shall, from time to time, within twenty (20) Business Days of request in writing of the other Party, without additional consideration, execute and deliver an estoppel certificate consisting of statements, if true (and if not true, setting forth the true state of facts as the Party delivering the estoppel certificate views them), that (i) this Agreement and the Related Agreements are in full force and effect; (ii) this Agreement and the Related Agreements have not been modified or amended (or if they have, a list of the amendments); (iii) to such Party's knowledge, the Party requesting the estoppel certificate is not then in default under this Agreement or any Related Agreement; (iv) to such Party's knowledge, the Party requesting the estoppel certificate has fully performed all of its respective obligations hereunder (or, if it has not, identifying any such failures to perform); and (v) such other statements as reasonably may be required by any Party or, as to Developer, any other appropriate party such as its partners, Institutional Lenders/Investors providing funding for the Project and Approved Mortgagees.

17.5 No Persons Other Than Parties Individually Liable. No Person other than the Parties to this Agreement, and the permitted assignees of such Parties, shall have any liability or obligation under this Agreement. Without limiting the generality of the foregoing, (i) Developer agrees that no employee, official, consultant, contractor, agent or attorney engaged by District in connection with this Agreement or the transactions contemplated by this Agreement shall have any liability or obligation to Developer under this Agreement and (ii) District agrees that no Member, other equity holder, employee, consultant, contractor, agent or attorney engaged by Developer in connection with this Agreement or the transactions contemplated by this Agreement shall have any liability or obligation to District under this Agreement. Nothing in this Section 17.5 shall be deemed to preclude the liability of any Person to any Person to which it owes a duty for such Person's own fraudulent acts or for violations of the False Claims Provisions.

17.6 Provisions Not Merged. None of the provisions of this Agreement are intended to or shall be merged by reason of any deed transferring title to any portion of the Walter Reed Redevelopment Property from District to a Component Developer or any successor-in-interest, and any such deed shall not be deemed to affect or impair the provisions and covenants of the Agreement; however, notwithstanding any other provision of this Agreement, the provisions of the Related Agreements shall supersede the provisions of this Agreement to the extent of any inconsistencies.

17.7 Titles of Articles and Sections. Titles and captions of the several parts, articles and sections of this Agreement are inserted for convenient reference only and shall be disregarded in construing or interpreting Agreement provisions.

17.8 Singular and Plural Usage; Gender. Whenever the sense of this Agreement so requires, the use herein of the singular number shall be deemed to include the plural; the masculine gender shall be deemed to include the feminine or neuter gender; and the neuter gender shall be deemed to include the masculine or feminine gender.

17.9 Applicable Law; Jurisdiction. This Agreement shall be construed in accordance with and governed by the laws of the District, without reference to the conflicts of laws provisions thereof. Any suit, action, proceeding or claim relating to this Agreement or the Related Agreements or the transactions contemplated by this Agreement shall be brought exclusively in the United States District Court for the District or the Superior Court for the District, and District and Developer agree that such courts are the most convenient forum for resolution of any such action and further agree to submit the jurisdiction of such courts and waive any right to object to venue in such courts.

17.10 Entire Agreement. This Agreement (together with the Related Agreements, when executed) constitutes the entire agreement and understanding between the Parties and supersedes all prior agreements and understandings related to the subject matter hereof. All Exhibits hereto are incorporated herein by reference regardless of whether so stated.

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

17.12 Time of Performance. All dates for performance (including cure) shall expire at 6:00 p.m. (Eastern Time) on the performance or cure date. A performance date which falls on a day that is not a Business Day is automatically extended to the next Business Day.

17.13 Successors and Assigns. This Agreement shall be binding upon and, subject to the provisions of Article 14, shall inure to the benefit of, the successors and assigns of District and Developer and where the term “**Developer**” or “**District**” is used in this Agreement, it shall mean and include their respective permitted successors and assigns.

17.14 Assignment of Work Product. Upon termination of this Agreement and pursuant to this Section 17.14, Developer shall assign to District, without warranty by Developer of any kind or nature, including as to accuracy or completeness or fitness for any purpose, all of Developer’s assignable right, title and interest in and to all plans, drawings, specifications, engineering studies, investigations and reports in connection with the Walter Reed Redevelopment Property and the development of the Walter Reed Redevelopment Property, now or hereafter existing (collectively, “**Development Work Product**”). Developer shall endeavor in good faith and use commercially reasonable efforts to cause all professional contracts for material Development Work Product to expressly provide that Developer shall have the right to so assign (or failing that, to license) the Development Work Product to District and that from and after the effective date of such assignment (or license), District shall have the right to use such Development Work Product and rely thereon to the same extent as Developer. Upon termination of this Agreement, if requested by District, Developer shall execute such assignments, without warranty, as District may request to perfect the assignment of the Development Work Product to District pursuant to this Section 17.14. Developer hereby indemnifies, defends and holds harmless District from and against any and all third party costs, claims or liabilities, caused by the failure of Developer to pay when due third parties for any Development Work Product requested by or on behalf of Developer. Developer’s obligations pursuant to this Section 17.14 shall survive termination of this Agreement.

17.15 Third Party Beneficiary. Except for such rights of Noticed Investors and Approved Mortgagees contained in Section 15.4, no Person shall be a third party beneficiary of this Agreement.

17.16 WAIVER OF JURY TRIAL. ALL SIGNATORIES HERETO HEREBY, AND ALL PERSONS ACCEPTING AN INTEREST IN THE PROJECT THEREBY, WAIVE THE RIGHT TO TRIAL BY JURY IN CONNECTION WITH ANY LITIGATION ARISING IN RESPECT OF THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

17.17 Further Assurances. Each party agrees to execute and deliver to the other Party such additional documents and instruments as the other Party reasonably may request in order to fully carry out the purposes and intent of this Agreement.

17.18 Modifications and Amendments. None of the terms or provisions of this Agreement may be changed, waived, modified or terminated except by an instrument in writing executed by the Party or Parties against which enforcement of the change, waiver, modification

or termination is asserted. None of the terms or provisions of this Agreement shall be deemed to have been abrogated or waived by reason of any failure or refusal to enforce the same.

17.19 Anti-Deficiency. Developer acknowledges that District cannot enter into any financial obligations under this Agreement without the lawful availability of funds and absent compliance with all other applicable District laws. Developer acknowledges and agrees that the obligation of District to fulfill financial obligations of any kind pursuant to any and all provisions of this Agreement relating to any public funds, or any subsequent agreement entered into pursuant to this Agreement or referenced herein relating to any public funds are and will remain subject to the provisions of: (i) the Federal Anti-Deficiency Act, 31 U.S.C. §§1341,1342, 1349, 1351; (ii) D.C. Official Code § 47-105; (iii) the District of Columbia Anti-Deficiency Act, D.C. Official Code §§ 47-355.01 – 355.08, as the foregoing statutes may be amended from time to time; and (iv) §446 of the District of Columbia Home Rule Act. Any provision herein contained that violates either of the Anti-Deficiency Acts shall render this Agreement void ab initio.

17.19.1 Notwithstanding the foregoing, no officer, employee, director, member or other natural person or agent of District shall have any personal liability in connection with the breach of this Agreement.

17.19.2 This Agreement shall not constitute an indebtedness of District nor shall it constitute an obligation for which District is obligated to levy or pledge any form of taxation or for which District has levied or pledged any form of taxation.

17.20 Submission of Agreement. The submission by either Party to the other of this Agreement in unsigned form shall be deemed to be a submission solely for the other Party's consideration and not for acceptance and execution. Such submission shall have no binding force and effect, shall not constitute an option, and shall not confer any rights upon the recipient or impose any obligations upon the submitting Party, irrespective of any reliance thereon, change of position or partial performance.

17.21 Severability. If any provision of this Agreement is held to be illegal, invalid or unenforceable under present or future laws, such provisions shall be fully severable; this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part of this Agreement; and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance from this Agreement, unless this construction would constitute a substantial deviation from the general intent of the Parties as reflected in this Agreement. Furthermore, there shall be added automatically as a part of this Agreement a provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible and be legal, valid and enforceable.

17.22 Time of the Essence. Time is of the essence with respect to all matters set forth in this Agreement. For all deadlines set forth in this Agreement the standard of performance of the party required to meet such deadlines shall be strict adherence and not reasonable adherence.

17.23 No Partnership. Nothing contained herein shall be deemed or construed by the parties hereto or any third party as creating the relationship of principal and agent or of

partnership or of joint venture between Developer and District, it being understood and agreed that neither the method of computation of any participation nor any other provision contained herein, nor any acts of the parties hereto shall be deemed to create any such relationship.

17.24 Interest. In the event Developer fails to timely pay to or reimburse District any amounts due District pursuant to this Agreement, or if District advances any amounts to pay or satisfy any obligations of Developer under this Agreement (including, without limitation in curing any default of Developer), such amounts shall accrue interest at the rate of eleven percent (11%) per annum (or the highest rate permitted by law, if less) from the date such amount was due to District or expended by District until paid or reimbursed by Developer to District.

17.25 Release. As additional consideration for District's entry into this Agreement, Developer does hereby release and forever discharge District and its respective agents, servants, employees, directors, officers, attorneys, parents, Affiliates, subsidiaries, successors and assigns and all persons, firms, corporations, and organizations, if any, acting on their behalf (collectively, the "**District Released Parties**"), of and from all damage, loss, claims, demands, liabilities, obligations, actions and causes of action whatsoever which Developer may now have or claim to have against District Released Parties as of the Effective Date, whether presently known or unknown, of every nature and extent whatsoever on account of or in any way touching, relating to, concerning, arising out of or founded upon District's treatment of Developer's responses to District's Request for Proposals, the ERA, the Walter Reed Redevelopment Property, the Existing Leases, any documents executed in connection therewith (including any term sheets, business terms, letters of intent or memoranda of understanding) or any hearings held, notices given, representations made or deemed made, or decisions made in connection therewith, of any kind heretofore sustained, or that may arise as a consequence of the dealings between the parties up to and including the Effective Date. The agreement and covenant on the part of Developer under this Section 17.25 is contractual and not a mere recital, and the Parties to this Agreement acknowledge and agree that no liability whatsoever is admitted on the part of any Party.

17.26 No Construction Against Drafter. This Agreement has been negotiated and prepared by District and Developer and their respective attorneys and, should any provision of this Agreement require judicial interpretation, the court interpreting or construing such provision shall not apply the rule of construction that a document is to be construed more strictly against one party.

17.27 District Liability. Any review, analysis, examination, investigation or approval or consent by District pursuant to the terms of this Agreement or otherwise in connection with the Project or the Walter Reed Redevelopment Property is solely for the benefit of District and shall not be relied upon or construed by Developer or any other Person as acceptance by District of any responsibility or liability therefor as to completeness or sufficiency thereof for any particular purpose or compliance with any Laws or other governmental requirements. In furtherance of the foregoing, the grant of consent or approval by District under this Agreement shall be intended solely to satisfy District's rights under this Agreement and for no other purposes and shall not be binding upon any particular District or other Governmental Authority having jurisdiction over any aspect of the Project, the Walter Reed Redevelopment Property or any portion thereof.

17.28 Limited Recourse to District. Subject to the additional limitations set forth in Section 15.7 and Section 17.19, any damages and claims against District shall be limited to the sum of (a) the amount of Administration Payments received by District and (b) District's residual interest in the portion of the Walter Reed Redevelopment Property then encumbered by the Ground Lease. The limitations of this Section 17.28 and of Section 17.19 do not apply with respect to any claim brought by Developer, and any damages incurred by Developer, relating to Developer not collecting from District \$3,000,000 on or before the date that is thirty (30) days prior to the fifth (5th) anniversary of the Closing Date in the circumstances in which such collection is provided in Section 2.6.2(5).

17.29 Confidentiality. The following provisions are applicable to requests filed under the District of Columbia Freedom of Information Act of 1976, as amended (D.C. Official Code §§ 2-531, et seq.) and the regulations promulgated thereunder (“**DCFOIA**”) or any similar Law for information regarding this Agreement or any communications, documents, agreements, information or records with respect to this Agreement:

(1) **Non-Disclosure**. Communications, documents, agreements, information and records that qualify as “**Confidential Information**” under DCFOIA or other Law provided to District by Developer under or pursuant to this Agreement shall be maintained by District as confidential, and District shall not disclose such information to any Persons other than the appropriate attorneys, accountants, underwriters, financial advisors, construction consultants, bond insurers, rating agencies, auditors and employees of District.

(2) **Acknowledgment; Requests for Disclosure**. As required by the terms of this Agreement, Developer shall provide to District certain documentation and information, including documentation and information that Component Developers have or will provide to Developer on a strictly confidential basis under the terms of this Agreement, the Related Agreements, or otherwise. District acknowledges that such documentation and information is generally held by Developer in strict confidence, and is not of the kind that would customarily be released to the general public by Developer because the disclosure thereof would cause substantial harm to the competitive position of Developer. District further acknowledges and agrees that Developer will be considered as “submitter” of such documentation and information for purposes of the DCFOIA. Accordingly, if a Person files a request under the DCFOIA or any similar Law for any such documentation or information (solely for purposes of this Section, a “**Request**”), District shall promptly, and in any event not more than five (5) days following the receipt of the Request, notify Developer of the Request and allow Developer five (5) Business Days (and, in any event, prior to the disclosure of any documentation or information (“**Requested Information**”) that would be disclosed pursuant to the Request) within which to object to District, and any other relevant judicial or administrative body, to the disclosure of any of the Requested Information. If, following receipt of Developer’s objection to the release of the Requested Information, or not less than ten (10) days following receipt of the Request, District reasonably determines that the Requested Information is exempt from disclosure pursuant to the DCFOIA or other Law, District shall promptly, and in any event, within the time limits mandated under the DCFOIA, assert such exemption from disclosure and decline to provide such information. If, following receipt of Developer’s objection to the release of the Requested Information, or not less than ten (10) days following receipt of the Request, District reasonably determines that the information sought by the Request is not exempt from disclosure pursuant to

the DCFOIA or other Law, District shall promptly notify Developer of such determination, and shall refrain from making such disclosure for not less than five (5) days following notice to Developer in order to afford Developer an opportunity to seek an injunction or other appropriate remedy if Developer believes that District's determination is erroneous. The term "days" as used in this Section, shall be determined in the manner provided in the DCFOIA.

(3) **Notice.** Developer shall endeavor to clearly mark each page of all documents which Developer wishes to designate as Confidential Information "**Confidential Trade Secret Information, Contact Developer Before Any Disclosure**" and shall also include a reference to this Agreement; provided, however, that Developer's failure to mark any document shall not foreclose Developer from asserting that a document should be designated as Confidential Information.

(4) **Certain Required Disclosures.** Nothing in this Agreement shall limit or restrict District from disclosing, to the extent required by Law, any information, communication, or record to the United States Congress, the Council, the District of Columbia Inspector General or the District of Columbia Auditor; provided that District shall use all reasonable measures to prevent further dissemination of such information to the extent such information is Confidential Information.

17.30 Generally Applicable District of Columbia Law. Developer acknowledges that (i) nothing set forth in this Agreement exempts the Project or any portion thereof from generally applicable laws and regulations in effect from time to time in the City of Washington, DC, (ii) execution of this agreement by District is not binding upon, and does not affect the jurisdiction of or the exercise of police or regulatory power by, District of Columbia agencies, including, without limitation, independent agencies of the District of Columbia (including, without limitation, the Zoning Commission and Board of Zoning Adjustment), in the lawful exercise of their authority and (iii) no approval (or deemed approval) provided by District as a contract party to this Agreement shall in any way bind or be considered to be an approval by any District agency acting in its capacity as a Governmental Authority (and not as a contract party to this Agreement), including, without limitation, independent agencies of the District of Columbia, such as the Zoning Commission and the Board of Zoning Adjustment. For example, notwithstanding District's approval of an application for approval by the Board of Zoning Adjustment or the Zoning Commission under Title 11, Developer will be required to submit such application to the Zoning Commission or the Department of Consumer and Regulatory Affairs, as applicable, and such approval by District will not be binding on the Zoning Commission or the Department of Consumer and Regulatory Affairs, as applicable. Developer acknowledges and agrees that any unauthorized act by District may be void.

17.31 False Claims Provisions. Notwithstanding any provision to the contrary in this Agreement, any demands for payment or reimbursement under this Agreement shall be subject to D.C. Official Code §§ 2-308.13 - 2-308.19 (2001) ("**False Claims Provisions**") and the remedies available thereunder.

17.32 Davis-Bacon. Developer, to the extent applicable, shall be required to comply with the provisions of the Davis-Bacon Act, 40 U.S.C. §276(a), and the regulations promulgated therewith.

17.33 Agreement Use. District shall not be responsible for reimbursing or otherwise paying or repaying any costs, fees or expenses incurred by or on behalf of Developer or any other person or entity associated therewith prior to or during the term of this Agreement. Developer shall not be responsible for reimbursing or otherwise paying or repaying any costs, fees or expenses incurred by or on behalf of District prior to or during the term of this Agreement. This Agreement is not a binding commitment, obligation or undertaking of District or Developer to enter into future agreements with regard to the proposed Project at the Walter Reed Redevelopment Property and is delivered solely for the purpose of facilitating on-going discussions of various terms and conditions under consideration. Other than as set forth herein, no obligation or liability with respect to any future agreements described herein will exist, nor will any representations be deemed made, nor any reliance on any communications regarding the subject matter hereof be reasonable or justified. It is expressly agreed by Developer that District is under no obligation to reimburse Developer or its consultants, sub-contractors or successors for any cost, expense, or efforts incurred.

17.34 Laws. Any reference to a specific Law in this Agreement shall mean such Law as it may be amended, supplemented or replaced, except as the context otherwise may require.

17.35 No Tax Exemption. In no event shall Developer, or any of its employees, contractors, subcontractors, agents, servants, beneficial owners, or any Member, partner, or principal of any beneficial owner of Developer assert for its own benefit, or attempt to assert, an exemption (including from sales taxes) or immunity available to District, if any, under any government requirements or Law on the basis of District's involvement in the transactions contemplated by this Agreement.

17.36 Memorandum of LDA. On the Effective Date, District and Developer shall execute and record in the Land Records a Memorandum of this Agreement, in such form as the Parties may mutually agree.

17.37 No Responsibility of Developer for Performance by Component Developers or NOI Sublessees; No Obligations or Liabilities of Component Developers for Performance by Developer or NOI Sublessees.

17.37.1 Developer is not responsible for the performance of any Component Developer or of any NOI Sublessee, except for Developer obligations set forth in this Agreement or in the Ground Lease.

17.37.2 Notwithstanding anything in this Agreement to the contrary, no Component Developer shall be responsible for the performance of Developer under this Agreement or by any NOI Sublessee, except for Developer obligations under the terms of any Component Construction Covenant in respect of Early Release Parcels acquired by Component Developer.

17.37.3 This Agreement does not impose any obligation or liability on any Component Developer. Obligations of Component Developers to District will be contained in the Related Agreements to which Component Developer is a party.

17.38 District Force Majeure. District shall not be in default under this Agreement if the performance of any obligation, duty, or act under this Agreement is delayed or prevented by or due to one or more event(s) caused by a District Force Majeure.

17.39 Change in Prohibited Person Status. Developer shall immediately notify District in the event that Developer or one of the Developer Parties becomes or is reasonably likely to become a Prohibited Person.

17.40 District Certificate of Completion. Provided that (i) there is no then existing Event of Default by Developer under this Agreement, and (ii) District has been provided Final Completion Certificates for the Horizontal Development in all Horizontal Phases, District may issue a certificate confirming Developer's satisfaction of the requirements of this Agreement (the "**District Certificate of Completion**"); provided, however, District, in its sole discretion, may also elect to issue a District Certificate of Completion with respect to one or more Horizontal Phases provided that (i) there is no then existing Event of Default by Developer under this Agreement, and (ii) District has been provided Final Completion Certificates for the Horizontal Development in any such Horizontal Phases.

[Remainder of this page intentionally blank. Signatures follow.]

IN TESTIMONY WHEREOF, District and Developer have caused these presents to be signed on their behalf as of the Effective Date.

District:

APPROVED AS TO LEGAL
SUFFICIENCY

DISTRICT OF COLUMBIA,
by and through the Office of the Deputy Mayor for
Planning and Economic Development

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Developer:

TPWR Developer LLC²⁰

By: _____

Name: _____

Title: _____

²⁰ To be replaced by proper signature block when Developer composition is known.

KEY MEMBER JOINDER

The undersigned are hereby executing this Key Member Joinder solely for the purpose of agreeing that the Key Members will not make any Transfers in violation of Section 14.2.

By: _____

Name: _____

Title: _____

Schedule 2.1
DESCRIPTION OF WALTER REED REDEVELOPMENT PROPERTY

[To be attached]

Schedule 2.3.1
NOI SUBLICENSEES, LBAs, AND MOAs

| NOI Sublessee | Building | Agreements |
|--|--------------------------------------|--|
| 1. H.E.L.P. Development Corp. | Portion of Building 14 ²¹ | Amended and Restated Legally Binding Agreement between the Government of the District of Columbia and H.E.L.P. Development Corp. dated June 27, 2013, as amended by Amendment No. 1 to the Amended and Restated Legally Binding Agreement between the Government of the District of Columbia and H.E.L.P. Development Corp. dated December 6, 2013 |
| 2. SOME, Inc. | Building 17 | Amended and Restated Legally Binding Agreement between the Government of the District of Columbia and SOME, Inc. dated June 27, 2013, as amended by Amendment No. 1 to the Amended and Restated Legally Binding Agreement between the Government of the District of Columbia and SOME, Inc. dated December 6, 2013 |
| 3. Transitional Housing Corporation | Portion of Building 14 | Amended and Restated Legally Binding Agreement between the Government of the District of Columbia and Transitional Housing Corporation dated June 27, 2013, as amended by Amendment No. 1 to the Amended and Restated Legally Binding Agreement between the Government of the District of Columbia and Transitional Housing Corporation dated December 6, 2013 |
| 4. Howard University | Buildings 6 and 7 | Memorandum of Agreement between the Government of the District of Columbia and the Howard University dated July 19, 2012, as amended by Amendment No. 1 to the Memorandum of Agreement between the Government of the District of Columbia and the Howard University dated June 12, 2015 |
| 5. Latin American Montessori Bilingual Public Charter School | Portion of Building 11 | Memorandum of Agreement between the Government of the District of Columbia and Latin American Montessori Bilingual Public Charter School dated July 19, 2012 |
| 6. Washington Yu Ying Public Charter School | Portion of Building 11 | Memorandum of Agreement between the Government of the District of Columbia and Washington Yu Ying Public Charter School dated July 19, 2012 |

²¹ Developer shall prepare at its expense the documentation to subdivide Building 14 into multiple air rights lots in accordance with Section 9.14 to accomplish the shared occupancy of Building 14 by H.E.L.P. Development Corp. (“H.E.L.P.”) and Transitional Housing Corporation (“THC”) with subsequently chosen Component Developers and the separate ownership of air rights lots by such Component Developers and, if the options provided in Section 2.3.3. are exercised, H.E.L.P. and THC.

Schedule 2.4
MASTER DEVELOPMENT PLAN

The Master Development Plan shall include the following components:

- (1) The conceptual plan for the Project attached hereto as Exhibit A.
- (2) Schematic Drawings (on a Phase by Phase basis pursuant to Section 10.3) (including, where applicable, tabulation) of the following:
 - (a) the number and composition of each Horizontal Phase, including the following for each Horizontal Phase: (i) the portion of the Horizontal Development to be constructed, (ii) the number and location of each Vertical Development, and (iii) the location and GFA (by type of use) of the Vertical Developments to be constructed;
 - (b) Building height and massing;
 - (c) the amount and location of parking facilities;
 - (d) the amount and location of Public Infrastructure to be constructed in each Horizontal Phase and the composition and phasing of such Public Infrastructure; and
 - (e) the plan for access and egress of vehicular, bike, and pedestrian access and egress to and from the Walter Reed Redevelopment Property.
- (3) Developer's retail plan, which shall include, without limitation, Developer's retail marketing plan and retail strategy;
- (4) Developer's plan for developing and constructing the Project in a manner that is environmentally sustainable, including, without limitation, satisfying the requirements of Section 12.5 (the "**Sustainability Plan**");
- (5) the Horizontal Development Budget; and
- (6) the preliminary Construction Schedule for the Project.

In addition to the foregoing items, Developer shall provide to District such other items as may be reasonably requested by District to facilitate its review and approval of (and comments on) the Master Development Plan.

Schedule 2.6.3
ADMINISTRATION PAYMENT; PAYMENT BY COMPONENT DEVELOPER UPON
INITIAL SALE

1. **Release Parcel Closing.** At, and as a condition of, each Release Parcel Closing, Developer shall pay to District a fee equal to one percent (1%) of the gross sales proceeds (excluding any prorations, expenses or costs incurred in connection with the sale) from Developer's sale of each Release Parcel to a Component Developer; provided, however, in cases where a Component Developer undertakes in the Vertical Development PSA to perform work that is designated as Horizontal Development work under this Agreement and/or in the Horizontal Development Schematic Plans Approved by District for the Phase that contains the Release Parcel, the Vertical Development PSA will provide that (i) for purposes of this Agreement, the purchase price for the Release Parcel will be calculated on the basis as if Developer had fully performed all of such Horizontal Development work that is agreed to be performed by Component Developer in the Vertical Development PSA (the "**Infrastructure Completed Price**"), and (ii) the costs of the Horizontal Development work that is to be performed by Component Developer will be expressly stated in the Vertical Development PSA and will be based on either a third-party engineer's or contractor's estimate or on an executed Construction Contract that separately prices such Horizontal Development work to be performed by Component Developer. A copy of the engineer' or contractor's estimate or executed Construction Contract on which such adjustment to the Infrastructure Completed Price is being made will be provided by Developer to District as part of the Submissions to District for the Release Parcel Closing. The Administration Payment will be 1% of the Infrastructure Completed Price. The Infrastructure Completed Price will be either as stated in the Vertical Development PSA or as determined by appraisal, as applicable pursuant to the protocols specified in Schedule 10.6.2.
2. **First Transfer by a Component Developer.** In accordance with the terms of each Quitclaim Deed, the first time that each Release Parcel is transferred by a Component Developer after the completion of the Vertical Development, the Component Developer shall pay to District a fee equal to one percent (1%) of the contract price. The contract price will be either as stated in an executed Purchase and Sale Agreement between the Component Developer and purchaser if such sale is an arms-length, third-party transaction or as determined by appraisal, as applicable pursuant to the protocols specified in Schedule 10.6.2.

Schedule 3.2.2
DEVELOPER ORGANIZATIONAL STRUCTURE CHART

[To be Attached]

Schedule 4.2
DISTRICT'S UNDERGROUND STORAGE TANK DISCLOSURE FORM

[To be Attached]

Schedule 4.4
FOST AND ENVIRONMENTAL REPORTS

[To be Attached]

Schedule 5.5
APPROVED GUARANTOR CRITERIA

1. **Initial Consideration Guaranty.** An Approved Guarantor for the Initial Consideration Guaranty shall be Hines Guarantor and UA Guarantor, provided that each satisfies the criteria under Section 2 below or any other Person Approved by District in its sole and absolute discretion.
2. **Horizontal Development.** An Approved Guarantor for a Horizontal Development Completion Guaranty shall be any Person that satisfies one or more of the following criteria:
 - a. Hines Guarantor, provided that (i) Hines Guarantor provides Guarantor Submissions to District for District Review demonstrating that such Person maintains at least \$15 million in net worth (total assets minus total liabilities) and (ii) Hines Guarantor does not, and will not hold, a property interest in the Project Component that is the subject of the Horizontal Development Completion Guaranty (a direct or indirect interest in Developer does not violate this requirement), except to the extent necessary to perform its obligations under the Horizontal Development Completion Guaranty.
 - b. UA Guarantor, provided that (i) UA Guarantor (which may be two (2) UA Affiliates as joint and several guarantors) provides Guarantor Submissions to District for District Review demonstrating that such Person maintains, or such Persons collectively maintain, at least \$15 million in net worth (total assets minus total liabilities) and (ii) UA Guarantor does not, and will not hold, a property interest in the Project Component that is the subject of the Horizontal Development Completion Guaranty (a direct or indirect interest in Developer does not violate this requirement), except to the extent necessary to perform its obligations under the Horizontal Development Completion Guaranty.
 - c. Any other Person Approved by District in its sole and absolute discretion.
3. **Vertical Development.** An Approved Guarantor for a Vertical Development Completion Guaranty shall be any Person or Persons that satisfies one or more of the following criteria:
 - a. Hines Guarantor, provided that (i) Hines Guarantor provides Guarantor Submissions to District for District Review demonstrating that such Person maintains at least \$15 million in net worth (total assets minus total liabilities) and (ii) Hines Guarantor does not, and will not, hold a property interest in the Project Component that is the subject of the Vertical Development Completion Guaranty (a direct or indirect interest in Component Developer does not violate this requirement), except to the extent necessary to perform its obligations under the Vertical Development Completion Guaranty.
 - b. UA Guarantor, provided that (i) UA Guarantor (which may be two (2) UA Affiliates as joint and several guarantors) provides Guarantor Submissions to District for District Review demonstrating that such Person maintains, or such Persons

collectively maintain, at least \$15 million in net worth (total assets minus total liabilities) and (ii) UA Guarantor does not, and will not, hold a property interest in the Project Component that is the subject of the Vertical Development Completion Guaranty (a direct or indirect interest in Component Developer does not violate this requirement), except to the extent necessary to perform its obligations under the Vertical Development Completion Guaranty.

- c. Toll Brothers Guarantor, provided that (i) Toll Brothers Guarantor provides Guarantor Submissions to District for District Review demonstrating that such Person maintains at least \$15 million in net worth (total assets minus total liabilities) and (ii) and (ii) Toll Brothers Guarantor does not, and will not, hold a property interest in the Project Component that is the subject of the Vertical Development Completion Guaranty (a direct or indirect interest in Component Developer will not violate this requirement), except to the extent necessary to perform its obligations under the Vertical Development Completion Guaranty.
- d. Weingarten Realty Investors, Inc., or another Affiliate of Weingarten Realty Investors, Inc., provided that (i) such proposed guarantor provides Guarantor Submissions to District for District Review demonstrating that such Person maintains at least \$15 million in net worth (total assets minus total liabilities) and (ii) such guarantor does not, and will not, hold a property interest in the Project Component that is the subject of the Vertical Development Completion Guaranty (a direct or indirect interest in Component Developer will not violate this requirement), except to the extent necessary to perform its obligations under the Vertical Development Completion Guaranty.
- e. Any Person who satisfies the following requirements, and submits to District for District Review proof of the same: (i) owns, or whose Affiliate owns, an equity interest in the Component Developer; (ii) is not a Prohibited Person; (iii) whose net worth at the time of signing such guaranty, based on its most recent audited balance sheet, exceeds 40% of Vertical Project Costs as contained in the Vertical Development Budget submitted to District as part of the Release Parcel Closing Request.
- f. Any Person who satisfies the following requirements, and submits to District for District Review proof of the same: (i) owns, or whose Affiliate owns, an equity interest in the Component Developer; (ii) is not a Prohibited Person; and (iii) is accepted as a completion guarantor by an Institutional Lender/Investor that is providing a construction loan for at least 40% of Vertical Project Costs as contained in the Vertical Development Budget submitted to District prior to Commencement of Construction of the Vertical Development.
- g. Any Person approved by District in its sole and absolute discretion.

Schedule 6.2.9
DEVELOPER INSURANCE REQUIREMENTS

[To be Attached]

Schedule 9.1(13)
PUBLIC INFRASTRUCTURE

[To be Attached]

Schedule 9.2.1
BUILDING 2 DEMOLITION SCOPE OF WORK

[To be Attached]

Schedule 9.2.2
DESCRIPTION OF INITIAL OPEN SPACE

[To be Attached]

**Schedule 9.2.5
BUILDING 1 INTERIM USE**

[To be Attached]

**Schedule 9.5.1
PRELIMINARY PHASING PLAN**

[To be Attached]

Schedule 9.5.2
HORIZONTAL DEVELOPMENT COMPLETION TIME PERIODS

[To be Attached]

Schedule 9.10.1
NOI SUBLESSEE AND NOI PARCEL OBLIGATIONS

[To be Attached]

Schedule 9.11
INTERIM OPERATIONS AND ACTIVATION PLAN

[To be Attached]

Schedule 10.6.1
PRELIMINARY HORIZONTAL FUNDING AND FINANCING PLAN

[To be Attached]

Schedule 10.7.2
INITIAL HORIZONTAL DEVELOPMENT BUDGET

[To be Attached]

Schedule 10.8.1
COMPONENT DEVELOPER CRITERIA AND SUBMISSIONS

A. **Pre-Approved Component Developer**. The following Persons shall be pre-approved as a Component Developer (each a “**Pre-Approved Component Developer**”), provided such Person (x) is not a Prohibited Person (and any Member of such Person is not a Prohibited Person) and (y) satisfies the CBE Ownership Requirement:

1. Any Person Controlled by a Hines Affiliate on the Release Parcel Closing Date;
2. Any Person Controlled by a UA Affiliate on the Release Parcel Closing Date;
3. Any Person that is jointly Controlled by a Hines Affiliate and a UA Affiliate on the Release Parcel Closing Date;
4. Any Person that is Controlled by Toll Brothers, Inc.; and
5. Any Person that is Controlled by Weingarten Realty Investors, Inc.

Any such Pre-Approved Component Developer shall be subject to District Review to confirm compliance with the requirements of this Agreement.

B. **Qualifying Component Developer**.

1. **Generally**. Any Person that (x) either (i) meets, or is Controlled by a Person that meets, or whose Affiliates meet, or (ii) engages a development manager that meets, the applicable experience criteria set forth in Section C below, as applicable; (y) satisfies the CBE Ownership Requirement; and (z) is not a Prohibited Person shall be a “**Qualifying Component Developer**”.

2. **Experience Criteria for Qualifying Component Developer**.

(a) **Office Development**. Component Developer has developed, either (i) for its own account; (ii) as an equity owner of Person(s) that it directly or indirectly solely or jointly Controls or (iii) for others in a development manager capacity, commercial office buildings within the United States totaling at least one million square feet of net rentable area of office space within the United States over the past ten years, measured from the date that is six months preceding the scheduled Release Parcel Closing Date.

(b) **Multifamily Rental Development**. Component Developer has developed, either (i) for its own account; (ii) as an equity owner of Person(s) that it directly or indirectly solely or jointly Controls or (iii) for others in a development manager capacity, rental multifamily projects totaling at least 2000 rental units within the United States over the past ten years, measured from the date that is six months preceding the scheduled Release Parcel Closing Date.

(c) **Retail Developer**. Component Developer has developed, either (i) for its own account; (ii) as an equity owner of Persons that it directly or indirectly solely or jointly Controls or (iii) for others in a development manager capacity, 250,000 square feet of leasable area of retail space (including space leased for restaurant, bar and service use) within the United States

over the past ten years, measured from the date that is six months preceding the scheduled Release Parcel Closing Date.

(d) Condominium/Townhome Development. Component Developer has developed, either (i) for its own account; (ii) as an equity owner of Persons that it directly or indirectly solely or jointly Controls or (iii) for others in a development manager capacity, for-sale multifamily projects totaling at least 500 units within the United States over the past ten years, measured from the date that is six months preceding the scheduled Release Parcel Closing Date.

(e) Hotel Development. Component Developer has developed, either (i) for its own account; (ii) as an equity owner of Persons that it directly or indirectly solely or jointly Controls or (iii) for others in a development manager capacity hotels totaling at least 1000 keys within the United States over the past ten years, measured from the date that is six months preceding the scheduled Release Parcel Closing Date.

3. District Review of Qualifying Component Developer. Any Qualifying Component Developer shall be subject to District Review to confirm compliance with the terms of this Agreement.

C. District Approval of Proposed Component Developer. A proposed Component Developer who is not a Pre-Approved Component Developer or a Qualifying Component Developer shall be subject to District Approval, such approval not to be unreasonably withheld, conditioned or delayed, provided that such Component Developer, and none of its Members, are Prohibited Persons, the Component Developer satisfies the CBE Ownership Requirement, and District is provided with reasonably satisfactory evidence that such proposed Component Developer has the skill, experience, financial and other ability to timely complete the applicable Vertical Development.

D. Submissions of Component Developer. In order for District to complete its Review or Approval, as applicable, Developer shall, and shall cause Component Developer to, submit to District such Submissions as District may reasonably request. The Submissions shall include, at a minimum, a certification by Component Developer that it meets the requirements of a Pre-Approved Component Developer or Qualified Component Developer, to the extent applicable to Component Developer, organizational documents for Component Developer, and, if requested by District, a customary legal opinion as to the proposed Component Developer's due formation, its authority to execute, deliver and perform under the Component Construction Covenant, and such other matters as District may reasonably request.

Schedule 10.8.2
RELEASE PARCEL FAIR MARKET VALUE PROTOCOLS

The following protocols are agreed between District and Developer with respect to the determination of the sales price for each Release Parcel.

I. Negotiated Sales Price. District agrees to accept any sales price negotiated between Developer and a Component Developer in a Vertical Development PSA either where:

a. The Component Developer is not Developer, TPWR LLC, a Hines Affiliate or an Urban Affiliate; or

b. The Institutional Lender/Investor(s) that holds an equity interest in Developer are not the same as the Institutional Lender/Investor(s) in Component Developer and are not Affiliates of one another. In the case of a Release Parcel sale as to which this clause b applies, the written information on which the Institutional Lender/Investor in Developer is relying to determine that the sales price is fair to Developer will be provided to District as part of the Submissions to District for the Release Parcel Closing.

II. Appraisal. If the conditions in Section I are not met, then, unless District otherwise approves the sales price as being a “market” sales price from Developer’s perspective based on a Submission by Developer, the sales price will be determined by appraisal pursuant to appraisal procedures that will be contained in the final Vertical Development PSA as accepted by the construction lender for Developer pursuant to the Horizontal Development Financing Documents and, if applicable, the acquisition lender for Component Developer pursuant to the applicable Vertical Development Financing Documents. District Approval of such appraisal provisions will be required (such Approval not to be unreasonably withheld, conditioned or delayed if the appraisal provisions are consistent with the Uniform Standards of Professional Appraisal Practice) if such provisions are not substantively substantially the same as and if not, do not provide substantially similar protection to ensure that the sales price is fair to Developer, compared to the appraisal provisions outlined in Section III.

III. Approved Appraisal Procedures. Each of Developer and Component Developer (for purposes of this Section III, an “**Appraisal Party**”) shall appoint a qualified, licensed, independent real estate appraiser or appraisal firm with at least 10 years’ experience evaluating commercial real estate in the District of Columbia of the type and size proposed to be constructed on the Release Parcel under the then current Master Development Plan (each, an “**Appraiser**”) to provide an appraisal of the Release Parcel (an “**Appraised Value**”). The Appraisers will be instructed by the Appraisal Parties to prepare their Appraised Values based on the arms’-length, fair market value of the Release Parcel, taking into account (a) customary amounts and allocations between sellers and buyers of prorations and allocated responsibility for closing costs and transfer taxes for similar land sales to the extent consistent with the Uniform Standards of Professional Appraisal Practice, and (b) the development restrictions, conditions and obligations with respect to the Release Parcel as are contained in the Comprehensive Plan, the Declaration of Covenants and the Component Construction Covenant, and, if applicable, the Affordable Housing Covenant. If either Appraisal Party fails to engage an Appraiser within the period required by the Vertical Development PSA, and such failure continues following a second

written notice, then the Appraisal Party that timely appointed an Appraiser shall apply to the Washington, D.C. Chapter of the American Arbitration Association to select a second Appraiser pursuant to such body's procedures. If the higher of the two Appraised Values is equal to or less than a 105% of the lower of the two Appraised Values (or such higher percentage as may be agreed in the Vertical Development PSA), then the average of the two Appraised Values will be the final Appraised Value. If the higher of the two Appraised Values is greater than 105% of the lower of the two Appraised Values (or such higher percentage as may be agreed in the Vertical Development PSA), then the Appraisal Parties will instruct their respective Appraiser to meet with the other Appraiser to appoint a third Appraiser. If the two Appraisers cannot agree on a third Appraiser within the time period specified in the Vertical Development PSA, then upon the initiation of either Appraisal Party, a third Appraiser shall be selected by, and in accordance with, the procedures established by, the Washington, D.C. Chapter of the American Arbitration Association. The third Appraiser shall then choose the Appraised Value of either of the two existing Appraised Values as the one closest to the third Appraiser's estimation of the true Appraised Value. The final Appraised Value as determined in accordance with these procedures shall be binding on Developer, Component Developer and District.

Schedule 10.10.1
FORM OF VERTICAL DEVELOPMENT FUNDING AND FINANCING PLAN

[To be Attached]

Schedule 10.15
COMMUNITY PARTICIPATION PROGRAM AND
COMMUNITY PARTICIPATION PLAN

[To be Attached]

Schedule 12.5
GREEN BUILDING REQUIREMENT AND ENVIRONMENTAL GOAL

[To be Attached]

Schedule 12.14
TRANSPORTATION MITIGATION MEASURES

[To be Attached]

EXHIBIT A
FORM OF AFFORDABLE HOUSING COVENANT

[Attached]

EXHIBIT B
CBE AGREEMENT

[To Be Attached]

EXHIBIT C
FORM OF CERTIFICATE OF SUBSTANTIAL COMPLETION

[To Be Attached]

EXHIBIT D
FORM OF COMPONENT CONSTRUCTION COVENANT

[Attached]

EXHIBIT E
FORM OF DECLARATION OF COVENANTS

[To Be Attached]

EXHIBIT F
FIRST SOURCE AGREEMENT

[To Be Attached]

EXHIBIT G
FORM OF HORIZONTAL DEVELOPMENT COMPLETION GUARANTY

[Attached]

EXHIBIT H
FORM OF MEMORANDUM OF LEASE

[To Be Attached]

EXHIBIT I-1
FORM OF QUITCLAIM DEED FOR RESIDENTIAL DEVELOPMENT

[To Be Attached]

EXHIBIT I-2
FORM OF QUITCLAIM DEED FOR COMMON ELEMENTS

[To Be Attached]

EXHIBIT I-3
FORM OF QUITCLAIM DEED FOR OTHER DEVELOPMENT

[To Be Attached]

EXHIBIT J
FORM OF VERTICAL DEVELOPMENT COMPLETION GUARANTY

[To Be Attached]

EXHIBIT K
FORM OF GROUND LEASE

[Attached]

EXHIBIT L
FORM OF CLOSING ESCROW AGREEMENT

[To Be Attached]

EXHIBIT M-1
FORM OF DEVELOPER QUARTERLY REPORT

[To Be Attached]

EXHIBIT M-2
FORM OF COMPONENT DEVELOPER QUARTERLY REPORT

[To Be Attached]

EXHIBIT N
FORM OF INITIAL CONSIDERATION GUARANTY

[Attached]

EXHIBIT O
FORM OF INITIAL CONSIDERATION ESCROW AGREEMENT

[To Be Attached]

**[EXHIBIT P
DRAFT PROJECT LEGISLATION]**

[Attached]

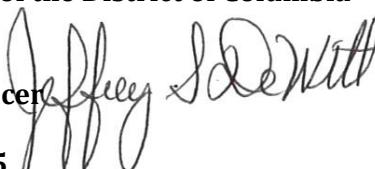
Government of the District of Columbia
Office of the Chief Financial Officer



Jeffrey S. DeWitt
Chief Financial Officer

MEMORANDUM

TO: The Honorable Phil Mendelson
Chairman, Council of the District of Columbia

FROM: Jeffrey S. DeWitt 
Chief Financial Officer

DATE: December 17, 2015

SUBJECT: Fiscal Impact Statement – “Walter Reed Development Omnibus Act of 2015”

REFERENCE: B21-474 introduced on November 3, 2015

Conclusion

Funds are sufficient in the fiscal year 2016 through fiscal year 2019 budget and financial plan to implement the bill.

The bill approves the disposition of the Walter Reed site. The bill approves two agreements: one with the U.S. Department of the Army that outlines the terms of the purchase of the site by the District, and the other with the Developer, which outlines the terms of the disposition of the site by the District. While the District’s Capital Improvement Plan incorporates sufficient funds, the District must meet other conditions before executing these agreements. The District’s current plans for the purchase include funds it anticipates from the Developer. The District’s Capital Improvement Plan already incorporates the payments from the Developer, but the District has not yet received these payments. Federal and District anti-deficiency laws prohibit the District from entering into obligations without sufficient funding in hand.¹ At present, before the agreement with the U.S. Department of the Army can be executed the District must receive a payment of \$5 million from the developer.

The site will become taxable when the District transfers it through a ground lease to the developer. The bill sets aside taxes collected on the site to support the site construction, but the District must appropriate these funds before spending them.²

¹ 31 U.S.C.A §1341 (2000); D.C. Code §47.355.01 et. seq. (2003).

² Only a budget request legislation can appropriate funds.

Background

The bill authorizes the District to purchase the approximately 66-acre property at the former Walter Reed Army Medical Center and lease, and eventually sell, it for development. The District will purchase the site from the U.S. Department of the Army for \$22.5 million, paid over two years.³ The District will then lease the property to TPWR Developer, LLC ("Developer") for \$25 million. The Developer is obligated to pay this amount over eight years; the table outlines the payment schedule. The payments will be in escrow until the District fully pays the U.S. Department of the Army.

| SCHEDULE OF GROUND LEASE PAYMENTS FROM DEVELOPER | | AMOUNT |
|--|--|---------------------|
| At Closing (2016) | | \$5,000,000 |
| Year 1 (2017) | | \$5,000,000 |
| Year 2 (2018) | | \$1,000,000 |
| Year 3 (2019) | | \$1,000,000 |
| Year 4 (2020) | | \$1,000,000 |
| Year 5 (2021) | | \$1,000,000 |
| Year 6 (2022) | | \$1,000,000 |
| Year 7 (2023) | | \$5,000,000 |
| Year 8 (2024) | | \$5,000,000 |
| TOTAL | | \$25,000,000 |

The bill approves two agreements that regulate these transactions: the Economic Development Conveyance Agreement, which governs the transfer from the Army to the District, and the negotiated Land Disposition Agreement, which governs the terms of the ground lease to the Developer. Ultimately, the site will have mixed-use development consistent with the Walter Reed Reuse Plan.⁴

The ground lease will be for just under 30 years, but the Developer will likely hold the property for a shorter time. After it builds the infrastructure (demolishing some existing buildings, connecting the site to distribution networks, building streets, etc.) the Developer will release portions of the site to other developers ("Component Developers"), which will complete the vertical construction (office buildings, residential structures, etc.). The Developer will set the price and collect the proceeds from the sale of each parcel. The District will receive one percent of the gross sales price, but not until the collective gross sales from the released parcels reach \$35 million. The one percent of proceeds is meant to be an administrative fee to cover the costs of the Office of the Deputy Mayor for Planning and Economic Development (DMPED), which is the Local Redevelopment Authority for the project.

³ Under the Economic Development Conveyance Agreement with the U.S. Department of the Army the District has two payment options: the first one is a two-year plan as described in the background section. The second option requires the District to make payments to the U.S. Department of the Army totaling \$25 million over eight years following the same schedule the Developer is using to makes the payments to the District. If this is the case, the District must use the funds received from the developer to purchase the property. But the District must also then pay for a letter of credit of \$20 million for over 8 years. This letter of credit could cost the District approximately \$2 million. This cost is not in the District's Capital Improvement Plan at this time. Therefore funds are not available to exercise this option.

⁴ Walter Reed Army Medical Center Small Area Plan Approval Resolution of 2013, effective April 30, 2013 (Res. 20-105; 16 DCR 12813).

Both the Developer and the Component Developers must honor current use agreements on the site, including agreements with educational and medical institutions and homeless services providers. When completed, the site will have almost one million square feet of office and retail space, 1,800 residential units in multifamily buildings, and 90 townhomes.

The bill establishes two non-lapsing funds: the Walter Reed Redevelopment Fund and the Walter Reed Reinvestment Fund. The Redevelopment Fund will hold the possessory interest tax⁵ the Developer will pay for the property. The District will then grant these funds back to the Developer, for supporting construction, maintenance, and operations activities. The Reinvestment Fund will hold the one percent administration fee and any other payments that may come to the District from the sale or lease of the property. This account will be available to use at the site for construction and demolition, landscaping, and planning and marketing of the redevelopment. After seven years, the District must remit any unspent money, in the Reinvestment Fund to the Army. Payments in the Reinvestment Fund that come after the seven-year reinvestment period will remain with the District. The District must obtain appropriations authority to expend the money in Redevelopment and Reinvestment Funds.

Lastly, the bill exempts the site from District vacant building requirements while the ground lease is in effect.

Financial Plan Impact

Funds are sufficient in the fiscal year 2016 through fiscal year 2019 budget and financial plan to implement the bill.

Under the Economic Development Conveyance agreement, the District will pay the U.S. Department of the Army \$10 million at closing, which is expected to happen in 2016 and \$12.5 million within 12 months of the closing, in fiscal year 2017. The payment to the Army will include \$12.5 million in the capital budget already set aside for the project⁶ and the first two ground lease payments that add up to \$10 million the developer pays is obligated to pay to the District in 2016 and 2017, held in escrow. These two sources combined are sufficient to pay the U.S. Department of the Army the full purchase price.

The agreement with the U.S. Department of the Army requires the District to obtain a letter of credit for \$12.5 million at the closing to ensure that the District can meet the fiscal year 2017 payment. The District has approximately \$800,000 available in the project budget to pay for the letter of credit. This amount is within a reasonable range of the cost for similar letters of credit (assuming an interest of 6 percent to 7 percent), but precise amount is unknown at this time. If the cost of the letter of credit exceeds the resources available for it, the District would be required to identify resources elsewhere to pay for the letter of credit.

Once the District fully pays the Army, the escrow requirements are lifted, and the subsequent ground lease payments from the Developer, in excess of the District funds used to purchase the

⁵ See D.C. Official Code § 47-1005.01 regarding possessory interest tax obligations.

⁶ See Project No. AWT 01 in the FY 2016 through FY 2021 Capital Improvement Plan for the Deputy Mayor for Planning and Economic Development. It is expected that the value of public infrastructure that will convey to the District (such as streets) will be sufficient to properly utilize General Obligation Bond Funding for the purchase.

property, will be deposited into the Reinvestment Fund. Between 2018 and 2024, the Developer is obligated to pay the District \$15 million. Of this amount, the District's general fund will receive \$12.5 million for the monies the District used to purchase the property from the Army in 2017. The Mayor intends to return the remaining \$2.5 million to the general fund, too. This payment will come in 2024, after the seven-year reinvestment period, so the District is not obligated to use it on the project or return it to the Army.

The Walter Reed site will become taxable when the District transfers it through a ground lease to the Developer. The Developer will then begin to pay possessory interest taxes, currently estimated at \$6 million annually, into the non-lapsing Redevelopment Fund. These amounts will then be returned to the project to support maintenance, operation, and construction activities at the site. The bill can create the Redevelopment Fund, and transfer the possessory interest tax payments into it, but cannot obligate the expenditures; an appropriations act, approved by both Congress and the President, is necessary to do so.

The fiscal impact analysis does not include the potential one percent administrative fee the District could receive from the sales of parcels on the site. This is because the timing of the sales from the Developer to the Component Developers are unknown and could fall outside the financial plan. Regardless, DMPED has the necessary capacity to manage the project, and does not rely on these funds for administrative costs.

The table below outlines the fiscal impact of the bill.

| Fiscal Impact of the Walter Reed Development Omnibus Act of 2015, in \$ millions | | | | | |
|---|----------------|----------------|----------------|----------------|------------------------|
| SOURCES OF FUNDS | | | | | |
| | FY 2016 | FY 2017 | FY 2018 | FY 2019 | Four-Year Total |
| Payment from Developer <i>(in escrow through 2017)</i> | \$5.00 | \$5.00 | \$1.00 | \$1.00 | \$12.00 |
| Capital Budget Authority | \$7.32 | \$6.00 | | | \$13.32 |
| Use of Paygo authority from 2016 to 2017 | | \$1.50 | | | \$1.50 |
| Possessory Interest tax <i>(approximate)</i> | \$3.00 | \$6.00 | \$6.00 | \$6.00 | \$21.00 |
| TOTAL | \$15.32 | \$18.50 | \$7.00 | \$7.00 | \$47.82 |
| USES OF FUNDS | | | | | |
| | FY 2016 | FY 2017 | FY 2018 | FY 2019 | Four-Year Total |
| Site Purchase | \$10.00 | \$12.50 | | | \$22.50 |
| Carry-over of Paygo authority from 2016 to 2017 | \$1.50 | | | | \$1.50 |
| Letter of credit | \$0.82 | | | | \$0.82 |
| Redevelopment Fund | \$3.00 | \$6.00 | \$6.00 | \$6.00 | \$21.00 |
| Transfer to the General Fund | | | \$1.00 | \$1.00 | \$2.00 |
| TOTAL | \$15.32 | \$18.50 | \$7.00 | \$7.00 | \$47.82 |

1 **COMMITTEE PRINT**
2 **Committee of the Whole**
3 **February 16, 2016**

DRAFT

7 **A BILL**
8
9
10
11

12 **IN THE COUNCIL OF THE DISTRICT OF COLUMBIA**
13
14
15
16

17 To authorize the Mayor to acquire and dispose of a portion of the former Walter Reed Army
18 Medical Center located at 6900 Georgia Avenue, N.W.; to establish the Walter Reed
19 Reinvestment Fund into which certain funds received in connection with the site shall be
20 deposited; to establish the Walter Reed Redevelopment Fund into which certain
21 possessory interest tax revenues shall be deposited; to authorize the provision of grants
22 by the Deputy Mayor for Planning and Economic Development in connection with the
23 redevelopment and operation of the site; and to exempt the buildings on the site from
24 vacant building registration requirements for a certain period of time.
25

26 **BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA**, That this

27 act may be cited as the "Walter Reed Development Omnibus Act of 2016".

28 **Sec. 2. Definitions.**

29 For the purpose of this act, the term:

30 (a) "Army" means the United States Department of the Army.

31 (b) "Administration Payments" means those payments from the Developer and

32 Component Developers to the District to reimburse the District for certain costs associated with
33 the Walter Reed Redevelopment Site and the redevelopment thereof in accordance with the
34 terms of the LDA.

35 (c) "Base Closure Act" means the Defense Base Closure and Realignment Act of 1990,

36 approved November 5, 1990 (104 Stat. 1485; 10 U.S.C. §2687, note).

1 (d) “CBE Agreement” means an agreement governing certain obligations of the
2 Developer and each Component Developer under the Small, Local, and Disadvantaged Business
3 Enterprise Development and Assistance Act of 2005, effective October 20, 2005 (D.C. Law 16-
4 33; D.C. Official Code § 2-218.01 *et seq.*) (“CBE Act”), including the equity and development
5 participation requirements set forth in section 2349a of the CBE Act (D.C. Official Code § 2-
6 218.49a).

7 (e) "Certified Business Enterprise" means a business enterprise or joint venture certified
8 pursuant to the Small, Local and Disadvantaged Business Enterprise Development and
9 Assistance Act of 2005, effective October 20, 2005 (D.C. Law 16-33; D.C. Official Code § 2-
10 218.01 *et seq.*).

11 (f) "Component Developer" means an entity approved by the Mayor pursuant to the
12 terms of the LDA, who shall agree to construct a portion of the Vertical Development on the
13 Walter Reed Redevelopment Site.

14 (g) "Developer" means TPWR Developer LLC, a joint venture comprised of Hines WR
15 LLC, UAD Walter Reed LLC (Urban Atlantic), and Triden Development Group, LLC and any
16 such successor or assigns as may be approved by the Mayor.

17 (h) "EDC Agreement" means the agreement between the District and the Army for the
18 Economic Development Conveyance of the Army's fee simple interest in the Walter Reed
19 Redevelopment Site to the District.

20 (i) "First Source Agreement" means an agreement governing certain obligations of the
21 Developer and each Component Developer pursuant to section 4 of the First Source Employment
22 Agreement Act of 1984, effective June 29, 1984 (D.C. Law 5-93; D.C. Official Code § 2-
23 219.03), and Mayor's Order 83-265 (November 9, 1983), regarding job creation and employment

1 generated as a result of the construction of the Horizontal Development and the Vertical
2 Developments.

3 (j) “Horizontal Development” means development and construction of the horizontal and
4 infrastructure work on the Walter Reed Redevelopment Site as required under the LDA.

5 (k) “LDA” means the Land Disposition Agreement between the District and Developer
6 that memorializes the terms of the disposition of the Walter Reed Redevelopment Site, which
7 shall be consistent with the Term Sheet and this act.

8 (l) “Legally Binding Agreement” means an agreement between the District, as the
9 Walter Reed LRA, and a homeless assistance provider that commits the provider to implement
10 and operate certain homeless assistance services on the Walter Reed Redevelopment Site, as
11 approved by the U.S. Department of Housing and Urban Development.

12 (m) “Memorandum of Agreement” means an agreement between the District, as the
13 Walter Reed LRA, and a public benefit provider for the potential transfer of real property on the
14 Walter Reed Redevelopment Site.

15 (n) “Term Sheet” means the amended term sheet dated January 28, 2016 executed by the
16 Developer and the Office of the Deputy Mayor for Planning and Economic Development.

17 (o) “Vertical Development” means the development and construction of buildings and
18 associated improvements to the Walter Reed Development Site pursuant to the LDA.

19 (p) “Walter Reed Common Area Association” means the “Owners’ Association” created
20 pursuant to the terms of the LDA to manage the operations of the Walter Reed Redevelopment
21 Site.

22 (q) “Walter Reed LRA” means the District of Columbia government, the local
23 redevelopment authority created by Mayor's Order No. 2006-21 and recognized by the Office of

1 Economic Adjustment on behalf of the Secretary of Defense.

2 (r) “Walter Reed Redevelopment Site” means approximately 66.27 acres of land located
3 on a portion of the area bounded by Fern Street, N.W., and Alaska Avenue, N.W., to the north,
4 16th Street, N.W., to the west, Aspen Street, N.W., to the south, and Georgia Avenue, N.W., to
5 the east, known as Parcel 0319/0004 and a portion of Parcel 0319/0005.

6 (s) “Walter Reed Reuse Plan” means the Walter Reed Local Redevelopment Authority
7 Reuse Plan approved by Council pursuant to Section 4 of the Walter Reed Army Medical Center
8 Base Realignment and Closure Homeless Assistance Submission Approval Act of 2012 (D.C.
9 Law 19-175; effective October 16, 2012; 60 DCR 7581).

10 Sec. 3. Findings.

11 (a) The Walter Reed Redevelopment Site has been declared surplus and closed by the
12 Department of Defense pursuant to the procedures and authorities of the Base Closure Act.

13 (b) The District of Columbia government was recognized as the Walter Reed LRA by
14 the Office of Economic Adjustment on behalf of the Secretary of Defense for developing and
15 implementing the Walter Reed Reuse Plan.

16 (c) The Council approved the Walter Reed Reuse Plan and the Legally Binding
17 Agreements pursuant to Section 4 of the Walter Reed Army Medical Center Base Realignment
18 and Closure Homeless Assistance Submission Approval Act of 2012 (D.C. Law 19-175;
19 effective October 16, 2012; 60 DCR 7581).

20 (d) The Walter Reed Reuse Plan envisions a dynamic campus integrated into the
21 existing Ward 4 community through the provision of expanded retail opportunities, preservation
22 of open space, creative reuse of historic assets into cultural and educational uses, the creation of
23 a range of jobs, and the development of various housing options to support the needs of District

1 residents.

2 (e) The Council approved the Walter Reed Army Medical Center Small Area Plan
3 pursuant to the Walter Reed Army Medical Center Small Area Plan Approval Resolution of 2013
4 (Res. 20-105; effective April 30, 2013; 16 DCR 12813), which supported the development
5 program recommendations in the Walter Reed Reuse Plan.

6 (f) Pursuant to Zoning Commission Order 14-22, the Zoning Commission for the
7 District of Columbia adopted the text and map amendments to the zoning regulations to create
8 and implement the Walter Reed (WR) zone for the Walter Reed Redevelopment Site.

9 (g) The Mayor and the Secretary of Army, through their representatives, have
10 negotiated the terms by which the Army will convey fee simple title to the Walter Reed
11 Redevelopment Site to the District as the Walter Reed LRA, as memorialized in the EDC
12 Agreement.

13 (h) After conducting a competitive and public solicitation process, the Office of the
14 Deputy Mayor for Planning and Economic Development selected the Developer to redevelop the
15 Walter Reed Redevelopment Site in furtherance of the Walter Reed Reuse Plan.

16 (i) Upon the District's acquisition of fee simple title to the Walter Reed
17 Redevelopment Site, the Mayor intends to ground lease the Walter Reed Redevelopment Site to
18 the Developer for master development of the site, construction of the Horizontal Development,
19 and sublease of a portion of the site for occupancy by the selected homeless assistance providers
20 and public benefits providers pursuant to the Legally Binding Agreements and Memoranda of
21 Agreement, respectively, subject to the terms of the LDA. Upon termination of the Developer's
22 ground lease, the Mayor will assume the subleases and extend the lease terms to the public
23 benefits providers, if requested by the public benefits providers, to permit the public benefits

1 providers to continue operating their parcels consistent with the terms of their respective
2 Memoranda of Agreement, subject to the terms of the LDA.

3 (j) Subject to the conditions identified in the LDA, the District will convey fee
4 simple absolute title to certain portions of the Walter Reed Redevelopment Site to (1)
5 Component Developers to construct the Vertical Developments, (2) the Walter Reed Common
6 Area Association to manage and operate the common areas on the Walter Reed Redevelopment
7 Site, (3) the homeless assistance providers to continue operating their premises pursuant to the
8 terms of their respective Legally Binding Agreements and (4) the Developer, if the Developer
9 purchases the tenant's leasehold under the Housing Lease, or, if the Housing Lease remains in
10 effect as of the date on which the final phase of Horizontal Development is substantially
11 complete, to the Walter Reed Common Area Association to manage the existing lease for the
12 buildings known as Buildings 8 and 9.

13 (k) The Developer and each Component Developer shall enter into a First Source
14 Agreement with the District that shall govern certain obligations of the Developer and each
15 Component Developer regarding job creation and employment as a result of the construction of
16 the Horizontal Development and Vertical Developments.

17 (l) The Developer and each Component Developer shall enter into an agreement that
18 shall require the Developer and each Component Developer, at a minimum, to contract with
19 Certified Business Enterprises for at least 35% of the contract dollar volume of the Horizontal
20 Development and each Vertical Development and shall require at least 20% of the equity and
21 20% development participation of Certified Business Enterprises.

22 (m) At least 20% of the residential units constructed at the Walter Reed
23 Redevelopment Site shall be reserved, sold, or leased as affordable units pursuant to Zoning

1 Commission Order 14-22. Each Component Developer who shall construct a Vertical
2 Development that contains residential units shall enter into an affordable housing covenant
3 memorializing these affordable unit requirements.

4 Sec. 4. EDC Agreement Approval.

5 Pursuant to section 451 of the District of Columbia Home Rule Act, approved December
6 24, 1973 (87 Stat. 803; D.C. Official Code § 1-204.51), the Council approves the EDC
7 Agreement transmitted to the Council on November 2, 2015, in the amount up to \$25 million
8 paid over multiple years, for the Walter Reed LRA's acquisition of the Walter Reed
9 Redevelopment Site.

10 Sec. 5. Approval of disposition of Walter Reed Redevelopment Site.

11 Notwithstanding An Act Authorizing the sale of certain real estate in the District of
12 Columbia no longer required for public purposes ("Act"), approved August 5, 1939 (53 Stat.
13 1211; D.C. Official Code § 10-801 *et seq.*), the Mayor is authorized to dispose of:

14 (1) The Walter Reed Redevelopment Site pursuant to the terms of the Term Sheet by
15 ground lease for a term of less than 30 years to Developer;

16 (2) Portions of the Walter Reed Redevelopment Site by ground lease to the selected
17 public benefit providers and homeless assistance providers;

18 (3) Portions of the Walter Reed Redevelopment Site in fee simple absolute to Component
19 Developers, the Walter Reed Common Area Association, and the selected homeless assistance
20 providers; and

21 (4) Portions of the Walter Reed Redevelopment Site by easement to public utilities to the
22 extent necessary for the development of the Horizontal Development and Vertical Development.

23 Sec. 6. Walter Reed Reinvestment Fund.

(a) There is established as a nonlapsing fund the Walter Reed Reinvestment Fund, which shall be used solely for the purposes set forth in subsection (d) of this section. The fund shall be administered by the Office of the Deputy Mayor for Planning and Economic Development.

(b) All funds deposited into the fund, and any interest earned on those funds, shall not be expended except to the unrestricted fund balance of the General Fund of the District of Columbia at the end of the fiscal year, or at any other time, but shall be continually be available for the uses and purposes set forth in subsection (d) of this section without regard to fiscal year limitation, subject to the authorization in an approved budget and financial plan.

(c) The Chief Financial Officer shall deposit into the fund all proceeds from the sale, or equivalent use of the Walter Reed Redevelopment Site, including the Administration units, except for:

(1) Proceeds that are used to pay the Army consideration due under the EDC
and

(2) Funds received from the Developer to reimburse the District for payments to
the pursuant to the EDC Agreement.

(d) The fund shall be used solely to support job creation and economic development of, related to, the Walter Reed Redevelopment Site, including to pay for road construction; transportation management facilities; storm and sanitary sewer construction; police and fire station facilities and other public facilities; utility construction; building rehabilitation; historic property preservation; pollution protection equipment or facilities; demolition; disposal of hazardous materials and hazardous waste generated by demolition; landscaping, grading and site or public improvements; and planning for or the marketing of the redevelopment or use of the Walter Reed Redevelopment Site, for other purposes permitted by EDC Agreement and to

1 make payments due to the Army required under the EDC Agreement during the first seven years
2 after the date the District acquires the Walter Reed Redevelopment Site from the Army and
3 thereafter for the purposes stated herein and the economic development goals or activities of the
4 District.

5 (e) The Office of the Deputy Mayor for Planning and Economic Development shall have
6 the authority to make grants from the fund to recipients in furtherance of the purposes set forth in
7 subsection (d).

8 Sec. 7. Walter Reed Redevelopment Fund.

9 (a) There is established as a nonlapsing fund the Walter Reed Redevelopment Fund,
10 which shall be used solely for the purposes set forth in subsection (d) of this section. The fund
11 shall be administered by the Office of the Deputy Mayor for Planning and Economic
12 Development.

13 (b) All funds deposited into the fund, and any interest earned on those funds, shall not
14 revert to the unrestricted fund balance of the General Fund of the District of Columbia at the end
15 of the fiscal year, or at any other time, but shall continually be available for the uses and
16 purposes set forth in subsection (d) of this section without regard to fiscal year limitation, subject
17 to authorization in an approved budget and financial plan.

18 (c) The Chief Financial Officer shall deposit into the fund all funds received pursuant to
19 D.C. Official Code § 47-1005.01 attributable to Developer's lease of the Walter Reed
20 Redevelopment Site for the period ending on the last day of the tax year that is ten years after the
21 date on which Developer commences the demolition of Building 2 on the Walter Reed
22 Redevelopment Site in accordance with the requirements of the LDA.

23 (d) The fund shall be used solely to support the maintenance, operation, and construction

1 activities on the Walter Reed Redevelopment Site.

2 (e) The Office of the Deputy Mayor for Planning and Economic Development shall have
3 the authority to make grants from the fund to recipients in furtherance of the purposes set forth in
4 subsection (d) of this section.

5 Sec. 8. Exemption from registration requirements of vacant buildings.

6 Section 6 of an Act to provide for the abatement of nuisances in the District of Columbia
7 by the Commissions of said District, and for other purposes, approved April 14, 1906 (34 Stat.
8 115; D.C. Official Code § 42-3131.06(b)), is amended by adding a new paragraph (9) to read as
9 follows:

10 “(9) Located on the Water Reed Redevelopment Site for so long as the building and the
11 land on which the building sits is subject to the ground lease to the Developer.”

12 Sec. 9. Fiscal Impact Statement.

13 The Council adopts the fiscal impact statement in the committee report as the fiscal impact
14 statement required by section 4a of the General Legislative Procedures Act of 1975, approved
15 October 16, 2006 (120 Stat. 2038; D.C. Official Code § 1-301.47a).

16 Sec. 10. Effective Date.

17 This Act shall take effect following approval of the Mayor (or, in the event of a veto by
18 the Mayor, action by the Council of the District of Columbia to override the veto), a 30-day
19 period of Congressional review as provided in §602(c)(1) of the District of Columbia Home Rule
20 Act, approved December 24, 1973 (87 Stat. 813, D.C. Official Code §1-206.02 (c)(1)), and
21 publication in the District of Columbia Register.