

The SB6 Coalition and Sagamore Development Company
Community Benefits Agreement and Memorandum of Understanding

This **COMMUNITY BENEFITS AGREEMENT AND MEMORANDUM OF UNDERSTANDING** (“CBA”) is entered into this 14th day of July 2016 (the “Effective Date”), by and between SAGAMORE DEVELOPMENT COMPANY, LLC, a Maryland limited liability company (“**Developer**”) and the SB6 COALITION (“**SB6**”), acting on behalf of, and for the benefit of, itself and the entities (identified as the “**Organizations**”) listed on Attachment B (the Organizations and SB6 are collectively, the “**Community Representatives**”). SB6 is a partnership comprised of community representatives from Brooklyn, Cherry Hill, Curtis Bay, Lakeland, Mt. Winans, and Westport (the “**Communities**”). Developer and SB6 are sometimes collectively referred to as the “**Parties.**”

RECITALS

- A. Over the next thirty (30) years, the Developer, either directly or through affiliates, is or will be developing a substantial portion of the land located on the South Baltimore peninsula, south of I-95, into a transformative, inclusive and world-class mixed-use, waterfront project, that is proposed to include more than 12 million square feet of building development (the “**New Port Covington**”).
- B. The Developer has acknowledged its intent to collaborate with the Communities, and in consideration, the community leaders of the Organizations representing the Communities formed a partnership, SB6, to negotiate and implement this CBA, which describes the manner in which the Communities will share in the economic, educational, cultural, environmental, and social benefits associated with the New Port Covington and mitigate or prevent any adverse direct, indirect and cumulative impacts of the project on the Communities.
- C. Development of the New Port Covington cannot occur without the creation of the necessary infrastructure, such as streets, roads, sidewalks, water lines, sewerage systems, parks, and conduits for communication (collectively, “**Project Infrastructure**”). The cost of the Infrastructure is estimated at \$1.6 billion, a portion of which will be funded through the use of tax increment financing (“**TIF**”) that will be funded by the future incremental tax revenues generated by the New Port Covington.
- D. The Parties acknowledge that time is of the essence; however, they desire to be thoughtful and deliberate in devising the model, methodology, and/or structure through which the spirit and the letter of the CBA will be carried out. To that end, the Parties set forth in this CBA the framework, principles, and methods of discourse they will use to ensure the implementation of the provisions set forth in this CBA.

AGREEMENT

NOW THEREFORE, SB6 and the Developer incorporate the recitals into this agreement and for and in consideration of mutual promises herein contained agree as follows:

1. **Collaborative.** The Parties agree to form a strong, working coalition for a period of at least thirty (30) years from date of the first TIF bond issuance, which TIF bond issuance shall be a condition precedent to any obligations of Developer hereunder. Said coalition may take a variety of actions in a structure to be created, including but not limited to: (a) the Developer being an advocate with the Communities for city services, business and cultural attractions, and funding from public and private entities; (b) the Developer providing technical assistance on a variety of housing and economic development issues; (c) funding of revitalization of the Communities; and (d) the Communities advocating for the approval of the passage of the master plan and the TIF for New Port Covington. The form of the coalition relative to particular needs identified by SB6 will be decided by the Parties by consensus whenever possible. In any event, the Parties desire for the coalition to be responsive to the evolving community needs and this CBA is in no way meant to limit the Parties' ability to amend a particular form of action as the needs of the Communities shift over time. This CBA and the terms of understanding articulated herein will therefore serve as the basis for such amendments over the course of the term of this CBA. The Parties upon request of the members of the New Entity shall commission and finalize studies of the development of New Port Covington and the Communities to ascertain both the prior impacts and reasonably projected impacts of the actions taken by the coalition to date, as well as actions needed to address those impacts, as requested by the members of the New Entity. The Parties shall work collaboratively to mitigate any negative impacts that are determined to have arisen as a result of the development of the New Port Covington.

2. **New Entity.** The Developer will work with the Communities to create a community development entity (e.g. foundation, community development corporation, or designated fund) (the "**New Entity**") to ensure implementation of this CBA and ongoing work in all of the Communities. The Parties agree to work collaboratively and in good faith to research and evaluate and thereby reach a consensus on the best model to be utilized to carry out the Parties' intent to ensure that the Communities will share in the economic, educational, cultural, environmental, and social benefits associated with the New Port Covington.
 - a. Specifically, the Parties will use an evidence-based approach to determine the appropriate model to be utilized to carry out the Parties' intent. The Parties agree to work collaboratively to identify the location, structure and operating approach of said entity that will best serve the spirit and the letter of the CBA and the Communities.
 - b. The New Entity will have the direct involvement of both the Developer and SB6 in its governance structure and operations.
 - c. The Parties agree to work in good faith to create the New Entity as soon as practicable to ensure that the spirit of this CBA is accomplished.

3. **Needs.** SB6 has identified examples of one-time, on-going, and long-term needs of the Communities, set forth in **Attachment A**, to illustrate the sort of matters it seeks to be addressed by the New Entity (the "**SB6 Priorities**"). The Developer and SB6 intend to

be flexible in their approach to ensuring that the intent of the Parties is accomplished. To that end, the Parties agree to work in good faith to structure the New Entity so as to address both the identified needs and such further needs of the Communities as are identified over time. The Parties are committed to working together to prioritize and refine those needs over the span of the development of the New Port Covington.

4. **Long-Term Funding**. The Developer agrees that as part of the process of funding the New Entity, it will be necessary to identify a renewable and sustainable funding stream, which is planned to include funds from a variety of sources that will grow with the success of the New Port Covington. The Parties acknowledge the importance of assuring the adequate funding of the New Entity to enable the New Entity to carry out the mission and vision for community benefits that the Parties devise. To that end, Developer expects to implement the following mechanisms to establish a renewable and sustainable funding stream, the intent being that the Communities will realize an increasing benefit as New Port Covington achieves success:
 - a. The Developer intends to require that each for-profit user of commercial space (such as retail or office uses) in New Port Covington be required to pay an annual amount into a designated fund. Developer expects to utilize an initial annual charge of \$0.25 per net square foot. Although such amounts will begin at a relatively low level, by the completion of the projected first phase of the New Port Covington around 2021, the annual revenues could potentially exceed \$400,000 per year, and by 2029, could potentially exceed \$1 million per year. The Parties agree to evaluate the economic feasibility of the annual per net square foot charge at the time of each bond issuance and assess whether the annual charge shall be increased or decreased, but in any event the annual charge shall be no no less than \$0.15 per net square foot. The Parties further agree that the term, “economic feasibility,” will be defined in mutually agreeable language as part of the New Entity’s organizational documents, e.g., operating agreement or as part of a separate agreement with Developer.
 - b. Following the execution of this CBA,, the Developer intends to impose a transfer fee on each sale of real property controlled by Developer in New Port Covington in an amount equivalent to 10% of the amount Baltimore City currently charges as transfer taxes. The Developer will deposit into a designated fund administered by the New Entity the Community’s share of a transfer fee that will be imposed on each sale of real property in New Port Covington.
 - c. Developer agrees that at least 66^{2/3} % of the revenues generated through the above arrangements will be devoted to the designated fund administered by the New Entity, which should generate in excess of \$19,000,000 over 20 years to the New Entity.
5. **Baseline Funding and Additional Funding**. The Developer agrees to provide the baseline funding to support the operation of the New Entity in the amount of \$10,000,000 (the “Baseline Funding”). During the first three years from the effective date of the approval of the TIF legislation by the Baltimore City Council, the Developer

commits to funding the first \$5,000,000 of the Baseline Funding. The first \$1,000,000 will be disbursed upon TIF approval, notwithstanding the condition set forth in Section 1. Subsequent to the initial TIF bond issuance, \$2,000,000 per year will be disbursed on the anniversary of TIF approval in Years Two and Three. During Years Four and Five from the effective date of TIF approval, the Developer will equally disburse the remaining \$5,000,000 of the Baseline Funding. The Parties commit to working collaboratively through the New Entity to achieve a joint goal of raising an additional \$10,000,000 (the “Additional Funding”) for the New Entity over the course of the subsequent five years.

- a. **Attachment C** lists additional commitments (the “Additional Baseline Community Commitments”) to be implemented by the Developer, describing the specific types of initiatives to be focused upon for the benefit of the identified Community Representatives, and in the amounts described therein.

6. **Representations and Warranties.** Each of the Parties represents and warrants that:

- (a) it has authority to enter into this CBA and carry out the actions and responsibilities contemplated hereunder; and

- (b) the execution, delivery, and performance by such party of this CBA has been duly authorized by all necessary corporate or other action, and this CBA is valid and binding upon, and enforceable against the party in accordance with the applicable terms hereof.

7. **Notice.** Any and all notices, requests, demands or other communications hereunder shall be deemed to have been duly given if in writing and if transmitted by hand delivery with receipt therefor, by electronic mail or facsimile delivery (with confirmation by hard copy), by overnight courier, or by registered or certified mail, return receipt requested, first class postage prepaid addressed as follows (or to such new address as the addressee of such a communication may have notified the sender thereof) (notices shall be deemed delivered and effective upon actual receipt as evidenced by written receipt or third party documentation, such as express delivery or electronic mail or facsimile confirmation, or upon refusal of receipt):

- (a) If to Developer:

Sagamore Development Company, LLC
1000 Key Highway East
Baltimore, Maryland 21230
Attn: Marc Weller

With a copy to:

Ballard Spahr LLP
300 E. Lombard Street, Suite 1800
Baltimore, MD 21202

Attn: Mark Pollak

(b) If to SB6:

Lawyers' Committee for Civil Rights Under Law
1401 New York Avenue, Suite 400
Washington, DC 20005
Attn: Diane Glauber

8. **Governing Law.** This CBA and the rights and obligations of the parties hereunder shall be governed by, and construed, interpreted and enforced in all respects in accordance with the laws of the State of Maryland.
9. **Entire Agreement.** This CBA contains the entire agreement of the parties with respect to the subject matter hereof, and any representation, inducement, promise or understanding between the parties with respect to the subject matter of this CBA that is not embodied herein shall be null and void and of no further force or effect.
10. **Amendment.** This CBA may not be modified, amended or otherwise altered except by written amendment executed by the Parties.
11. **Recording.** This CBA shall not be recorded among the land records of Baltimore City.
12. **Binding Effect.** This CBA shall be binding upon, and inure solely to the benefit of, the Parties hereto and their respective successors and their assigns, and is not intended to and does not confer rights to or impose obligations on any third parties.

[Signatures Continue on Next Page]

IN WITNESS WHEREOF, the undersigned has executed this CBA as of the day and year first above written.

DEVELOPER:

SAGAMORE DEVELOPMENT COMPANY, LLC, a Maryland limited liability company

By:  _____

Name: Marc Weller

Title: President

[Signatures Continue on Next Page]

IN WITNESS WHEREOF, the undersigned has executed this CBA as of the day and year first above written, acting on behalf of, and for the benefit of, itself and the Organizations.

SB-6 COALITION

By: 

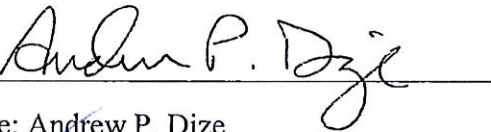
Name: Diane Ingram

Title: Corporation of C.oncerned Citizens for a Better Brooklyn

By: 

Name: Michael Middleton

Title: Cherry Hill Community Coalition

By: 

Name: Andrew P. Dize

Title: The Community of Curtis Bay Association. Inc

By: 

Name: Pamela Oliver

Title: Lakeland Community Association Partnership

By: 

Name: Ann Robinson

Title: Mt. Winans Community Association

By: 

Name: James Alston

Title: Westport Community Economic Development Corporation

ATTACHMENT A

<u>One time</u>	<u>Ongoing</u>	<u>Long Term</u>
Rec Center/community center Athletic fields Transportation plan Park and playground amenities/upgrades Greening – park plans Business incubator Swimming Pool Library Grocery store Police Substation South Paca Street Park Beautification of streets Lighting in streets and parks Infrastructure assessment Employment connection center Computers/laptops Family health center enhancements Cherry Hill Eagles	Youth Employment/Training Adult Employment/Training Educational investment fund (in school) Community shuttle/better transit Cemetery maintenance National night out against crime (annual event funding) Safe Streets program funding Community events support Development input CTE trades education funding After-school & summer programming Virtual supermarket funding Expansion of main streets programs Business recruitment for Main Streets Baltimore Guardian Angels Annual Prayer Walks BCPD Southern District Collaboration Unit	Funding for youth development Recreational programming funding and Technical Assistance Technical Assistance on housing development/senior housing Affordable housing trust Community land trusts Capacity-building of local Community Development Corporations/creation of new Community Development Corporation Employment center – trading, recruitment Funding for school health Traffic infrastructure assessment and mitigation strategies Live where you work funds Hanover Street becomes a Main Street program member

ATTACHMENT B
COMMUNITY ORGANIZATIONS

Corporation of Concerned Citizens for a Better Brooklyn

Cherry Hill Community Coalition

The Community of Curtis Bay Association, Inc.

Lakeland Community Association Partnership

Mt. Winans Community Association

Westport Neighborhood Association

ATTACHMENT C

ADDITIONAL BASELINE COMMUNITY COMMITMENTS

SB6	Amount	Description
Mobile Health	\$150,000	Mobile Community Clinic
College Scholarships	\$500,000	Scholarships
Total	\$650,000	