



Edward M. Augustus, Jr.
City Manager

CITY OF WORCESTER

cm2018aug17103457

Attachment for Item # 9.36 A

August 21, 2018

TO THE WORCESTER CITY COUNCIL

COUNCILORS:

Just over a year ago, on August 15, 2017, this Honorable Body overwhelmingly adopted a Resolution stating its support for the re-location of the Boston Red Sox' Triple A affiliated professional baseball team to Worcester, including the building of a ballpark, and you requested that I do all that is reasonably in my power to facilitate that move.

After a year of meetings, thoughtful consideration and robust negotiations I am proud to announce the exciting news that the Ballclub is indeed relocating to Worcester, pending your approval. The presence of the Red Sox' Triple A affiliate will be a monumental moment in Worcester's history; it is a transformative event for the city's economy and its residents.

But this project is more than just the construction of a ballpark and the Ballclub's relocation, because while negotiating with the team we were also reaching agreement with a developer, Madison Downtown Holdings, LLC, for a major economic development project that will support and fund the construction of the ballpark.

This project redevelops the long vacant and blighted Wyman Gordon properties along either side of Madison Street into a new neighborhood that will be the connective tissue between Downtown and the Canal District. As detailed herein, this project is a true partnership of four entities: the City of Worcester (which includes the Worcester Redevelopment Authority); the Ballclub; Madison Downtown Holdings, LLC; and the Commonwealth of Massachusetts.

I approached these negotiations guided by the fundamental principle that **no existing city tax revenue would be used to fund the ballpark construction**. I am pleased to say that, as a result of our negotiations, the project meets this principle.

The Agreement with the Ballclub

The enclosed binding Letter of Intent (LOI) presents the terms of the agreement reached between the City and the Ballclub to finance and build a state of the art Triple A ballpark.

The City and the Ballclub have agreed that the planning, design, development, and construction process shall be a cooperative, mutual endeavor in which the City and the Ballclub will work together and participate cooperatively in joint partnership in all phases of the process. The Ballclub's participation will be headed by the foremost leaders in ballpark design in the country: Larry Lucchino and Janet Marie Smith. They revolutionized the design and construction of modern ballparks, specifically urban ballparks. Their resumes include the construction of Oriole Park at Camden Yards in Baltimore, Petco Park in San Diego and the renovations to Fenway Park in Boston, which spared Fenway from the wrecking ball. They will bring their significant experience and expertise to the Worcester ballpark project.

The City of Worcester will own and construct the Ballpark and will adhere to all applicable public procurement laws in the Commonwealth of Massachusetts. The Ballclub will lease the Ballpark for an initial term of thirty (30) years as the exclusive tenant and will be responsible for all expenses associated with the operations of the ballpark. The City will procure, oversee, manage and execute the contracts with the Owner's Project Manager, the Designer and the Construction Management at Risk firm.

Construction activities are slated to commence in July 2019. The Ballclub will open its 2021 International League season in Worcester.

Ballpark Details/Uses

The ballpark will be designed with a vision to create a state-of-the art, technologically sophisticated, and entertaining ballpark, with year-round use. The ballpark will have a capacity of approximately 10,000 and include meeting rooms, restaurants, a pedestrian promenade, retail locations, suites, party rooms, and family-friendly activities. The

Ballclub will program the ballpark with at least 125 events a year which, in addition to home games will include but not be limited to large scale concerts, fireworks displays unrelated to the home games, road races, amateur sporting events, festivals and other events of a similar scope and/or nature, Collegiate/high school sporting events, fireworks and other community events. Areas of the ballpark will be accessible to the public year round and a full list of public amenities will be determined in the design of the ballpark. The ballpark will draw approximately 750,000 visitors a year.

The LOI also provides for the City's use of the ballpark for various City-sponsored, community and charitable events. These consist of the City's right to hold up to 8 revenue-generating events annually, up to 10 community-oriented days, annually, including but not limited to City-sponsored high school baseball and other sports tournaments, Little League parades, and/or district/Commonwealth championships. The City may use the ballpark as a polling location.

Per the LOI the relocated team name shall include "Worcester" and the ballpark-identifying signs and signs branding the ballpark shall feature the word "Worcester." The ballpark will be designed to incorporate the unique characteristics of the Canal District and Worcester as a whole.

The ballpark will look, feel and be – Worcester.

Community Benefits

I have a strong conviction that this publicly owned ballpark be an asset and accessible to the people of Worcester. To that end, the Ballclub has agreed to a number of civic obligations which include offering free ballpark tours to all Worcester public schools and youth-based nonprofit organizations; a Worcester School Day Ticket program for the first five years of the term whereby they will host Worcester School Days throughout the season on selected home games for which every Worcester resident in grades K-12 will receive 1 ticket, free of charge. Subject to certain restrictions, the Ballclub will allow public access to certain areas of the ballpark on a regular basis which for example may include the ability to jog or run around the concourse, climb the ballpark stairs, eat lunch overlooking the field, or use exercise stations in a designated fitness area. Other community benefit commitments made by the Ballclub are: to collaborate with local arts organizations to display local art at the ballpark, to host City-approved bike share

programs, to provide the City with access to digital signage at the ballpark for a reasonable number of municipal announcements, community recognitions and other community-oriented messaging, at no cost, and access to a suite at the ballpark. The Ballclub will also be a member of the Canal District Alliance. Furthermore, the Ballclub has agreed to give preference to hire Worcester residents, in particular, women and minorities. The Ballclub has also committed to donate a total of \$50,000 over two years to help fund the Recreation Worcester program.

Ancillary Public Infrastructure Improvements

In addition to the ballpark a slate of infrastructure, streetscape, roadway, and wayfinding improvements have been identified to properly serve the ballpark and the ancillary private development within the Canal District. The improved road infrastructure will be designed for all modes of transportation and will follow the complete streets policy. An infrastructure master plan has been completed to serve as a guide in creating a vibrant, safe and inviting district that accounts for the historical significance of the Canal District and its unique characteristics.

The Agreement with Madison Downtown Holdings, LLC

Madison Downtown Properties, LLC (“Madison”) is purchasing the Wyman Gordon properties that comprise the development parcels and the site for the ballpark. The development program outlined in the enclosed LOI between Madison and the City would not exist but for the Ballclub relocating to Worcester and the City’s construction of the ballpark would not be possible without Madison’s commitment to the development program, which is planned for two phases. Madison is committing to construct and have the phase 1 development online simultaneously with the opening of the ballpark.

Based on construction costs, Phase 1 consists of \$90 Million and approximately 450,000 square feet of development:

- \$40M - 2 hotels; approximately 250 rooms in total
- \$40M – residential; 250 market rate apartments
- \$10M - ~65k SF of retail

Phase 2 is planned for 200,000 square feet of development in total, and is projected to consist of an office building, additional residential development and added retail.

Overall, the project will create more than 500 full-time and 2,000 part-time jobs both in construction and non-construction positions related to the ballpark, the hotels, apartments, retail locations and infrastructure improvements.

Madison will convey to the City, at no cost, the Wyman Gordon parcels on the north side of Madison Street. These parcels form the basis of the ballpark parcel. In return, we have offered Tax Increment Financing (“TIF”) incentives for both hotels and a Housing Development Incentive Program (“HDIP”) Tax Increment Exemption (“TIE”) for the market rate residential development. Additionally, the agreement calls for Madison to receive \$2.5 Million in HDIP state investment tax credits and a waiver of the first \$2 Million, in the aggregate, of building permit, water connection and sewer connection fees. The details of the TIFs and TIE are as follows:

- Hotel 1 (south site) – 40% for 5 years; 35% for 5 years
- \$40M residential – 15% for 5 years, 20% for 5 years and 25% for 5 years
- Hotel 2 (north side) – 20% for 20 years

The hotel to be constructed on the southerly side of Madison Street will consist of approximately 150 rooms. It is expected to have an incremental assessed value after completion in the range of \$14 million - \$15 million. The local property tax relief through the EDIP, also referred to as Tax Increment Financing (TIF), is proposed at a 40% exemption for the first five (5) years, and a 35% exemption for five (5) years thereafter. The dollar value of the tax savings is currently estimated at \$1.9 million over the life of the TIF, while the incremental taxes to be received is currently estimated at \$3.3 million over the life of the TIF. Also, based on comparable hotels, the City expects approximately fifty (50) full-time jobs to be created at the property.

The second hotel, a boutique hotel, to be constructed on the northerly side of Madison Street, will consist of approximately 100-110 rooms. It is expected to have an incremental assessed value after completion in the range of \$11 million - \$12 million. The TIF is proposed at a 20% exemption for twenty (20) years. The dollar value of the tax savings is currently estimated at \$1.8 million over the life of the TIF, while the incremental taxes to be received is currently estimated at \$7.5 million over the life of the TIF. Based on comparable hotels, the City expects approximately thirty-five (35) full-time jobs to be created at the property.

The apartment complex, to be constructed on the southerly side of Madison Street, will consist of approximately 250 market-rate units. It is expected to have an incremental assessed value after completion in the range of \$28 million - \$30 million. The local property tax relief through the HDIP, also referred to as a Tax Increment Exemption (TIE), is proposed for a duration of fifteen (15) years, with exemptions of 15% for the first five (5) years, 20% for the second five (5) years, and 25% for the last five (5) years. The dollar value of the tax savings is currently estimated at \$1.9 million over the life of the TIE plan, while the incremental taxes to be received is currently estimated at \$9.5 million over the life of the TIE plan.

The developer has been provided a copy of the City of Worcester's TIF Policy, which extends to the both the EDIP and HDIP, and has agreed to comply with the provisions of the policy. If the attached resolutions are adopted, the developer will work with the City to submit its Certified Project applications to Commonwealth of Massachusetts' EDIP and HDIP.

Financing the Construction of the Ballpark

The project is self-supporting through the use of the District Improvement Financing program under M.G.L. c. 40Q, the lease payments from the Ballclub, a parking garage lease payment from Madison, new parking revenues and advertising revenues. The City's Pro Forma conservatively relies only on the Phase 1 development revenues; it does not anticipate the revenues that will be generated by Phase 2.

Financial Details

- The ballpark and Phase 1 Development Initiative totals more than \$208.5M in development based on construction costs:
 - \$86M ballpark
 - \$32.5M infrastructure (not including additional State infrastructure investments such as Kelley Square)
 - \$40M 2 hotels
 - \$40M residential
 - \$10M 65k SF of retail
- The ballpark is budgeted to cost approximately \$86-\$90M which includes the design, construction and outfitting of the ballpark.
- The City will request authorization to borrow \$100,840,000: \$70,620,000 in Series A general obligations bonds for the cost of the ballpark, land acquisition, culvert work, capitalized interest and borrowing costs; and \$30,220,000 in Series B general obligation bonds, which will be covered by the Club's annual rent payment. The bonds will be paid back over 30 years.

- The City will create a District Improvement Financing (DIF) area around the ballpark to capture new revenue created by the project. New revenue within the boundaries of the DIF will be used to pay back the bond.
- The Ballclub will make an equity contribution of \$6 Million.
- The Ballclub will retain all revenues from the operation of the ballpark including but not limited to tickets (with exception of a facility fee which the Ballclub will collect and accrue in a Capital Fund), concessions, liquor and pouring revenues, branding rights, premium seating, broadcast rights, merchandise and naming rights.

Advertising revenues in the Ballpark District, with the exception of the ballpark parcel, will be distributed equally between City and Ball Club, net of a 15% commission.

At a future date, I will submit to Council a request to designate a development district and adopt a development program in accordance with Chapter 40Q. A map depicting what will be proposed for a District Improvement Financing (DIF) district is in enclosed.

Pro Forma Overview

The construction of the ballpark is designed to be self-supporting. The City will create a District Improvement Financing (DIF) area around the ballpark to capture new revenue created by the project. New revenue within the boundaries of the DIF will be used to pay back the bond. For example, the City's Pro Forma calculates the following new revenue for year 2022, the first year of full debt service payments:

<i>Sources</i>	<i>Amount</i>
Ballpark Taxes	\$ 147,167.00
Parking Revenue	\$ 845,650.00
LF Boutique Hotel & Retail Taxes	\$ 313,060.00
WG South Hotel, Apartments & Retail Taxes	\$ 1,628,067.00
Personal Property Tax	\$ 11,526.00
Use and Occupancy Tax	\$ 571,388.00
Advertising	\$ 156,000.00
8 City Revenue Events	\$ 40,000.00
<i>Source Total</i>	\$ 3,712,858.00
<i>Uses</i>	<i>Amount</i>
Debt Service	\$ 2,733,000.00
Operating Costs	\$ 96,920.00
5% contingency	\$ 141,496.00
<i>Use Total</i>	\$ 2,971,416.00
Surplus	\$ 741,442.00

In 2022, the City will owe \$2,971,416 towards the bond payment and operating costs for the ballpark. Therefore, in 2022, the City is estimating a surplus of \$741,442 which includes a 5% contingency. (The sources and uses will fluctuate from year to year.)

The Commonwealth's Support and Participation

The Commonwealth has been a true partner every step of the way and we cannot thank the administration enough for its generosity and critical financial support to this project. The Commonwealth will commit \$35M over the next 2-3 years, which will support new market rate housing through the Housing Development Incentive Program (HDIP) and leverage MassWorks for the construction of a new 350-500 space parking garage that supports all of the investment happening in the Canal District. In addition, MassDOT is working with the City to improve the transportation infrastructure in the area such as redesigning and reconstructing Kelley Square for the benefit of all Worcester residents.

The projected new State revenues for the ballpark is approximately \$2M annually, growing at 2% (not including other development):

- Food, Beverage and Hotel/Motel Tax = \$517K (net of any lost revenues from other hotels/motels)
- Transit Occupancy Tax = \$85K (also net)
- Income Tax, non-baseball = \$150K
- Income Tax, baseball = \$1.2M

Future Actions

The economic development department is working with BSC Group to amend the Downtown Urban Revitalization Plan to expand its boundary and identify strategic parcels for acquisition necessary for the project and for future development opportunities. A map depicting the proposed amended boundary and parcels is enclosed for your information. In the near future, the WRA will commence the formal process to amend the Plan.

To properly manage this project and the overall urban revitalization plan, I am requesting the creation of a Special Project Coordinator position in the Executive Office of Economic Development that will be funded from a previously approved loan order.

In conjunction with certain aspects of the infrastructure improvements the City will need to acquire additional right-of-way; those items will be submitted to Council at a later date. Furthermore, given the scope and complexity of the overall project we will continue to explore any and all avenues of funding sources in addition to the loan order I am requesting today.

Action Items/Requested Votes

The commencement of this project requires certain actions and votes be taken by the Council. The following is a list of the items that I respectfully ask be approved by this Honorable Body:

- An Order Expressing Support for the Relocation of the Ballclub to Worcester and authorizing the City Manager, among other things:
 - To accept on behalf of the City Project-related grants, gifts and in-kind contributions and implement any such Project-related grant, gift or contribution awarded to the City of Worcester in accordance with any restrictions that may be placed upon any such grant, gift or in-kind contribution.
 - To approve the precise location of the South Site Parking Garage by approving a metes and bounds description of the site of the parking garage.
 - To accept the conveyance of a parcel of land on the South parcel of the development site sufficient for the construction by the City of a public parking garage.
 - To lease to Madison Downtown Holdings, LLC, or its nominee a parking garage to be constructed and located on the South Parcel of the development site
 - To enter into leases involving any element of the Project to be leased by the City either as lessee or lessor including leases with terms up to 30 years.
- A Loan Authorization Order in the amount of One Hundred Million Eight Hundred Forty Thousand Dollars (\$100,840,000.00) for the construction of the Ballpark, land acquisitions, capitalized interest, and any and all other costs incidental and related thereto.

- An Ordinance Amending the Table of Organization for the Executive Office of Economic Development
- An Ordinance Waiving the Collective First Two Million Dollars (\$2,000,000.00) of Building Permit, Water Connection and Sewer Connection Fees for Madison Downtown Holdings, LLC, or its nominee
- Orders Approving Two TIFs and a TIE for Madison Downtown Holdings, LLC, or its nominee

This summarizes the results of the negotiations and project scope based on current information; and subject to the approvals of the City Council and the International League and Minor League Baseball, along with public input and comment. During the due diligence process, specific details may change such as the number of hotel rooms, parking spaces, square footage, etc. The project is premised on the concept that the development will be self-supporting; that will not change. The development costs and revenue streams identified are interconnected and codependent.

Respectfully submitted,

A handwritten signature in black ink, reading "Edward M. Augustus, Jr." in a cursive script.

Edward M. Augustus, Jr.
City Manager

Worcester Ballpark Letter of Intent

This Worcester Ballpark Letter of Intent (the "Letter of Intent") is made and entered into as of the 17th day of August, 2018 (the "Effective Date") by and between the City of Worcester (the "City") and the Pawtucket Red Sox Baseball Club, LLC (the "Team," and, together with the City, the "Parties"). Once executed, this Letter of Intent shall constitute a binding agreement of the Parties effective as of the Effective Date, subject to the conditions set forth herein.

The Parties shall negotiate in good faith to conclude and execute a definitive lease agreement between the Parties (the "Lease"), which shall incorporate the terms of this Letter of Intent, and other definitive documentation required hereunder, no later than December 1, 2018, with each Party using all reasonable efforts to complete before that date; provided that the failure to agree upon such documentation by such time, unless that date is extended in writing by the Parties, shall not void this Letter of Intent, which shall then be implemented by each Party in good faith.

Introduction

The Parties have determined that their interests are best served by the design, construction, and operation of a new, multi-purpose, publicly owned, state of the art Triple-A ballpark in downtown Worcester, Massachusetts (the "Ballpark") to serve as the home ballpark of the Triple-A affiliated professional baseball franchise operated by the Team and to provide affordable family entertainment. As used in this Letter of Intent, the City shall be deemed to include any Team-approved assignee or nominee of the City; provided that the Team hereby approves the City's assignment of any of its obligations in this Letter of Intent to the Worcester Redevelopment Authority ("WRA").

The Ballpark will be designed for year-round use for professional baseball and other sporting activities (collegiate, scholastic, and amateur) and community and cultural uses and events, including, but not limited to, charitable events, high school and collegiate sports, and concerts, as programmed and scheduled by the Team, plus access by the general public in a manner to which the Parties shall agree (collectively, the "Ballpark Uses").

The Ballpark and the Ballpark Parcel (the "Ballpark Parcel," as shown in Schedule A) will be developed through a public/private financing plan between the City and the Team (the "Project") and will be complemented by the development of nearby and adjacent land (the "Development") to be undertaken by a third party developer (the "Developer") in a manner generally consistent with a master plan undertaken by the City, Team, and Developer (the "Master Plan"), which is referenced and incorporated into this Letter of Intent as Schedule B, and in conjunction with certain urban revitalization actions to be taken by the City and the WRA, including, without limitation, the adoption of an amendment to the WRA's Downtown Urban Revitalization Plan.

1. Ballpark Financing Plan

The Team has estimated that the Ballpark will cost between \$86,000,000 and \$90,000,000 (the "Cost Estimate") to plan, design, construct, and outfit (the "Ballpark Design and Construction Costs," some of which are specified in Schedule C). No later than six (6) months after the Effective Date, the Parties shall finalize the Cost Estimate. The Ballpark shall be acceptable to the City and the Team, and shall be planned, designed, constructed, and outfitted in

conformity with Rule 58 of the Major League Rules, and the accompanying Attachment 58 for Minor League Facility Standards and Compliance Inspection Procedures, as they may be amended from time to time (the “Rules”). The Team represents that the Cost Estimate is based on the costs to plan, design, construct, and outfit a state of the art ballpark that is at least comparable to Triple-A ballparks recently built in El Paso, Charlotte, and Columbus (the “Comparable Facilities”) and that complies with the Rules.

The intent of the Parties is that the Ballpark Design and Construction Costs will be paid for through a combination of Team cash and/or in-kind contributions, rent paid by the Team, tax proceeds generated by the Project and the Development, and proceeds from City Events, parking, and advertising in and around the Ballpark Parcel. In addition to Team cash contributions of \$6,000,000 (the “Team Equity Contribution”), the City will issue general obligation bonds resulting in net proceeds (inclusive of investment earnings) as provided in Schedule D. The Team Rent (defined in Section 7) will pay for the debt service on the Series B Bonds, and all City revenue sources listed above will pay for the debt service on the Series A Bonds. A summary of the Project’s anticipated sources and uses, and the timing of the various sources, is provided in Schedule D.

The Parties will endeavor to keep the City’s responsibilities for Ballpark Design and Construction Costs as low as reasonably possible, to complete the Ballpark on the schedule to which the Parties have agreed, and to finance the Ballpark with the lowest possible cost of capital for all Parties; provided that any borrowing completed by the City shall be completed only in accordance with the City’s overall borrowing and debt strategy. The Team shall fully participate in the pricing of the Series B Bonds and shall have the right to approve the interest rate and terms on the Series B Bonds.

**2. Ballpark and
Ballpark Parcel
Ownership**

The Ballpark and the Ballpark Parcel will be owned by the City; provided that the Team shall retain ownership of certain personal property it purchases (“Team FF&E,” examples of which are provided in Schedule C). In the event that the Team purchases additional Team FF&E or a third party purchases items for the Ballpark, at its or their own expense, the Team or the third party shall retain ownership thereof; provided that the City shall have the right to approve the installation of any permanent fixtures to the Ballpark.

The Team shall retain the right to grant to its lenders a security interest in Team FF&E and a collateral assignment of its leasehold interest in the Ballpark and the Ballpark Parcel. The City agrees to evidence its consent thereto in writing and agrees to cause any mortgagee of the City specifically to acknowledge the rights of the Team’s lenders (including the right of the Team’s lenders to succeed to the Team’s interest under the Lease upon a foreclosure or deed-in-lieu of foreclosure of the leasehold mortgage) and, upon request of the Team’s lenders, to execute and deliver a landlord’s waiver, and to cause any such mortgagee to execute and deliver a mortgagee’s waiver, each in customary form for secured transactions of this type; provided that in no event shall the City’s interest as landlord under the Lease or the City’s fee interest in the Ballpark Parcel be subordinated to any such security interest or leasehold mortgage. For so long as the Team is in

material default under the terms of the Lease (beyond the applicable cure period), the City shall have the right to approve cash distributions to the Team's owners, other than distributions for tax liabilities of the owners or lender obligations. Such right shall terminate upon remedying the underlying material default.

**3. Ballpark Design,
Construction
Management, and
Cost Overruns**

Parties' Rights and Responsibilities

The City and the Team agree that the planning, design, development, and construction process shall be a cooperative, mutual endeavor in which the City and the Team will work together and participate cooperatively in joint partnership in all phases of the process. The Team, as the Party with experience in planning, designing, developing, and constructing baseball parks in urban environments, will take the lead in directing the development of the Ballpark Design Plan (defined below). The Ballpark Design Plan shall, at all stages of design, be subject to the review and approval of the Team, and such approval may be withheld in the Team's sole discretion. The Ballpark Design Plan shall be subject to the concurrence of the City. The architect of the Ballpark (the "Designer"), in full cooperation with the Team, shall prepare the Ballpark Design Plan and specifications, site elevations, and overall program for the Ballpark. The City, as the owner of the Ballpark Parcel, shall procure and retain the Designer, as well as the owner's project manager ("OPM") and the construction manager at risk ("CM") (all three of which will be referred to, collectively, as the "Ballpark Delivery Team"), and shall thereafter oversee, manage, and execute the contracts with the Ballpark Delivery Team which shall perform and implement the planning, design and construction of the Ballpark.

Procurement of the Ballpark Delivery Team

The Parties agree that in order to be considered responsive, responsible, and eligible, the members of the Ballpark Delivery Team must have relevant experience, which experience shall be set forth in the procurement documents. The Parties agree that during the procurement process for the Ballpark Delivery Team, the City may host one or more site visits so that interested and qualified proposers will be able to tour the Ballpark Parcel and ask questions of the Parties.

The Parties acknowledge that time is of the essence with respect to the planning, design, and construction of the Project and the Development. The Parties therefore agree that in order to meet this schedule, they will endeavor to create draft agreements acceptable to both the City and the Team for the Ballpark Delivery Team so that unresolvable issues will not resurface after award. The draft agreements will be included in the procurement documents in order to expedite contract signing after the selection of the Ballpark Delivery Team.

The Team's role in the Project shall be included in the procurement documents published by the City, which shall be subject to the Team's prior approval and shall include the Team's full participation. The Team will have the right to participate in each stage of the procurement process, to the maximum extent permitted under the applicable Commonwealth of

Massachusetts (“Commonwealth”) public procurement laws, including, but not limited to, the following:

1. Development of all Requests for Qualifications and Requests for Proposals;
2. Recommendations related to the public notice and advertisement process;
3. Participation in proposer interviews, including the preparation of questions and topics for discussion, and post-interview assessments of responsiveness and ability of all proposers;
4. Development of criteria for selection of Ballpark Delivery Team; and
5. Participation in the drafting of contracts for Ballpark Delivery Team.

The City shall award contracts for the Ballpark Delivery Team based on criteria of responsiveness, responsibility, and eligibility in accordance with the approved procurement documents.

In recognition of the need to expedite the Project, the City will provide, without additional cost to the Team, a sufficient amount of staff to review, process, and expedite all Ballpark and Development design and construction activities and permit applications (the “City Staff”). The City agrees to use its City Staff to facilitate the application process for the Ballpark Delivery Team procurement and to efficiently and effectively procure the Ballpark Delivery Team.

Ballpark Design Plan: Furniture, Fixtures, Appointments, and Equipment

The Team, in collaboration with the City, will take the lead in developing the design plan for the Ballpark, including site plan and massing, seating configurations, materials and elevations, specifications, and furniture, fixtures, appointments, and equipment (“FF&E”) for the Ballpark (which are part of the Cost Estimate, but do not include Team FF&E, examples of which are provided in Schedule C) in collaboration with the City, the TPM (defined in Schedule D), and the Ballpark Delivery Team (the “Ballpark Design Plan”). The Parties to agree to work collaboratively to reduce the amount of soil necessary for the Ballpark, consistent with the Parties’ intent to deliver a first class Ballpark as set forth in this Letter of Intent.

The Ballpark Design Plan shall also include the style, design, and materials for the Ballpark as well as all FF&E. The Ballpark Design Plan shall provide for the Ballpark to be a state of the art Triple-A facility that is consistent with or exceeds the quality standards of Comparable Facilities (the “Comparable Facilities Standard”) and shall conform to the Rules.

FF&E, including any FF&E that may be paid for by the Team, but excluding Team FF&E, shall meet or exceed the Comparable Facilities Standard and shall be considered a part of the Ballpark. The Team shall have the right to select and purchase, in its sole discretion and at its sole cost and expense, Team FF&E, and shall install all Team FF&E that is susceptible to installation in the Ballpark at its expense.

Ballpark Design and Construction Costs Overruns and Savings

Subject to the payment of Team Rent and the Team’s delivery of the Team Equity Contribution, the City shall be responsible for all Ballpark Design and

Construction Costs up to the Cost Estimate. The Parties agree that the contract with the CM will provide for the negotiation of a Guaranteed Maximum Price (“GMP”) consistent with the Cost Estimate in a timely fashion, and that the GMP shall be subject to prior approval of the Team.

The Team will be responsible for all Ballpark Design and Construction Costs that are in excess of the Cost Estimate, except for those that are caused indirectly or directly by the delay or negligence of, or failure to act by, the City or its representatives, including the failure to comply with the applicable Commonwealth public procurement laws, for which the City shall be solely responsible; provided that neither the City nor the Team shall be responsible for certain force majeure events to be defined in the Lease.

The Parties agree that the Mill Brook Drainage Conduit (the “Conduit”) will not be relocated due to time and expense. The Parties will share equally, up to a total of \$4,000,000, any Ballpark Design and Construction Costs in excess of \$86,000,000 that the Parties determine to be attributable to the presence and location of the Conduit (the “Conduit Costs”), including but not limited to actual construction costs and negotiated CM markups within the GMP contract. The Parties shall consult with the CM regarding the Conduit Costs. If the Parties disagree with the CM’s accounting of conduit Costs or any matter related thereto, the Parties shall retain an “Independent Cost Estimator” to provide a final, binding opinion and/or estimate on the matter.

In the event that Ballpark Design and Construction Costs are less than the Cost Estimate, the difference between the Cost Estimate and the actual and accounted for Ballpark Design and Construction Costs shall be deposited in the City Capital Fund (defined in Section 12).

**4. Ballpark Parcel;
Ballpark
Entitlement; Land
Acquisition**

The City shall contract with the CM pursuant to the processes outlined in Section 3. The CM shall construct the Ballpark on the Ballpark Parcel, which the City agrees to acquire at its own expense. The City shall be responsible, at its sole cost and expense, for the zoning of the Ballpark Parcel and entitlement of the Project, including any changes to the WRA’s Downtown Urban Revitalization Plan and filings with the Commonwealth that may be required, to be completed no later than the date necessary to support the milestones set forth in Section 25. The City shall be responsible for the timely issuance of building permits for the Ballpark, the costs of which are included in the Cost Estimate. The Team agrees to cooperate with the zoning process for the Ballpark Parcel, the entitlement processes for the Project, the acquisition of the Ballpark Parcel, and the completion of the Infrastructure Improvements to support the Project and the Development.

The Team shall be permitted to use the Ballpark Parcel for the Ballpark and for certain other uses consistent with Ballpark Uses, including retail and restaurant uses (which uses shall be considered Ballpark Uses).

The Team shall be permitted to use the portion of Summit Street located between Ash Street and Plymouth Street (as proposed in the Master Plan) as an “inside the Ballpark” street fair promenade in connection with all Home Games and Ballpark Events anticipated to attract 1,000 attendees or more by placing turnstiles at either end of the street along the portion of the street

adjacent the Ballpark. During these times, all vending on the street shall be controlled by the Team. The City shall cooperate with the Team in barricading either end of the street, as contemplated herein. Such use of Summit Street shall be detailed in and subject to the terms of the Annual Permit (defined in Section 9) and shall be subject to the Team's agreement to make reasonable accommodation to abutters.

5. Parking

In cooperation with the Developer, the City shall construct a partially underground parking garage aimed at maximizing available parking, but with a total of no fewer than 350 spaces (the "Parking Garage") on the southerly side of Madison Street consistent with the Master Plan, which construction shall be completed no later than the Beneficial Occupancy Deadline (defined in Section 25). The City represents that a portion of the Parking Garage shall be available for attendees of Ballpark Events (defined in Section 9) and to the members of the general public and that the City's agreement with the Developer will require the Developer to reach agreement with the Team regarding the use of the Parking Garage for all Home Games (defined in Section 9(i)) and certain Ballpark Events. The Parties agree to continue exploring various sources of additional parking spaces on the southerly side of Madison Street.

The Team represents that it intends to enter into an agreement with the Developer to lease all or part of the Parking Garage for parking for all Home Games and certain Ballpark Events.

The Parties agree to work cooperatively to maximize parking availability within the Ballpark District (as shown in Schedule A). The City also agrees to work cooperatively with the Team to identify location(s) proximate to the Ballpark to accommodate approximately fifty (50) spaces for buses bringing patrons to Ballpark Events in the most cost effective manner practicable for such patrons.

The Parties further agree that parking on the Ballpark Parcel and other parking on the land associated with the Left Field Building (defined in Section 6) and within the Ballpark District that is north of the Ballpark Parcel, as contemplated in the Master Plan (collectively, the "Ballpark Parcel Parking"), are of fundamental importance and critical to the successful operation of the Ballpark. The Ballpark Parcel Parking is intended to service Team players and coaches, media, Team employees, and premium guests such as those in suites, club seats, or dugout seats, and/or key sponsors. The cost of constructing the Ballpark Parcel Parking shall be allocated as the Parties may agree; provided that the cost of constructing any surface parking on the Ballpark Parcel (similar to the forty (40) spaces contemplated in the Master Plan) shall be included in the Ballpark Design and Construction Costs. The Parties endorse a shared goal of providing approximately 300 spaces for Ballpark Parcel Parking and agree to continue exploring various sources of additional spaces and funding for the Ballpark Parcel Parking, including but not limited to evaluating the viability of a garage below the Left Field Building.

6. Left Field Building

The Ballpark Design Plan shall account for a building to be constructed immediately behind the left field wall of the Ballpark (the "Left Field Building") consistent with Master Plan.

The Team represents that it is contemplating an agreement with the Developer to participate in the Left Field Building planning, design, and construction processes, to lease part of the Left Field Building during the Term, and to acquire rights to revenues from advertising on the exterior of the Left Field Building. From and after the Effective Date, the Parties agree to work cooperatively with the Developer on the development of the Left Field Building and the coordination of the use of the Left Field Building and the Project in every respect.

7. Ballpark Term and Team Rent; Pre-Lease Term

The City will lease the Ballpark and the Ballpark Parcel to the Team for a term of thirty (30) years (the "Term") beginning on the Beneficial Occupancy Deadline and ending on the thirtieth (30th) anniversary of such date, unless the Term is extended. The Team will have two (2) options to extend the Term by five (5) years. No later than the end of the twentieth (20th) year of the Term, the Parties shall enter into good faith negotiations to extend the Term and to negotiate a fair market rental for the final two (2) years of the Term and for any option or other extension of the Term (the "Extension Negotiation"); provided that neither Party shall be obligated to enter into such a Term extension by virtue of this provision.

The Team will pay to the City annual rent ("Team Rent") in an amount equal to the debt service on the Series B Bonds for the corresponding year; provided that the Team Rent for the final two years of the Term and for any extension term shall be equal to the agreed-upon fair market value. Team Rent will be paid in twelve (12) equal monthly installments, in advance, not later than the fifteenth (15th) day of each month during the Term.

The Parties also agree that there will be a pre-Lease term ("Pre-Lease Term") which shall begin on the Effective Date and shall end one (1) day prior to the Beneficial Occupancy Deadline, during which period the Parties shall have certain rights and obligations as shall be set forth in the Lease. During the Pre-Lease Term, the Team shall not have the right to occupy the Ballpark Parcel but shall have access to the Ballpark Parcel for the purpose of selling corporate sponsorships, making site visits, giving site tours to potential corporate partners, other sponsors, and season ticket holders, and related activities; provided that no such access shall interfere with construction activities on the Ballpark Parcel.

The Team shall pay to the City \$1.00 each year, in arrears, for the duration of the Pre-Lease Term. In addition, as a gesture of the Team's good faith commitment to the local community, the Team or, at the Team's option, its affiliated charitable foundation shall make donations of \$25,000 each to Recreation Worcester by no later than December 31, 2019 and December 31, 2020.

8. Ballpark Operations, Revenues, and Expenses

The Team will be the exclusive tenant and operator of the Ballpark and the Ballpark Parcel during the Term and shall have the exclusive right to use the Ballpark, except with respect to City Events (defined in Section 10) and other uses approved by the City as provided in Section 10; provided that the Team shall have the exclusive right to contract for all Ballpark Uses. The Team's exclusive right to operate the Ballpark and the Ballpark Parcel includes, without limitation, the right to set Ballpark Event ticket prices (except when ticket prices are set by a third party for certain Community Days, as provided in Section 10(ii)); allocate the seating inventory, including general admission and premium seating; make Additional Improvements (defined in Section 13); and execute Ballpark Events.

The Team shall retain all revenues from the operation of the Ballpark and the Ballpark Parcel, including but not limited to the sale of Ballpark Event tickets, concessions, liquor and pouring rights, revenues derived from the sale of branding rights, premium seating, broadcasting rights, merchandise, games and contests, events, rental fees, and Corporate Partner Agreements (defined in Section 18), except with respect to: (i) revenues from tickets, branding rights, premium seating, broadcasting rights, games, and contests derived from the conduct of City Events as provided in Section 10; and (ii) any payment made to the City as part of an agreement with an additional college baseball team to use the Ballpark as a home field as set forth in Section 9.

The Team shall be responsible for all expenses associated with the operation of the Ballpark and the Ballpark Parcel ("Operating Expenses"), specifically including, without limitation, all police, fire, security, and utilities costs associated with operation of the Ballpark and the Ballpark Parcel, except as otherwise provided in this Section 8 or in Section 10 with respect to City Events and with respect to the administrative costs associated with Worcester police details.

The City represents that on-site Worcester Fire Department presence will be required in connection with pyrotechnic displays on the Ballpark Parcel, in the form of a complement of one (1) fire prevention lieutenant, present from delivery of fireworks until the fireworks are set off, and one (1) Fire Department official and two (2) Fire Department officers, present for the duration of the display (collectively, the "Required Fire Complement"). The City represents and warrants that the Required Fire Complement shall not increase during the first ten (10) years of the Term, subject to changes to applicable law; provided that if the law does change during that period, the Parties shall discuss an equitable allocation of the incremental costs associated therewith.

In the event that the Infrastructure Improvements (defined in Section 19) necessitate a materially greater police presence around the Ballpark for traffic and crowd control than what is anticipated at the time the Lease is executed, the Parties shall discuss an equitable allocation of the incremental costs associated therewith.

The Parties agree to consider purchasing a covering (similar to Terraplas) to cover and protect the grass, infield, and dirt warning track of the baseball

field within the Ballpark (the "Playing Field") from damage caused by non-baseball Ballpark Events.

Throughout the Term, the City agrees to remove snow from the public ways and public sidewalks adjacent to the Ballpark Parcel and the Parties will work together to identify economies and shared expenses to reduce Operating Expenses, including any opportunities to participate in any City "bulk buy" programs for the procurement of police, fire, security, trash removal, snow removal, and other City-offered services. The City shall waive all administrative fees associated with the provision of Worcester police details located outside of the Ballpark.

**9. Ballpark
Programming and
Events**

Subject to compliance with applicable law, the Parties acknowledge that operations on the Ballpark Parcel will require the issuance of licenses and permits for vending, liquor, and events. The Parties acknowledge that some portions of the Ballpark, the Ballpark Parcel, and other Ballpark-related activities that are proposed for the Ballpark District and the Left Field Building, such as a diner, market, restaurants, and/or retail locations, are intended to operate year round during "normal business hours" and as such may have a separate license and permit so as to increase activity and presence in the downtown environment.

The Team plans to keep the Ballpark as active as possible on a year-round basis and to program the Ballpark with not fewer than one hundred twenty-five (125) events at the Ballpark or on the Ballpark Parcel ("Ballpark Events") per year, including but not limited to:

- (i) Team Triple-A baseball home games at the Ballpark, including regular and postseason games, as scheduled by the International League (the "Home Games"), except as provided in Section 22;
- (ii) Large-scale (i.e., aimed at attracting more than 6,000 attendees) concerts;
- (iii) Two (2) fireworks displays to occur on occasions unrelated to the Home Games, with the fireworks being set off from a location on the Ballpark Parcel reasonably acceptable to the Team;
- (iv) Three (3) road races beginning and/or ending at the Ballpark;
- (v) Amateur sporting events;
- (vi) Festivals; and
- (vii) Other events of a similar scope and/or nature.

In addition, the Team shall use commercially reasonable efforts to conduct no fewer than eighty (80) Ballpark Events per year which shall be intended to attract 6,000 or more visitors; provided that the Team shall be credited with such a Ballpark Event in the event a Home Game is cancelled and not made up at the Ballpark.

To the maximum extent permitted by law, the City shall approve of all Ballpark Events through one (1) annual omnibus permit/license (the "Annual Permit") to be applied for not later than March 1 of each year (the "Permit").

Application Deadline”), and shall expedite such process and such application for the duration of the Term. The Team shall be permitted to submit amendments or modifications to the Annual Permit from time to time during the year. The Team shall also be permitted to submit individual requests in advance of the Permit Application Deadline, to which the City shall promptly respond, as a part of the relevant year’s Annual Permit.

The City Staff will assist the Team with all Ballpark Events, permitting, and related municipal needs associated with operating the Ballpark and the Ballpark Parcel. As provided in Section 3, the City Staff shall be provided at no additional cost to the Team.

The City represents that all Ballpark Uses as contemplated herein shall be permissible under applicable zoning laws. The Team shall be entitled to all “grandfather” protections, to the extent allowed under applicable law, regarding such zoning laws for the duration of the Term.

The Team agrees to take reasonable steps to control crowds at all Ballpark Events and to use reasonable efforts to mitigate light and noise emanating from all Ballpark Events, however, the Parties acknowledge it may be impossible to eliminate noise emanating from concerts at the Ballpark.

The City agrees to work cooperatively with the Team and, subject to applicable law, to issue such licenses and permits as may be necessary to allow the Team to host the Triple-A All-Star Game and the Triple-A National Championship Game as soon as possible during the Term and as often during the Term thereafter as the Team requests.

The Team will use commercially reasonable efforts to accommodate City, district, and Commonwealth championship events and local collegiate and high school teams at the Ballpark, it being understood that the Team’s International League game schedule and certain other previously scheduled Ballpark Events will have first priority over all City Events (defined in Section 10).

The Team may in its sole discretion enter into an agreement to permit one (1) college baseball team to use the Ballpark as a home field, and to collect any rental or in-kind payments therefrom. In addition, the Team may permit additional teams to use the Ballpark as a home field; provided that the City approves of such arrangement and the Parties share any rental payments therefrom.

The City acknowledges and agrees that no college, amateur (but not including high school, American Legion, Babe Ruth, or similar level teams), or professional baseball team shall be permitted to play at the Ballpark without the prior consent of the Team.

10. City Events

It is the intention of the Team to utilize the Ballpark as a hub for the local community. The Ballpark shall be opened, subject to availability, for various City-sponsored, community, and charitable events (collectively, the “City Events”) which shall consist of the following:

- (i) The Team shall host up to eight (8) City revenue-generating events at the Ballpark annually (the “City Revenue Events”); provided that no

more than four (4) City Revenue Events shall occur during the Team's Triple-A season each year unless otherwise agreed to by the Team. The Team shall license to the City the use of the Ballpark for each City Revenue Event and shall waive its standard rental fee; provided that the Team shall retain the exclusive right to sell food, beverages, and merchandise in the Ballpark, and to retain all revenues from such food, beverage, and merchandise sales for City Revenue Events. City Revenue Events must be ticketed and shall be subject to the Facility Fee.

- (ii) Subject to Team approval, the Team shall host and shall license to the City (or one or more third parties designated by the City and approved in advance by the Team) the use of the Ballpark for no more than ten (10) community-oriented days at the Ballpark annually, including but not limited to City-sponsored high school baseball and other sports tournaments, Little League parades, and/or district/Commonwealth championships (the "Community Days"), the sponsor of which may charge admission fees, which fees shall be subject to the Facility Fee. The Team shall waive its standard rental fee for Community Days; provided that the Team shall retain the exclusive right to sell food, beverages, and merchandise in the Ballpark, and to retain all revenues from food, beverage, and merchandise sales during Community Days. In no event shall a City Revenue Event also be a Community Day. Community Days may or may not be ticketed; provided that, if a Community Day is ticketed, such tickets shall be subject to the Facility Fee.
- (iii) Subject to Team approval, the City shall have access to conference room space from time to time at the Ballpark for City meetings of not more than twenty-five (25) people at a time. The Team will waive its standard rental fee and the City shall pay for all catering and cleaning costs for these meetings.
- (iv) Subject to Team approval, the City shall have access to the Ballpark on not more than fifteen (15) occasions per year on behalf of certain civic and public organizations for meetings. The Team will waive its standard rental fee for any such meetings it accommodates, but shall charge the user of such meetings for all catering and cleaning costs.
- (v) The City may use certain areas of the Ballpark on not more than five (5) occasions per year as a public polling location. The Team will waive its standard rental fee for these accommodations, provided that the City shall pay for all cleaning costs for such use.

The City or its nominee shall be entitled to all revenues from City Revenue Events, except as specifically provided above, and shall be responsible for all Routine Maintenance (defined in Section 11), including but not limited to cleaning, police, fire, security, EMT, and other Operating Expenses related to the City Events. The City or its designee, as permitted herein, shall reasonably restore the Ballpark to the condition it was in immediately prior to use by the City or its designee. No signage on the exterior or interior of the Ballpark may be covered or obstructed during City Revenue Events without the prior consent of the Team. Any advertising or sponsorships for City

Revenue Events shall comply with the Team's existing advertising and sponsorship exclusivity arrangements.

The Team reserves the right to condition, modify, delay, postpone, or cancel any City Event without penalty as may reasonably be required to protect the Playing Field; provided that the Team shall use the same standard with respect to City Events as it uses for Ballpark Events; and provided further that conditions, modifications, delays, postponements, or cancellations of City Events following their initial approval shall only be made based on changed circumstances documented by the Team. The Team shall use its reasonable efforts to provide advance notice of any such decision to the City.

In addition, the Team reserves the right to delay, postpone, or cancel any City Event, but not a City Revenue Event, in order to host a Ballpark Event reasonably expected to have greater attendance than the affected City Event. The Team shall provide the City with no less than forty-five (45) days' notice prior to the scheduled date of the City Event.

No access to the infield portion of the Playing Field shall be permitted for any City Event without the prior consent of the Team.

11. Ballpark Routine Maintenance

Throughout the Term and except as otherwise expressly provided in Section 10 or this Section 11, the Team shall be responsible for all Routine Maintenance for the Ballpark, including the Playing Field, and the Ballpark Parcel. "Routine Maintenance" means those ordinary cleaning, maintenance, and repair services (i) that are reasonably necessary to keep the Ballpark in first class, good working condition, including the maintenance and repair of the Playing Field, (ii) that are ordinary and recurring expenses for current repair and maintenance that do not improve an asset or add to its useful life, and (iii) that are not Operating Expenses (defined in Section 8) or Capital Repairs and Improvements (defined in Section 12). Neither the Capital Fund nor the City Capital Fund shall be used to fund Routine Maintenance.

The City shall have no responsibility for any Routine Maintenance except as related to City Events. In the event that the City uses the Ballpark or authorizes its use (subject to Team approval, as provided in Section 10), in whole or in part, for those purposes, the City shall be responsible for completing all Routine Maintenance to reasonably restore the Ballpark to the condition it was in immediately prior to the time of City use. To the extent that the Team incurs costs or expenses to maintain or repair the Ballpark as a direct result of the City or its designee's use of the Ballpark, the City shall reimburse the Team for all actual incremental, out-of-pocket costs and expenses associated therewith in a timely manner upon invoice; provided that the Team shall notify the City prior to making any such expenditure, except in the event of an emergency.

12. Ballpark Capital Repairs and Improvements Fund

The Parties acknowledge that, during the Term, certain capital repairs and improvements will be necessary to maintain the Ballpark, to preserve the condition, structural integrity, safety, or functionality of the Ballpark, to extend the useful life of the Ballpark, to address physical obsolescence of the Ballpark, to bring the Ballpark into compliance with the Rules, or to bring the

Ballpark in accordance with the current state of the art consistent with the Comparable Facilities Standard, as such may evolve over time (collectively, the “Capital Repairs and Improvements”). “Capital Repairs and Improvements” shall include those capital repairs and improvements involving all expenditures in excess of an amount to be determined by the Ballpark Capital Committee which extend the useful life longer than one (1) year or add value to or increase the usefulness or productivity of the Ballpark or Ballpark Parcel; provided that in no event shall Capital Repairs and Improvements include repairs or improvements to the Ballpark or Ballpark Parcel caused by the negligence of the Team or its vendors, contractors, or assignees.

The Parties shall form a committee of not more than four (4) members, comprised equally of representatives of the Team and the City (the “Ballpark Capital Committee”), to oversee and manage the development of a master capital repairs and improvements plan for the Ballpark (the “Ballpark Capital Plan”) and the planning and execution of Capital Repairs and Improvements and long-term Ballpark planning and expenses from the Capital Fund and the City Capital Fund (defined below). In formulating the Ballpark Capital Plan, which shall be completed no later than the Beneficial Occupancy Deadline, the Ballpark Capital Committee shall examine industry best practices regarding the maintenance of comparable facilities.

The Team will establish and maintain a Ballpark Capital Repairs and Improvements Fund (the “Capital Fund”) in an interest bearing account dedicated for the exclusive benefit of the Ballpark and Ballpark Parcel to ensure the Ballpark and the Ballpark Parcel are maintained as required pursuant to this Letter of Intent. The Team, with the cooperation and active participation of the City, shall manage the Capital Fund and shall administer the making of all Capital Repairs and Improvements to the Ballpark.

The Capital Fund shall be used by the Team for Capital Repairs and Improvements; provided that the Team shall not spend more than a certain amount, as recommended by the Ballpark Capital Committee, of the then balance of the Capital Fund in any one (1) year without the approval of the Ballpark Capital Committee; provided further that the Ballpark Capital Committee may permit a greater amount of spending during the first two (2) years of the Term, in recognition of the fact that further Capital Repairs and Improvements are often identified in the first few years of operation of a facility of this size and complexity. The Capital Fund shall also not be used for expenses which, if executed, would deplete the Capital Fund to less than an amount to be recommended by the Ballpark Capital Committee. In such event, the Parties shall agree upon a course of action to address and fund such Capital Repairs and Improvements. The Parties shall be responsible for identification of funding sources and the timely payment of all approved capital expenditures for which the then-remaining balance in the Capital Fund is insufficient.

The Capital Fund shall not be used, without the Parties’ mutual consent, for: (i) Operating Expenses, (ii) Routine Maintenance, (iii) any City obligations to reimburse the Team, (iv) costs and expenses associated with the City’s use of the Ballpark, or (v) those City expenses identified in Section 21.

The Parties shall also establish a “City Capital Fund” to hold City revenues for use by the City for capital improvements to the Ballpark and Ballpark Parcel, but the presence of the City Capital Fund shall not place any obligation on the City with respect to Capital Repairs and Improvements. Expenses by the City from the City Capital Fund shall be included as part of the Ballpark Capital Plan and shall be subject to the approval of the Ballpark Capital Committee.

The Capital Fund shall be funded by annual contributions collected by the Team through the Facility Fee, in accordance with Section 14. The City Capital Fund shall be funded through deposits made by the City and from the Facility Fee charged for City Events. All interest accruing on the Capital Fund shall be added to the Capital Fund and shall be available for Capital Fund purposes, and all interest accruing on the City Capital Fund shall be added to the City Capital Fund and shall be available for City Capital Fund purposes. Not later than February 1 of each year, each Party will report on and document to the other expenses from the Capital Fund and City Capital Fund for the prior year.

Beginning in the tenth (10th) year of the Term and every five (5) years thereafter, the Parties agree to fund, from the Capital Fund, a comprehensive study of the Ballpark’s condition conducted by an independent industry expert. To the extent that such analysis identifies Capital Repairs and Improvements that should be addressed following the tenth (10th) year of the Term the useful life of which extends beyond the then-remaining Term, the Lease will provide for a formula to address the allocation of responsibility for the cost that will recognize the reduction in remaining Term accruing for the benefit of the Team.

The City representatives on the Ballpark Capital Committee shall be employees of the City. The Ballpark Capital Committee will meet regularly to collaboratively create and maintain the Ballpark Capital Plan. Any action by the Ballpark Capital Committee shall be by majority decision. In the event that the Ballpark Capital Committee is unable to reach a majority decision, the City Manager and the Chairman of the Team (the “Chairman”), or their respective successors, shall attempt to reach a mutually acceptable resolution. If the City Manager and Chairman are unable to reach agreement within thirty (30) days, the Parties shall pursue mediation to reach a decision to be fully enforceable on the Parties and the Ballpark Capital Committee.

The Parties agree that the Ballpark shall be maintained in accordance with the standards set forth herein throughout the Term.

13. Additional Improvements

Subject to the review and approval of the City, the Team may develop and construct, at its own expense, additional improvements to the Ballpark and/or on the Ballpark Parcel (“Additional Improvements”) during the Term which accommodate Ballpark Uses and are permitted by zoning, and any such improvements shall immediately be subject to the Lease. The Team shall prepare and provide to the City plans showing the Additional Improvements, an estimate of the cost of the improvements, and the Team’s commitment to pay for the Additional Improvements on or prior to the time it seeks approval to make the Additional Improvements. The development and construction of

any Additional Improvements shall be completed by the Team (or, to the extent the Parties agree, by the City at the Team's expense) in accordance with applicable law.

14. Facility Fee

The Team shall assess a fee (the "Facility Fee") on ticketed Ballpark Events and the City or its designated third party will assess a fee on ticketed City Events (including Community Days for which admission is charged), as follows:

- (i) A \$0.50 fee on tickets sold to Home Games and all other baseball games at the Ballpark, except for any non-ticketed baseball games occurring on Community Days, and
- (ii) A \$1.00 fee on tickets sold to all other Ballpark Events or City Events.

No Facility Fee will be assessed for non-ticketed Ballpark Events or non-ticketed City Events. No Facility Fee will be assessed on free or "comp" tickets which may be given out according to the Team's standard practices and in the Team's sole discretion and, for City Events, in accordance with the City's standard practices and at the City's sole discretion. The Parties may agree to adjust the Facility Fee on a one-off basis for unique or special circumstances.

Unless the Parties agree otherwise, the Facility Fee shall remain the same for the first five (5) years of the Term. During the fifth (5th) year of the Term, and once every five (5) years thereafter for the duration of the Term, the Parties shall discuss an adjustment to the Facility Fee; provided that the Facility Fee shall not be adjusted without the consent of both Parties.

The revenues from the Facility Fee shall be collected and used in accordance with the following schedule:

- (i) The first \$200,000 and all amounts above \$300,000 raised annually from the Facility Fee for Ballpark Events shall be deposited into the Capital Fund and shall be used by the Team, in cooperation with the City as provided herein, for Capital Repairs and Improvements;
- (ii) Funds between \$200,000 and \$299,999 raised annually from the Facility Fee for Ballpark Events shall be distributed to the Team to pay for Operating Expenses and Routine Maintenance or to otherwise use in the Team's sole discretion; and
- (iii) All funds raised from the Facility Fee for City Events shall be deposited into the City Capital Fund and shall be used by the City, in cooperation with the Team as provided herein, on the Ballpark and the Ballpark Parcel as provided herein.

Such deposits will be made no later than October 1 of each year. No later than February 1 of each year, the Parties shall exchange their respective accountings of funds accrued and spent through the Facility Fee during the preceding calendar year.

15. Parking Fees

Parking fees for the City-owned or -managed parking lots identified in Schedule E (the “City Parking Lots”), which the Parties anticipate will be used by patrons of the Home Games, shall not exceed \$5.00 per car in parking lots designated as “Basic” in Schedule E or \$10.00 per car in parking lots designated as “Premium” in Schedule E without the Team’s prior written consent. Parking fees for City Parking Lots used by patrons of Home Games shall not be subject to adjustment during the first five (5) years of the Term, and shall thereafter be subject to adjustment by the City every three (3) years by not more than the Consumer Price Index for all Urban Consumers for the Boston – Cambridge – Newton region (the “CPI-U”). The Parties agree to collaborate on a program to maximize City revenues from City Parking Lots, including, without limitation, a combined ticket program for Baseball Events and parking at City Parking Lots, similar to the City’s existing collaborations with Mechanics Hall and Hanover Theatre.

16. Taxes

The City represents that the construction of the Ballpark structure will be exempt from Commonwealth sales tax. The Parties acknowledge and agree that the Cost Estimate is based on the presumption that a municipally-owned facility will not be required to pay sales tax on construction materials and FF&E. The City represents that the CM and any other entity authorized to purchase materials on behalf of the Project and to claim the exemption as set forth in, and subject to the completion of the documentation required by, Massachusetts Department of Revenue Form ST-6C, will be granted the authority to use this privilege.

The City represents that the Ballpark and Ballpark Parcel are eligible for consideration of a PILOT agreement pursuant to the provisions of Section 16 of Chapter 121B of the Massachusetts General Laws, pursuant to which no property tax would be assessed on or in connection with the Ballpark or Ballpark Parcel.

17. Advertising and Signage

The Team reserves the right to offer and sell the prime naming rights of the Ballpark (e.g., “Company X Field”) to a sponsor of its choosing (the “Naming Rights”) and to retain all revenues therefrom, which right shall be subject to the City’s consent, except that the City hereby grants such consent as to the Team’s proposed Naming Rights sponsor for the first seventeen (17) years of the Term.

The Team agrees that the Ballpark-identifying marquee sign(s) branding the Ballpark shall feature the word “Worcester.” The Parties shall cooperate and shall work with Commonwealth and Federal officials to attempt to secure signage directing patrons to the Ballpark throughout the City and region, and from public highways, including but not limited to Interstate 290, Interstate 90, Route 146, Interstate 84, Interstate 495, Interstate 95, Interstate 93, Interstate 91, Interstate 395, and Interstate 190 consistent with applicable Commonwealth and Federal laws and regulations.

The Parties will execute an Advertising Rights Agreement that will govern the sale of outdoor advertising for assets as specified herein. The various rights will be designated by area as follows:

- (i) Ballpark Parcel Advertising: The Team will retain full control of advertising rights on the Ballpark Parcel, including advertising both inside and outside of the Ballpark, and on the frontage along Madison Street. Except as may be governed by applicable law, the Team shall be entitled to all “grandfather” protections. To the extent allowed under applicable law, the City shall not restrict the Team’s ability to offer for sale sponsorship, advertising, and/or signage opportunities on the Ballpark Parcel.
- (ii) Left Field Building Advertising: As between the Team and the City (and subject to the Team’s agreement with the Developer), the Team will retain full control of advertising rights on the exterior of the Left Field Building, in all directions and on all sides. To the extent allowed under applicable law, the City shall not restrict the Team’s ability to offer for sale sponsorship, advertising, and/or signage opportunities on the Left Field Building.
- (iii) Ballpark District Advertising: The City and Team will collaborate on the development of a branding program for City-owned assets within the Ballpark District. Such collaboration shall include cooperation with the Developer.
- (iv) Other City Advertising: The Team will identify advertising opportunities in locations in the City or elsewhere in the Commonwealth (including Commonwealth-owned land) on which, subject to compliance with applicable law, the City will cooperate and/or partner with the Team to obtain necessary approvals.

Advertising revenues will be distributed between the Team and the City, net of the Team’s 15% sales commission that will cover all related expenses, as follows:

<u>Location</u>	<u>City</u>	<u>Team</u>
Ballpark Parcel Advertising	0%	100%
Left Field Building Advertising	0%	100%
Ballpark District Advertising	50%	50%
Other City Advertising	50%	50%

18. Corporate Partner Commitment

The City acknowledges that revenues from corporate partnership, sponsorship, and advertising agreements (each, a “Corporate Partner Agreement”) are central to the Team’s business model. In response, the City has created, and the Team shall fully cooperate with, a corporate partnership committee composed of key corporate community stakeholders which shall provide active cooperation and support to the Team designed to maximize revenues from Corporate Partner Agreements for each year during the Term. The Team shall designate a principal contact who shall be the central point of contact for the Team’s work with the corporate partnership committee.

The Team shall use its best efforts to retain corporate partners that sponsored the Team prior to the commencement of the Pre-Lease Term.

In the Lease, the City shall designate a private sector entity (the “Guarantor”) which shall guarantee that Team gross revenues from Corporate Partner Agreements, with certain exclusions as provided below, will meet or exceed \$3,100,000 annually (including corporate partners that sponsored the Team prior to the Pre-Lease Term), adjusted on an annual basis beginning with the first year of the Term according to the CPI-U, for the first (1st) through fifth (5th) years of the Term (the “Annual Corporate Partnership Commitment”).

The Annual Corporate Partnership Commitment shall include Team revenues from Corporate Partner Agreements, which may include rights to Ballpark signage, game sponsorships, social media, print, radio, television, web/digital, in-game elements such as between-inning contests and trigger promotions, and experiential elements such as sponsor batting practice. The Annual Corporate Partnership Commitment shall not include Team revenues from the sale of ticket sales, hospitality, group sales, or Ballpark District or Other City Advertising.

In the event that the Team has not secured the Annual Corporate Partnership Commitment by July 1st of any of the first (1st) through fifth (5th) years of the Term, then the Guarantor shall purchase from the Team tickets for Home Games during the same calendar year equal in value to the amount of such deficit promptly upon invoice, but in no event later than August 1 of the same year. The Lease shall provide a provision for the Guarantor to recover such deficit in the event the Annual Corporate Partnership is obtained after July 1 of such year; provided that no such recovery shall impact the finances of the Team.

19. Infrastructure Improvements

The City or its designee shall be responsible for all costs associated with public infrastructure modifications and improvements immediately surrounding the Ballpark and the Ballpark Parcel (the “Infrastructure Improvements”) in accordance with the list and timeline to be mutually agreed by the Parties following the conclusion of an infrastructure study (the “Infrastructure Study”) solicited by the Parties and the Developer, but not including the cost of constructing the Parking Garage. Such list and timeline shall include a minimum set of Infrastructure Improvements which the Parties agree shall be completed no later than the Beneficial Occupancy Deadline.

The City or its designee shall spend not less than \$15,000,000 on the Infrastructure Improvements, including streets, utilities, pedestrian improvements, lighting, and graphic identification of the Ballpark District, which shall in no event include the City Costs identified in Schedule C. The City agrees that any savings or budget reduction resulting from the cost of constructing the Parking Garage shall accrue to the budget for Infrastructure Improvements.

The City shall consult with the Team in the planning and execution of all Infrastructure Improvements and shall use commercially reasonable efforts to ensure that the implementation of such Infrastructure Improvements shall not adversely impact the Ballpark Uses. The City also agrees to use its

reasonable efforts with the Team and the Commonwealth with respect to completing improvements in and around Kelley Square and Interstate 290 aimed at improving access to and from the Ballpark Parcel, which shall be evaluated at a conceptual level as part of the Infrastructure Study.

As soon as practicable, the City shall apply to the Commonwealth for MassWorks funding for the purpose of funding the Infrastructure Improvements and the Parking Garage (the “MassWorks Funding”).

Failure to secure the MassWorks Grant or any other Commonwealth funding shall not relieve the City of its obligations with respect to the Infrastructure Improvements.

20. Development

The City will provide on an expedited basis all necessary local permitting and licensing support for the Team’s and the Developer’s efforts to develop the Ballpark Parcel and Ballpark District outside of the Ballpark.

The City will consult with the Team in good faith with respect to the development of any municipal or commercial use of land owned by the City within the Ballpark District (the “City Surrounding Land”) and, in particular, will seek to avoid development of the City Surrounding Land that is inconsistent with the Ballpark Uses or Corporate Partner Agreements. Such development includes, without limitation, buildings or construction that interferes with play, creates adverse shadows or wind effects, or obstructs views from the Ballpark or the Ballpark Parcel.

Notwithstanding the foregoing, the Parties agree that the General Josiah Pickett Municipal Parking Lot, as identified in Schedule A (the “Pickett Lot”) may be developed by the City, at its own expense, as a plaza and grand entryway to the Ballpark, or developed with the City’s consent (which may be withheld for any or no reason) by the Team at the Team’s own expense. The City shall not permit third party development or parking on the Pickett Lot without the prior consent of the Team.

21. Team Civic Commitments

The Team agrees to the following civic obligations, subject to reasonable limitations and availability:

- (i) The Team shall offer free Ballpark tours to all Worcester Public Schools and youth-based nonprofit organizations.
- (ii) The Team shall commit to the “Worcester School Day Ticket Program” for the first five (5) years of the Term, through which it shall host “Worcester School Days” on selected Home Games each year, such dates to be determined by the Team and based upon availability, but spaced throughout the season. Through this program, every Worcester resident in grades K-12 will receive one (1) ticket, free of charge to the resident, to a Home Game on a given Worcester School Day each year.
- (iii) The Parties agree that maximizing public access to and enjoyment of the Ballpark in the most cost effective manner is an essential goal of the Project. Subject to restrictions relating to protection of the Playing Field, Ballpark Events, holidays, the Ballpark Design Plan,

and other reasonable limitations, the Team shall permit public access to certain areas of the Ballpark on a regular basis (the “Public Access”). By way of example, the Public Access may include, subject to Team approval, the opportunity to jog or walk around the concourse, run up the Ballpark stairs, eat lunch overlooking the field, or use exercise stations in a designated fitness area. No fee will be charged for Public Access. The Parties shall seek to identify and use revenues generated from the Public Access, such as the sale of sponsorships or food and beverage, to pay for equipment and other build-out costs or offset new or incremental operating expenses associated with the Public Access. In the event that such revenues are insufficient to pay for equipment and other build-out costs or offset the operating expenses, including but not limited to security, insurance, and utilities, then the City shall pay for the difference, either directly or through in-kind services such as the use of City employees for items such as snow removal.

- (iv) The Team shall collaborate with local arts organizations, including but not limited to Pow! Wow! Worcester, to display local art at the Ballpark and on the Ballpark Parcel.
- (v) The Team shall host City-approved bike share programs on the Ballpark Parcel.
- (vi) The Team shall provide the City with access to digital signage at the Ballpark for a reasonable number of municipal announcements, community recognitions, and other community-oriented messaging at no cost.
- (vii) The City shall have access to a suite at the Ballpark. The suite will include the basic package of access and amenities as provided to any paying suite client, including the option to purchase food and beverages, subject to execution of the Team’s standard suite contract. The City agrees to use its suite for City Events and meetings to the maximum extent practicable.
- (viii) The Team shall become members of, actively consult with, and participate in activities sponsored by the Canal District Alliance.
- (ix) The Team shall give preference to Worcester residents, with particular attention to women and minority groups, with respect to the hiring of seasonal and other temporary personnel.

22. Team Home Games Held Elsewhere

The Team shall have the option, but not the obligation, to play up to four (4) Home Games in a venue other than the Ballpark each season during the Term; provided that such games occur on no more than two (2) separate weekends in a calendar year and the Team replaces such games with alternative Ballpark Events of a similar size (i.e., of approximately the same number of attendees as would be expected for a Home Game). If the Team fails to replace any such game with an alternative Ballpark Event of a similar size in the same year, the Team shall pay to the City a fee of \$7,500, no later than January 30 of the following year. The Team shall notify the City of the dates of Home Games proposed to be played in a venue other than the Ballpark in

connection with this Section 22 as a part of the Annual Permit application to be submitted by the Permit Application Deadline, unless the City consents to a later submission date.

23. Team Name

The operating and official name of the Team shall include “Worcester” and shall be subject to all requisite approvals, as may be required, from the International League, the National Association of Professional Baseball Leagues, Inc. d/b/a Minor League Baseball, Major League Baseball, and/or the Boston Red Sox (collectively, the “Baseball Authorities”). The Team may, in its sole discretion, select nicknames or “doing business as” names by which it may choose to be referred; provided that any such name that does not feature “Woo” or “Worcester” (outside of specific, limited promotions for game days and the like) shall be subject to the City’s approval.

24. Insurance

Team Insurance Requirements

For the duration of the Term, the Team shall procure and maintain, at its sole expense, the following insurance coverage (the “Team Required Insurance”):

- (i) Commercial General Liability Insurance with limits of not less than \$2,000,000 per occurrence and \$2,500,000 aggregate;
- (ii) Umbrella Liability Insurance with limits of not less than \$20,000,000;
- (iii) Workers’ Compensation Insurance as required by law;
- (iv) Automobile Insurance with limits of not less than \$1,000,000 per occurrence; and
- (v) Property Insurance only to insure against damage or destruction to Team FF&E.

In the City’s reasonable discretion, but subject to the Team’s prior written consent, the limits on the Team Required Insurance shall be subject to increase every five (5) years, and additional coverages may be required. The City shall be named as an additional insured on all Team Required Insurance policies. The Team will provide certificates of insurance for the Team Required Insurance upon the City’s request.

City Insurance Requirements

The City shall procure and maintain, at its sole expense, the following insurance coverage (the “City Required Insurance”):

- (i) Commercial General Liability Insurance, if the City is not self-insured for all liability claims and related expenses, to be maintained for the duration of the Term; and
- (ii) Property Insurance, with “special form” coverage, including boiler and machinery insurance, as necessary to cover the full replacement value of the Ballpark less foundations and footings, to be maintained for the duration of the Term.

The City shall also require the CM to obtain and maintain during the period prior to the Beneficial Occupancy Deadline, a Builders' Risk Policy, the cost of which is included in the Cost Estimate.

The Team shall be named as an additional insured on all City Required Insurance liability policies and the Baseball Authorities shall be named as loss payees on such policies. The City will provide certificates of insurance for the City Required Insurance upon the Team's request. The Parties shall provide for insurer rating minimum requirements and deductible requirements in the Lease.

25. Ballpark Design and Construction Schedule

It is the goal of the Parties to adhere to the following milestones:

- (i) OPM Request for Qualifications to be issued no less than one (1) week after the Effective Date;
- (ii) Designer Request for Qualifications to be issued no less than two (2) weeks after the Effective Date;
- (iii) Ballpark construction commences no later than July 1, 2019;
- (iv) The Team is granted access to and beneficial use and occupancy of the Ballpark no later than February 1, 2021 (the "Beneficial Occupancy Deadline");
- (v) Ballpark punch list complete and Certificate of Occupancy issued no later than March 1, 2021; and
- (vi) Opening Day commencing in April, 2021 (specific date to be determined by the International League).

The Parties agree to work toward a milestone schedule covering the Project as soon as practicable following the execution of this Letter of Intent and may modify said milestone schedule upon their mutual agreement. Remedies for delays in the design and construction of the Ballpark are provided in Section 26.

26. Remedies of the Parties

The City's covenant to have the Ballpark ready and available for the Team's use no later than the Beneficial Occupancy Deadline is of the utmost importance to the Team. The Lease will contain remedies: (i) for the Team, including liquidated damages acceptable to the Team, in the event the Beneficial Occupancy Deadline is not met; and (ii) for the Parties in the event of a breach of the Lease.

27. Customary Terms

The Lease will include terms customary to this type of sports facility lease, including but not limited to the following:

- (i) The Team shall agree to specific performance and "no relocation" covenants during the first fifteen (15) years of the Term.
- (ii) Beginning with the sixteenth (16th) year of the Term, the Team shall have the option to "buy out" the remainder of the Term and terminate the Lease without penalty in exchange for continuing payments to the

City in an amount equal to the principal and interest left unpaid on the Bonds (defined in Schedule D); provided that the City shall have an affirmative obligation to mitigate its losses from the departure of the Team and the aforementioned Team buyout amount shall be reduced by any payments paid by a substitute tenant occupying the Ballpark at any point after the fifteenth (15th) year of the Term.

- (iii) Each Party shall retain the right to terminate the Lease upon the destruction of the Ballpark, the material breach of the Lease by the other Party, or the exercise of eminent domain on any portion or all of the Ballpark Parcel, except that the City shall not have such termination right in the event of the exercise of eminent domain by the City.
- (iv) The Team shall peaceably and quietly enjoy the Ballpark and Ballpark Parcel.
- (v) The Team shall not assign its interest in the Lease or any part thereof without the prior written consent of the City, except for an assignment to an affiliate of the Team, which shall not require City consent. As long as there is no existing material default of the Lease by the Team, the prior approval of the City will not be required with respect to any transfer of a majority interest or transfer of control of the Team, subject to commercially reasonable pre-conditions to be detailed in the Lease.
- (vi) The Lease shall be governed by the laws of the Commonwealth, without giving effect to the conflict of laws principles thereof.
- (vii) For the duration of the Term, the Ballpark's operation shall remain subject to and governed by the applicable rules, regulations, and mandates of the Baseball Authorities; provided that no such rule, regulation or mandate shall be implemented in a manner inconsistent with the Lease without the City's prior approval.

28. Project Contingencies

The Parties' performance of their respective obligations under this Letter of Intent and the Lease are contingent upon the satisfaction of the following project contingencies described below (the "Project Contingencies"):

- (i) The City shall have applied to the Commonwealth for the MassWorks Funding on a schedule and in a manner agreed to with the Team and the Commonwealth.
- (ii) The City shall have acquired the Ballpark Parcel by April 1, 2019.
- (iii) The City shall have engaged an OPM with which the Team concurs by October 10, 2018.
- (iv) Approvals of the Worcester City Council and all enabling legislation, resolutions, and other City and/or Commonwealth permissions and agreements necessary (1) for the acquisition of the Ballpark Parcel and any surrounding land as may be required pursuant to the Master Plan, Ballpark Design Plan, or Infrastructure Study, and (2) for the design, construction, and outfitting of the Ballpark and Parking Garage, including all necessary City financing mechanisms, shall

have been passed by all City, Commonwealth, and other applicable legislative or regulatory bodies or shall be substantially underway by March 1, 2019.

- (v) The City shall have acquired zoning approval for the operation of the Ballpark and all Ballpark Uses contemplated herein by July 1, 2019.
- (vi) The Team shall have executed an agreement with the Developer by January 1, 2019 to lease all or part of the Parking Garage for all Home Games and certain Ballpark Events for the duration of the Term.
- (vii) There shall have been no material increase to the Ballpark Design and Construction Costs and no material increase in borrowing costs by the date on which the City issues the Bonds.
- (viii) The Team shall have obtained all necessary approvals and authorizations relating to the Lease and/or the Ballpark from the applicable Baseball Authorities on or before the date on which the Bonds are issued. The date on which these approvals and authorizations are due shall be automatically extended so long as the Team has submitted the requisite requests or filed the requisite applications with the applicable Baseball Authorities and the appropriate Baseball Authority confirms that the application is undergoing the approval consideration process.

If the City fails to satisfy the Project Contingencies described in subsections (i), (ii), (iii), (iv), or (v) within the requisite timeframes, then the Team may suspend without liability to the Team the performance of its obligations under this Letter of Intent.

If the Project Contingencies described in subsections (vi) or (viii) are not satisfied within the requisite timeframes, then the City may suspend without liability to the City the performance of its obligations under this Letter of Intent.

If a material change described in subsection (vii) occurs, then either Party may suspend without liability the performance of its obligations under this Letter of Intent.

If a Party seeks to suspend the performance of its obligations under this Letter of Intent pursuant to this Section 28, then such Party shall immediately notify the other Party of the suspension and identify the foregoing reason for such suspension. Each Party reserves its rights to assert that the failure to achieve a Project Contingency resulted from the failure of the other Party to use reasonable efforts and to work in good faith to satisfy such Project Contingency. If the reason for such suspension is not resolved or if the Parties fail to reach an alternative resolution that is mutually acceptable within a reasonable period after such notice, then this Letter of Intent and the Lease shall automatically terminate and neither Party shall have any further obligations to the other Party hereunder.

29. Miscellaneous

This Letter of Intent may be amended or modified only in a writing which has been signed by both of the Parties.

No failure by either Party to insist upon exact compliance with the terms of this Letter of Intent shall be deemed or construed as a waiver of either Party's rights under this Letter of Intent or any subsequent breach of this Letter of Intent.

When the City is deemed to act under this Letter of Intent, unless specifically provided otherwise, it shall act through the City Manager.

All actions taken by the Parties, unless specifically provided to the contrary in this Letter of Intent, shall not be unreasonably withheld, conditioned, or delayed. The Lease shall contain a similar provision.

Capitalized terms used but not defined in any Schedule shall have the meaning ascribed to them in this Letter of Intent or any of its Schedules.

The Team represents that its Chairman has been authorized to execute this Letter of Intent and to bind the Team.

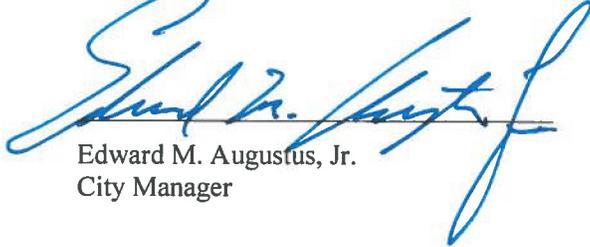
Except as otherwise provided herein, in the event of a dispute between the Parties relating to this Letter of Intent or the Lease, the City Manager and the Chairman, or their respective successors, shall attempt to reach a mutually acceptable resolution. If the City Manager and Chairman are unable to reach agreement within thirty (30) days of receipt of notice of a dispute, then the Parties shall pursue mediation to reach a decision to be fully enforceable on the Parties and their representatives and assigns. The Lease shall determine the consequences in the event that the Parties are unable to reach agreement within thirty (30) days of the commencement of mediation.

After the Effective Date but no later than September 30, 2018, the City may conduct a general review of the Team's financial stability, similar in scope to the review that was conducted by the Rhode Island Auditor General (the "RI AG"). This review shall be subject to the prior execution by the Parties of a non-disclosure agreement similar in nature to the one executed by the RI AG.

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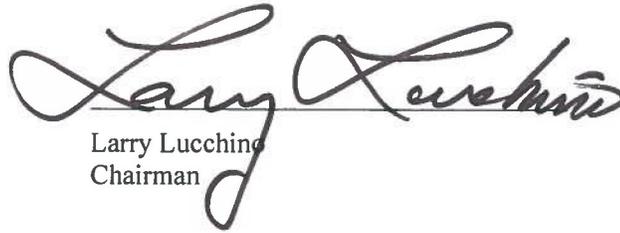
IN WITNESS WHEREOF, the Parties have executed this Letter of Intent as of the date set forth above.

The City of Worcester



Edward M. Augustus, Jr.
City Manager

Pawtucket Red Sox Baseball Club, LLC



Larry Lucchini
Chairman

Attachments

Schedule A - Ballpark Parcel, Ballpark District, and Left Field Building Map

Schedule B - Master Plan dated May 8, 2018

Schedule C - Key Ballpark Elements

Schedule D - Project Sources and Uses; Timing of Sources

Schedule E - City Parking Lots

Boundaries of the Ballpark District, Ballpark Parcel, and Left Field Building

SECTION I

The area within the boundaries hereinafter described in this Section I establish the BALLPARK DISTRICT, excepting the areas described as the BALLPARK PARCEL in Section II and the LEFT FIELD BUILDING in Section III.

Beginning at a point of intersection where the southeastern boundary line of property now or formerly of NEW YORK CENTRAL LINES LLC meets the southern boundary line of Madison Street;

Thence, Southeasterly 139 feet, more or less, along the southern boundary line of Madison Street, to a point;

Thence, Southwesterly 503 feet, more or less, and then Southerly 182 feet, more or less, and then Southwesterly 257 feet, more or less, along the boundary line separating properties now or formerly of WYMAN GORDON COMPANY, said properties identified as Lot A and Lot B on a plan of land dated March 22, 2006 and recorded at the Worcester Registry of Deeds in Plan Book 842, Plan 5, to a point;

Thence, Southeasterly 245 feet, more or less, along the northern boundary line of Hermon Street, to a point;

Thence, Easterly 806 feet, more or less, along the northern boundary of Lamartine Street, to a point;

Thence, Northerly 380 feet, more or less, along the western boundary line of Washington St, to a point at the intersection with the southerly boundary line of Madison Street;

Thence, Northeasterly 82 feet, more or less, following a straight path to a point where the northern boundary line of Madison Street and the eastern boundary line of Washington Street intersect;

Thence, Easterly 480 feet, more or less, along the northern boundary line of Madison Street, to a point;

Thence, Northerly 475 feet, more or less, along the western boundary line of Green Street, to a point at the intersection with the southerly boundary line of Ash Street;

Thence, Northerly 30 feet, more or less, to a point at the intersection of the western boundary line of Green Street with the northerly boundary line of Ash Street;

Thence, Westerly 200 feet, more or less, along the northern boundary line of Ash Street, to a point;

Thence, Northerly 200 feet, more or less, along the eastern boundary line of Summit Street, to a point;

Thence, Easterly 200 feet, more or less, along the southern boundary line of Gold Street, to a point on the western boundary line of Green Street;

Thence, Northerly 30 feet, more or less, to a point on the intersection of the western boundary line of Green Street with the northerly boundary line of Gold Street;

Thence, Westerly 200 feet, more or less, along the northern boundary line of Gold Street, to a point;

Thence, Northerly 228 feet, more or less, along a path approximately parallel to Green Street, said path to correspond with the eastern boundary line of a future extension of Summit Street, to a point on the southern boundary line of Plymouth Street;

Thence, Easterly 200 feet, more or less, along the southern boundary line of Plymouth Street, to a point of intersection with the western boundary line of Green Street;

Thence, Northerly 34 feet, more or less, to a point on the intersection of the western boundary line of Green Street with the northerly boundary line of Plymouth Street;

Thence, Westerly 200 feet, more or less, along the northern boundary line of Plymouth Street, to a point;

Thence, Northerly 195 feet, more or less, along the boundary line separating property now of formerly of SERENA E MASSEY - TRUSTEE OF THE HOLDEN HILL REALTY TRUST, and property now or formerly of SZETO & HUYNH LLC, to a point;

Thence, Easterly 197 feet, more or less, along the southern boundary line of property now or formerly of the CITY OF WORCESTER, to a point of intersection with the western boundary line of Green Street;

Thence, Northerly 193 feet, more or less, along the western boundary line of Green Street, to a point;

Thence, Southwesterly 1,220 feet, more or less, along the southeastern boundary line of property now or formerly of the NEW YORK CENTRAL LINES LLC, to the point of beginning.

SECTION II

The parcel boundaries of the BALLPARK PARCEL will be established at a later date, but are generally described hereinafter in this Section II for purposes of distinguishing from the BALLPARK DISTRICT.

Beginning at a point of intersection where the southeastern boundary line of property now or formerly of NEW YORK CENTRAL LINES LLC meets the northern boundary line of Madison Street;

Thence, Southeasterly 695 feet, more or less, along the northern boundary line of Madison Street, to a point of intersection with the western boundary line of Washington Street;

Thence, Northerly 320 feet, more or less, along the western boundary line of Washington Street, to a point;

Thence, Easterly 40 feet, more or less, to a point of intersection between the northern boundary line of Ash Street and the eastern boundary line of Washington Street;

Thence, Easterly 191 feet, more or less, along the northern boundary line of Ash Street, to a point;

Thence, Northerly 199 feet, more or less, along the western boundary line of Summit Street, to a point;

Thence, Northerly approximately 190 feet, more or less, along a path approximately parallel to Green Street, said path to correspond with the western boundary line of a future extension of Summit Street, to a point;

Thence, West Northwesterly a distance of 375 feet, more or less, along a bearing to be determined, said path to correspond with the northern boundary line of the future Ballpark parcel, to a point of intersection with the boundary line of property now or formerly of the NEW YORK CENTRAL LINES LLC;

Thence, Southwesterly 455 feet, more or less, along the southeastern boundary line of property now or formerly of the NEW YORK CENTRAL LINES LLC, to the point of beginning.

SECTION III

The parcel boundaries of the LEFT FIELD BUILDING will be established at a later date, but are generally described hereinafter in this Section III for purposes of distinguishing from the BALLPARK DISTRICT.

Beginning at a point of intersection where the southeastern boundary line of property now or formerly of NEW YORK CENTRAL LINES LLC meets the northern boundary line of the future Ballpark parcel defined in Section II above;

Thence, East Southeasterly a distance of 340 feet, more or less, along a bearing to be determined, said path to correspond with the northern boundary line of the future Ballpark parcel, to a point;

Thence, Northerly 100 feet, more or less, along a bearing approximately parallel to a future extension of Summit Street, to a point on the northern boundary line of Plymouth Street;

Thence, Easterly 35 feet, more or less, along the northern boundary line of Plymouth Street, to a point;

Thence, Northerly approximately 193 feet, more or less, along a path approximately parallel to Green Street, to a point on the southern boundary line of property now or formerly of the CITY OF WORCESTER;

Thence, Westerly approximately 75 feet, more or less, along the southern boundary line of property now or formerly of the CITY OF WORCESTER, to a point;

Thence, Southwesterly 350 feet, more or less, along the southeastern boundary line of property now or formerly of the NEW YORK CENTRAL LINES LLC, to the point of beginning.

Schedule B

Master Plan dated May 8, 2018

On file with the Parties.

Schedule C

Key Ballpark Elements

The purpose of this Schedule C is to set forth certain, but not all, elements of a Triple-A ballpark with fan amenities, player development facilities, and publicly accessible areas for year-round use. It is intended that the facilities be designed to support the civic agenda of expanding the Canal District; be designed in a manner that complements the distinctive architectural characteristics of the area; be designed to be a leader in environmental design and be designed to be a leader in the application of advanced technology in and around the Ballpark.

The Parties intend to place great emphasis on the public-facing side of the Ballpark. While the business, operations, and baseball training facilities portions of the Ballpark are of paramount importance for a successful venue and for player development, finishes and any otherwise “elective” elements of these spaces will be designed for function and long term maintenance in order to direct as much of the Ballpark Design and Construction Costs as is reasonably possible to areas that enhance the civic presence of the structure and spaces that are created for fan use and enjoyment.

The Parties reasonably anticipate that the Ballpark will include the following elements. This list is not intended to be exhaustive and remains subject to further refinement pursuant to the Ballpark planning and design processes and standards set forth in the Letter of Intent.

1. Capacity of approximately 10,000
2. Customary scoreboard, sound, and IT systems
3. Retail, food and beverage concessions, commissary, central kitchen, pantries, points of sale, and small wares
4. Customary clubhouse areas, including equipped weight room, training room, batting cages, laundry facilities, and an auxiliary clubhouse, space and budget permitting
5. Playing Field, drainage system, field lights, and bullpens
6. Team staff offices, meeting rooms, and media facilities
7. Service area, loading dock, dumpster locations, compactors, and recycling space
8. Parking for players, coaches, baseball personnel, Team personnel, and game day requirements
9. Graphics and signage
10. FF&E

Included Costs

- Architectural services
- Engineering services
- Construction costs
- Building permit fees
- Ballpark Delivery Team costs
- Inspection costs
- Survey costs
- Conduit Costs (see Section 3)
- TPM, Project graphic designer, and Project art consultant costs as identified in Schedule D

Excluded Costs

The following shall not be included in the Ballpark Design and Construction Costs, and shall be paid for in full by the Team or the City as provided below:

City Costs

- Land acquisition, entitlements, and zoning
- Provision and preparation of utilities to connections within the Ballpark Parcel, including the Ballpark
- Site preparation, including removal of underground structures and other site “work-arounds” acceptable to the Team, except as otherwise provided in the Letter of Intent
- Soil removal and remediation costs
- Police associated with closing public ways during construction
- Any costs associated with construction interfering with neighboring businesses’ operations

Team Costs (“Team FF&E”)

- Artwork of Team and baseball moments
- Exhibits of Team memorabilia
- Ushers and event staff uniforms, team uniforms, and any other wearable apparel
- Mascot uniforms
- Baseball equipment
- Personal IT equipment, computers, and phone systems (Note that the system and backbone are part of the project.)
- Team furniture and other personal property brought to the Ballpark

Schedule D

Project Sources and Uses; Timing of Sources

Project Sources and Uses

Ballpark Project Sources and Uses of Funds (\$M)	
Ballpark	
Team	
Cash Investment	6.0
Rent (Series B Bonds)	<u>25.9</u>
Total, Team	31.9
City (Series A Bonds)	54.1
Total, Ballpark	<u>86.0</u>
Site Costs	
City (Series A Bonds)	8.5
Total	<u>94.5</u>

Note: Bonds represent net bond proceeds at closing plus allocable investment earnings

Timing of Sources

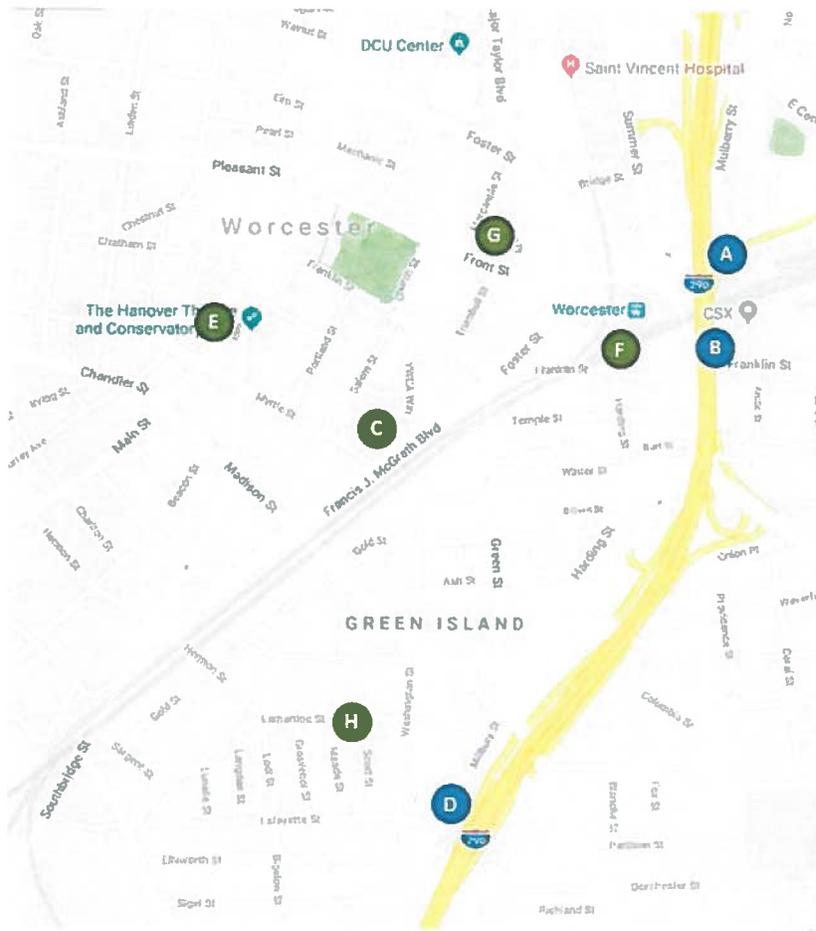
The City will issue general obligation bonds generating net proceeds, inclusive of investment earnings, of approximately \$62,600,000 (the “Series A Bonds”) and \$25,900,000 (the “Series B Bonds,” and together with the Series A Bonds, the “Bonds”). The City will issue the Series A and Series B Bonds simultaneously as soon as practicable; provided that the Parties will endeavor to finance the Ballpark with the lowest possible cost of capital for all Parties and any borrowing completed by the City shall be completed only in accordance with the City’s overall borrowing and debt strategy. The Team shall fully participate in the pricing of the Series B Bonds and shall have the right to approve the interest rate and terms on the Series B Bonds.

The Team, in its sole discretion, may elect to make a portion of the Team Equity Contribution available for a specific and defined use that is part of the Project and is in the Cost Estimate, which use shall be determined by the Team and approved in writing by the City (each, a “Defined Equity Use”), and which shall include the right to supplement the OPM and Designer by retaining a Team project manager (“TPM”), Project graphic designer, and Project art consultant, whose work and participation shall be seamless with respect to the Project, and the aggregate cost of which shall not exceed \$2,000,000. The Team Equity Contribution shall only be used for Defined Equity Uses, as determined by the Team and approved by the City, the costs of which shall be documented by the Team to the City’s reasonable satisfaction.

The Team will submit the Team Equity Contribution, less any Defined Equity Uses, in two equal payments due no later than December 31, 2019 and December 31, 2020, respectively, as a gift to the City Council, pursuant to M.G.L. Chapter 44 Sec. 53A, which amount shall be deposited in to an account (the “Team Equity Contribution Account”) for use in accordance with this Letter of Intent and the terms of the gift. If funds remain in the Team Equity Contribution Account after all Defined Equity Uses have been fully funded, such remaining funds may be used for purposes of the Project as agreed to by the Parties.

Schedule E
City Parking Lots

MAP OF EXISTING MUNICIPAL GARAGES & PARKING LOTS



Amtrak/MBTA Lot (A)
25 Shrewsbury St., Worcester, MA

Expressway Area C Lot (B)
39 Grafton St., Worcester, MA

McGrath Lot/Library (C)
40 Salem St., Worcester, MA

Millbury Street Lot (D)
51 Millbury St., Worcester, MA

Federal Plaza (E)
570 Main St., Worcester, MA

Union Station (F)
225 Franklin St., Worcester, MA

Worcester Common (G)
3 Eaton Pl., Worcester, MA

Meade Street Lot (H)
19 Lamartine St., Worcester, MA

■ Parking Fee: \$5.00

■ Parking Fee: \$10.00

Edward M. Augustus, Jr.
City Manager



CITY OF WORCESTER

August 17, 2018

Mr. Denis Dowdle, Principal
Madison Downtown Holdings, LLC
667 Boylston Street Suite 201
Boston, MA 02116

Re: Letter of Intent/Expression of Objectives
Green Island Redevelopment Project

Dear Mr. Dowdle:

This Letter of Intent (“**Letter**”) is written to reflect the shared objectives and understandings of Madison Downtown Holdings, LLC (“**Madison**”) and the City of Worcester (the “**City**”, together with Madison, the “**Parties**”) concerning the redevelopment of approximately 17.5 acres of land in and around Madison Street in Worcester (the “**Site**”) as shown (together with other properties) on Exhibit A. The Site is a part of the Downtown Urban Revitalization Area (“**Area**”), which was the subject of the Downtown Urban Revitalization Plan (the “**Plan**”) that was adopted by the Worcester Redevelopment Authority (“**WRA**”) and approved by the City and the Commonwealth of Massachusetts in 2016. Working cooperatively, Madison and the City have outlined a redevelopment project for the Site (the “**Project**”, as detailed in this Letter) in a manner that is consistent with the objectives expressed in the Plan.

As detailed in the Plan, the City’s overall goal for the Area is to create an environment that has a strong identity and sense of place within downtown Worcester, and to identify buildings and sites that provide primary transformation opportunities for institutional, housing, commercial, and entertainment/cultural uses, and the infrastructure improvements needed to support those uses. The Plan embraces, and seeks to build upon, the area’s historic legacy by focusing on development projects that:

- Act as a catalyst for private investment;
- Create temporary employment opportunities during construction, then sustainable and permanent jobs in a wide variety of fields;
- Provide a wide range of leasable space options for new and existing local businesses and institutions;
- Provide amenities and interesting programming which will encourage repeat visits to downtown by area residents and students;

- Provide opportunities for market rate housing in the downtown area;
- Return vacant and underutilized land to the City's tax rolls;
- Providing adequate and strategically located fee-based parking facilities; and
- Improve retention of college graduates in the area.

Each of these objectives (collectively, the "**Goals**") will inform our joint approach to the Project consistent with this Letter. The Parties acknowledge that important aspects of the Project are conceptual, and that the further definition of the elements of the Project could affect the Parties' positions regarding the Project, so it is premature to attempt to develop a complete or definitive statement of all the terms and conditions of any agreement between them regarding the Project. The negotiation of terms and conditions satisfactory to the Parties will continue as the planning of the Project proceeds and before a legally binding agreement is completed. This Letter is intended to be non-binding and to serve as a guideline for the negotiations necessary to finalize an agreement between the Parties with respect to the Project (the "**Development Agreement**") which the Parties agree to use their respective commercially reasonable efforts to complete as soon as reasonably practicable or in alignment with a mutually agreeable milestone.

1. The Site

The Site is currently owned in fee by Wyman Gordon Company and its affiliates (collectively, "**Wyman Gordon**"). A portion of the Site consists of approximately six (6) acres of land on the north side of Madison Street ("**WG North**") which, along with seven (7) additional parcels (the "**Additional Parcels**"), are shown on Exhibit A. Madison has executed a Purchase and Sale Agreement dated May 24, 2018 to purchase the Site (the "**Purchase Agreement**") and is currently undertaking due diligence in accordance with that agreement. At the end of the due diligence period, assuming that Madison does not elect to terminate the transaction, Madison intends to purchase the Site from Wyman Gordon on or about the closing date set forth in the Purchase Agreement, being in the Fall of 2018.

In addition to the Site, Madison has proposed to make good faith efforts to enter into binding agreements to acquire the Additional Parcels, subject to more detailed discussion with the City pertaining to the timing of such acquisition and the cost and condition of the Additional Parcels; provided, however, the Parties agree there is no expectation that Madison will acquire the Additional Parcels and convey same to the City prior to reaching an agreement on the exchange of additional land and rights in land located north of Madison Street (the "**Additional Land Exchange**"), which shall be detailed in the Development Agreement. The Parties are currently engaged in a master planning effort for the Site and the Additional Parcels (the "**Master Plan**"), which they each agree to continue and support as they work toward the Development Agreement.

2. The Development Project

Madison has proposed to undertake the redevelopment of the portion of the Site on the southerly side of Madison Street and north of WG North (inclusive of portions of the Additional Parcels) as shown on Exhibit A (the “**Development Site**”) in general accordance with the program and the schedule outlined on Exhibit B (the “**Development Project**”) as same may be revised by Madison from time to time; provided, however, that Parties acknowledge that, while Exhibit B represents a reasonable expectation of the scope and timing of the Development Project, it is subject to market forces and general economic conditions; and, provided further, that Madison shall not modify the Development Project without the prior approval of the City which approval shall not be unreasonably withheld, delayed or conditioned.

3. The Ballpark Project

In cooperation with the Commonwealth, the City is working with the owners of the Pawtucket Red Sox (the “**Club**”) to bring the Club to Worcester. As a part of that effort, the City and the Club are in discussions about the development of a municipally owned baseball park on a portion of the Site comprised of a portion of WG North and a portion of the Additional Parcels as shown on Exhibit A (the “**Ballpark Site**”) in general accordance with the program and schedule outlined on Exhibit B (the “**Ballpark Development Project**”).

4. The Parking Garage

As part of its overall strategy relating to the off street parking supply in Worcester and in an effort to support the Ballpark Project and the Development Project, the City has proposed to develop and lease to Madison (the “**Garage Lease**”) a 350 space parking garage within the Development Site (the “**Parking Garage Site**”) in general accordance with the program and schedule outlined on Exhibit B (the “**Parking Garage**”). As noted in Exhibit B, the Parking Garage and the Garage Lease are anticipated to include approximately 30,000 SF of cold retail space.

The Parking Garage shall be developed in accordance with the Master Plan and will be designed by Madison in cooperation with, and subject to the approval of, the City. Details pertaining to the extent of design to be provided by Madison shall be set forth in the Development Agreement. The Parking Garage shall be constructed by the City in cooperation with, and subject to the approval of, Madison so that it will serve as the foundation base for two buildings that are included as a part of the Development Project. Given the integrated nature of the Development Project and the Parking Garage, the Parties agree to consider whether it is in their collective best interest for Madison to build the Parking Garage as the City’s agent (with funding to be provided by the City) as a part of the negotiation of the Development Agreement, subject to compliance with applicable law.

Taken together, the Development Project, the Ballpark Project and the Parking Garage make up the Project. The Parties agree to use their reasonable efforts to continue to pursue and develop their respective portions of the Project in every respect.

5. Amendment to the Plan; Additional Development Parcels; Other Potential Actions

In order to pursue the Project, the City has proposed, and is working with the WRA to adopt, an amendment to the Plan, which is proposed to include the expansion of the Area so as to include property east of Washington Street and north of Madison Street as shown on Exhibit A, and potentially other parcels. The City may elect to acquire some or all of the Additional Parcels on its own account or through its nominee in conjunction with implementation of the Project.

In addition to the amendment to the Plan, the City, either on its own account or with the assistance of one or more third parties, may pursue additional public actions related to the Project, including, without limitation, the creation of an invested revenue district in accordance with the requirements of Mass. Gen. L. c. 40Q to complement the actions contemplated in the Plan. Madison agrees to reasonably cooperate with the City, the WRA and the City's third parties in the pursuit of such actions.

6. Proposed Land Transfers

Subject to the satisfaction of the obligations set forth in this Letter in a non-binding manner as may be modified by the Parties and subject to the specific obligations, terms and conditions satisfactory to the Parties, the Parties anticipate the execution of a Development Agreement providing for the following transfer of land and interests in land:

- a. Madison shall convey to the City: (i) the WG North portion of the Ballpark Site; and (ii) the Parking Garage Site, subject to appropriate and necessary reserved air rights and reserved or reciprocal easement rights as necessary to support the Development Project and the Parking Garage; it being anticipated that Madison will construct and own two (2) buildings upon the Parking Garage;
- b. Madison shall convey such portions of the Development Site and the Additional Parcels as may be desired by the City and are acceptable to Madison for the construction, maintenance and operation of public ways and public spaces, each to be constructed and maintained by the City;
- c. The Parties shall complete the Additional Land Exchange as shall be agreed to in the Development Agreement; and
- d. The Parties shall execute the Garage Lease. Final terms of the Garage Lease shall be negotiated by the Parties, but shall: (i) be for a term of not less than twenty (20) years plus extensions available to Madison and acceptable to the City for up to one hundred (100) additional years; (ii) include an obligation by Madison to pay annual rent to the City of \$250,000.00 for the first five (5) years of the term, plus: (a) annual increases after the fifth year of the term equal to 2% per year ; and (b) a contribution by the Parties to appropriate capital reserve accounts to be funded through a parking surcharge in an amount agreed to by the Parties; (iii) permit the City to use the interior of the Parking Garage for advertising reasonably acceptable to Madison and to retain the revenue from such advertising; and (iv) include a provision requiring Madison to permit the Club to use the Parking Garage on terms to be agreed between Madison and the Club.

7. Conditions on Land Transfer

The proposed land transfers set forth in paragraph 6 above shall be detailed in the Development Agreement and shall be subject to the following provisions, which, to the extent required by applicable law, shall be further subject to the approval of the Worcester City Council:

- a. A Tax Increment Financing Agreement relative to the hotel to be constructed as part of the portion of the Development Project on the southerly side of Madison Street creating an exemption from real estate taxes due at a rate of forty (40%) percent for the first five (5) years and thirty-five (35%) percent for years six (6) through ten (10);
- b. A Tax Increment Exemption Agreement relative to the apartment component of Phase 1 of the Development Project creating an exemption from real estate taxes due at a rate of fifteen (15%) percent for the first five (5) years, twenty (20%) percent for years six (6) through ten (10), and twenty-five (25%) percent for years eleven (11) through fifteen (15);
- c. A Tax Increment Financing Agreement relative to the hotel to be constructed as part of the Development Project on the north side of Madison Street creating an exemption from real estate taxes due at a rate of twenty (20%) percent for twenty (20) years;
- d. A binding commitment of State Tax Credits pursuant to the Housing Development Incentive Program (“**HDIP**”) relative to the housing component of the Development Project of not less than Two Million Five Hundred Thousand (\$2,500,000) Dollars;
- e. On the condition that significant portions of the Phase 1 portions of the Development Project are ready for occupancy on a schedule generally consistent with Exhibit B as will be more fully developed by the Parties, an agreement acceptable to the Parties with respect to: (a) an extension of the Tax Increment Exemption Agreement described in Section 7(b) above for the apartment component of Phase 2 of the Development Project; and (b) a Tax Increment Exemption Agreement and/or Tax Increment Financing Agreement for future phases of the Development Project in an amount consistent with or greater than Phase 1; provided, however, that the Development Agreement shall acknowledge that Developer’s compliance with the schedule requirements to be agreed upon shall be extended to accommodate delays caused by the failure to complete the Parking Garage;
- f. An agreement between the Parties regarding the Additional Land Exchange, which shall detail the exchange of land and rights in land relating to the use of WG North, the Additional Parcels, land owned by the City located north of Madison Street that may be needed for the Development Project, and circulation needs of the Parties and the Club with respect to the Project. Such agreement shall address the apportionment,

as between the Parties, of the costs and responsibility related to the following issues, without limitation: (a) the value of the portion of WG North that is not within the Ballpark Site; (b) the acquisition, management, demolition of improvements on, and proposed transfer of, the Additional Parcels; (c) the conveyance of such portions of public ways and the so-called General Pickett Lot to Madison that may be necessary for the Development Project or access to the Development Project;

- g. The City's commitment to support Madison's request for additional HDIP funding for the housing component of future phases of the Development Project;
- h. An agreement approved by the Massachusetts Department of Environmental Protection allowing the transfer by the City of certain suitable material between WG North and the Development Site as may be necessary to support the Project, including, without limitation, the placement by the City of such fill from WG North and, subject to applicable procurement requirements, other locations, as requested by Madison to reasonably accommodate Madison's plans to construct a surface parking lot, and Madison's commitment to cooperate with the transfer of such material;
- i. An agreement that the initial construction of the Development Project shall be exempt from the first \$2,000,000 in building permit, water and sewer connection fees generally assessed by the City;
- j. Cooperation by the City to permanently and irrevocably abandon those streets and/or unused utility and infrastructure easements necessary to complete the Development Project as approved by the City;
- k. An agreement with respect to the provisions of mutually acceptable zoning, whether by means of an overlay district or otherwise, relative to redevelopment of the Site that would permit the completion of the Development Project;
- l. The City's agreement to undertake the infrastructure and other public improvements in and around the Site, including the reconstruction of Lamartine Street, the design and construction of Lamartine Street Extension, and the Washington Street reconstruction (Lamartine to Madison) (the "**Phase I Improvements**") and any other public streets or ways which may go through the Development Site and the public concourse as shown on the plan and consistent with the schedule set forth in Exhibit C with a commitment to complete the Phase I Improvements by a date necessary to accommodate the Development Project. Such infrastructure shall include sufficient services with appropriate lateral connection points for water and sewer service to the Development Project; and
- m. The agreement of the City that, to the extent the City and the Club work cooperatively in a branding effort for the Site and its surrounding neighborhood including potential advertising opportunities within the Site, Madison shall be permitted to be an active participant in such discussions and efforts; provided, however, that such participation shall not include the sharing of costs or revenue opportunities.

8. Public Outreach

The Parties agree that the nature of the Project is such that it will require public outreach and conversation with the immediate and greater communities and agree to cooperate with each other on public outreach in the pursuit and completion of the Project and any large-scale public realm improvements.

9. Pre-Conditions to the Project

The Parties acknowledge that the Project is conceptual, has not yet been designed or engineered, and is subject to review by the public, key City and Commonwealth agencies and Departments, and certain environmental and other permitting requirements (including, without limitation, the requirements of the Massachusetts Environmental Policy Act (“MEPA”)) and the further agreement of the Parties, as shall be set forth in the Development Agreement. In particular, and without limitation, the City agrees that the location of the proposed extension of Lamartine Street to Madison Street as shown on Exhibit C is subject in all events to the approval of Madison and that the location of such extension shall be designed so as to maximize the development potential of the Development Site. Similarly, the Parties agree that the design of the Parking Garage shall be performed by Madison so as to insure that the parking spaces subject to the Garage Lease have an exclusive (when required by Madison) means of access and egress separate and distinct from the use of the Parking Garage as may be generated by events occurring at the Ballpark Site.

The Parties shall be responsible for the diligent pursuit of all such permits and approvals associated with their respective portions of the Project; provided, however, that to the extent the Project requires approval pursuant to MEPA, the Parties shall cause a single Environmental Impact Report to be prepared and filed and shall share all costs and expenses associated with such application and approval in an equitable manner, including but not limited to implementing any and all improvements to public ways or utilities required by the Secretary of Energy and Environmental Affairs.

10. Consideration

The preliminary understandings set forth in this Letter are subject to, at each Party’s option, the completion of appraisals and cost estimates and other due diligence to each Party’s satisfaction in its sole and absolute discretion so that each Party may determine that undertakings to be completed in the Development Agreement are consistent with the Goals and with each Party’s objectives, requirements in this Letter, requirements to be set forth in the Development Agreement, and with applicable law. In addition to the value of the land exchanges as set forth in this Letter, in considering the value to the Project being provided by the City, the Parties shall consider the value ascribed on account of the relocation of the Club to the Site and to the City’s agreement to undertake the infrastructure and other public improvements, the conditions on the land transfer as set forth in this Letter, and the City’s commitment to pursue assistance on the Project from the Commonwealth of Massachusetts.

11. Schedule

It is anticipated that the Club will make a determination as to whether to relocate the Club to Worcester and proceed with the Ballpark Project on or before September 30, 2018. In the event that the Club does not elect to proceed with such relocation by written statement to the City on or before September 30, 2018, this Letter shall no longer reflect the shared objectives and understandings of the Parties relative to redevelopment of the Site. Notwithstanding, the City commits to work with Madison thereafter to assist in redevelopment of the Development Site consistent with the Development Project.

12. Environmental Matters

The Parties acknowledge that the Site has been used for industrial uses for more than one hundred years and the environmental condition of the Site is a key consideration with respect to the use of the Site in the future. All agreements reached between the Parties will be subject to an agreement on environmental matters in a manner that is satisfactory to all Parties including, but not limited, with respect to the assessment and remediation of the Disposal Sites (as defined by the Massachusetts Contingency Plan) that include any portion of the Site.

* * * *

[signature page follows]

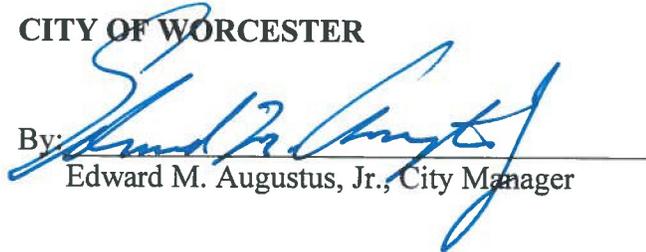
Madison Downtown Holdings, LLC
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We enclose two copies of this Letter for your review. Should the terms meet with your approval, we ask that you execute all copies and return an original copy for the City's files.

Thank you. We look forward to working with you toward a mutually satisfactory transaction.

Sincerely,

CITY OF WORCESTER

By: 
Edward M. Augustus, Jr., City Manager

AGREED AND ASSENTED TO: August 17, 2018

MADISON DOWNTOWN HOLDINGS, LLC

By: 
Denis Dowdle
Duly authorized

Enclosures:

Exhibit A – The Site

Exhibit B – Program and Schedule

Exhibit C – The Off-Site Infrastructure and Other Public Improvements

EXHIBIT A

THE SITE

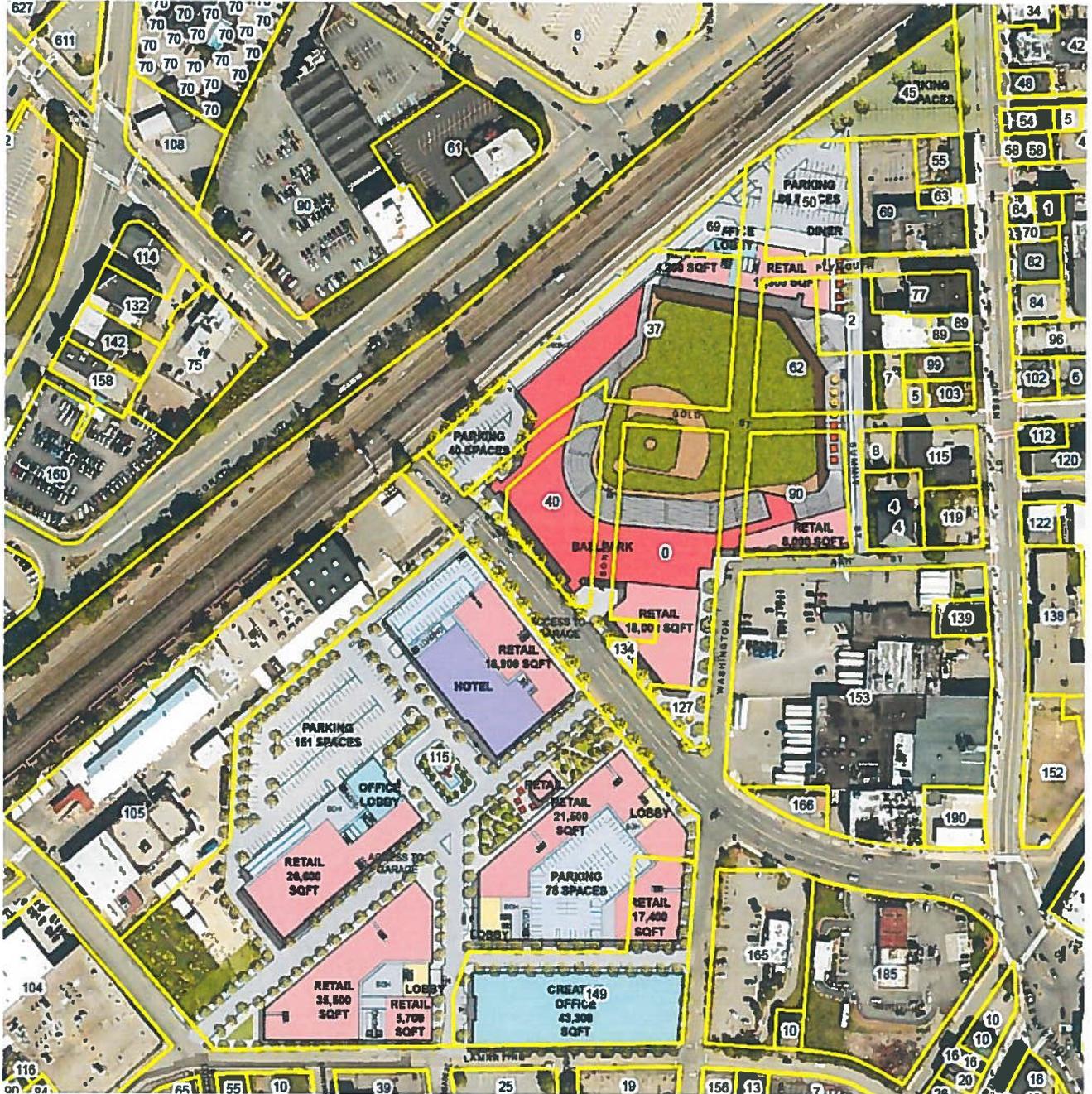


EXHIBIT B

PROGRAM AND SCHEDULE GREEN ISLAND REDEVELOPMENT PROJECT

The Development Project (Phase 1) – South Side of Madison

- Not fewer than 225 market rate apartments
- Approximately 50,000 gross square feet (SF) of retail/restaurant. 30,000 SF of which is to be built as part of the Parking Garage
- 150 hotel rooms in “Hotel 1”
- Occupancy not later than January 1, 2021

The Development Project (Phase 1) – North Side of Madison

- 100 hotel rooms in “Hotel 2”
- Approximately 15,000 sf retail/restaurant
- Approximately 200/280 parking spaces
- Completion of construction contemporaneously with opening of the Ballpark

Additional Development (Phase 2)

- Two additional buildings being a residential/office/mixed use concept consisting of a total of approximately 200,000 sf of floor area (not including the Stanley Tool building site)

The Ballpark Project

- 9,000 person capacity Ballpark
- 40 surface parking spaces, plus bus parking
- 26,000 sf Ballpark Retail

The Parking Garage

- 350 parking spaces on one (1) level
- Approximately 30,000 sf of cold retail space
- Occupancy not later than January 1, 2021

Capitalized terms used in this Exhibit B and not otherwise defined have the meanings ascribed to them in the Letter.

EXHIBIT C (cont.)

Streets included as a part of the Off-Site Infrastructure and other Public Improvements:

Lamartine Street (Quinsigamond Avenue to Madison Street)
Street Construction/Reconstruction
Lamartine Street Reconstruction (Hermon Street to Washington Street)
Washington Street Reconstruction (Lamartine Street to Madison Street)
Madison Street Resurfacing (Gold Street to Green Street)
Green Street Resurfacing (Madison Street to Temple Street)
Summit Street Construction/Reconstruction (Ash Street to Plymouth Street)
Ash Street Reconstruction (Green Street to Summit Street)
Gold Street Reconstruction (Green Street to Summit Street)
Plymouth Street Reconstruction (Green Street to Summit Street)
Traffic Signal at Quinsigamond Avenue @ Lamartine Street
Traffic Signal at Hermon Street @ Lamartine Street
Traffic Signal at Lamartine Street @ Madison Street

The improvements included with this Exhibit C are subject to the prioritization set forth in paragraph 7.L of this Letter and to modification resulting from the infrastructure master plan efforts to be undertaken by the Parties in cooperation with the Club.

City of Worcester

WHEREAS, the City of Worcester has a “once in a lifetime” opportunity to become the home of the Boston Red Sox’ Triple A affiliated baseball club; and,

WHEREAS, to turn this opportunity into a reality the City Manager of the city of Worcester has negotiated and executed a Letter of Intent with the owners of the current Boston Red Sox Triple A baseball club, whereby the City is agreeing to construct an appropriate ballpark facility, together with associated public improvements, and to enable extensive private development, all of which to occur on a site which has remained vacant and blighted for decades and all of which is to be ready for the commencement of the 2021 baseball season (the “Ballpark Project” or “Project”); and,

WHEREAS, the City Council has reviewed both the Project plans and the financial plans as proposed by the City Manager, including plans for the community use of the Ballpark facility, the enhancement of the surrounding areas, including the Canal District, as well as the reconfiguration by the Commonwealth of Kelly Square; and,

WHEREAS, the City Council understands that the financial plan developed by the City Manager stands on the fundamental principle that no existing tax dollars will be diverted to the construction or operation of this Ballpark facility or to any other aspect of the Ballpark Project; and,

WHEREAS, the City Council further understands that various components of the Project plans require the approval of various City Boards and Commissions and that the implementation of this Project will require significant actions of the Worcester Redevelopment Authority and that, in such approvals and implementation that certain elements of the proposed Project plans may require modifications, amendments or greater specificity; and

WHEREAS, the City Council, understanding the intense complexity in the planning, permitting, financing and implementation, all within the aggressive timelines of this undertaking, does hereby Resolve and Declare as follows:

NOW, THEREFORE, BE IT ORDERED AND RESOLVED *that*,

1. The Worcester City Council stands in full support of the Ballpark Project as presented by the City Manager;

2. The City Council wishes to expedite actions that it will be asked to take to advance the Project, including the scheduling of public hearings and committee meetings;
3. The City Council urges any and all City Boards and Commissions, including the Worcester Redevelopment Authority, to likewise expedite their agendas so as to carry out their public functions with regard to any aspect of the Project as expeditiously as possible;
4. The City Manager be and is hereby authorized on behalf of the city of Worcester to do all things reasonably necessary and proper to carry out the planning, permitting, financing and implementation of this undertaking, all within the aggressive timelines provided for in the Letter of Intent;
5. Included within, but not limited by, the authority granted hereby, the City Manager be and he is hereby specifically authorized:
 - A. To enter into a "Cooperation Agreement" with the Worcester Redevelopment Authority and to amend the same from time to time;
 - B. To file any and all applications for Project related grants and gifts;
 - C. To accept on behalf of the City Project-related grants, gifts and in-kind contributions and implement any such Project-related grant, gift or contribution awarded to the City of Worcester in accordance with any restrictions that may be placed upon any such grant, gift or in-kind contribution;
 - D. To approve the precise location of the South Site Parking Garage by approving a metes and bounds description of the site of the parking garage;
 - E. To accept the conveyance of a parcel of land on the South parcel of the development site sufficient for the construction by the City of a public parking garage;
 - F. To lease to Madison Downtown Holdings, LLC, or its nominee a parking garage to be constructed and located on the South Parcel of the development site;
 - G. To approve the precise site of any other Project elements, including both the public and private development components, by approving a metes and bounds description of any new or revised location of any such Project element;
 - H. To enter into leases involving any element of the Project to be leased by the City either as lessee or lessor including leases with terms up to 30 years;
 - I. To enter into contracts for terms greater than three years;

- J. To approve, subject to City Council and Planning Board approval, of plans for the relocation or discontinuance of any city streets;
 - K. To approve, subject to City Council ratification, of plans for the relocation of any underground water and sewer locations easement.
-
- 6. The City Manager shall report to the City Council at the first appropriate opportunity any action taken under authority of this Order & Resolution;
 - 7. Nothing herein shall act to supersede any legal authority granted to the City Council by the City Charter, the General Laws, any related Special Acts or the Constitution of the Commonwealth of Massachusetts;
 - 8. No action taken under the authority granted herein which involves the payment of City funds shall be valid in the absence of an appropriation sufficient to fund the specific action involved;
 - 9. This order, or any portion thereof, may be rescinded at any time by vote of the City Council, and, in such event, any actions taken under this Order prior to its rescission shall remain valid unless there has been no detrimental reliance thereon by third parties. Notwithstanding the above, the authority granted by this Order shall expire on June 30, 2021 if not sooner rescinded as stated herein.

CITY OF WORCESTER

LOAN ORDER

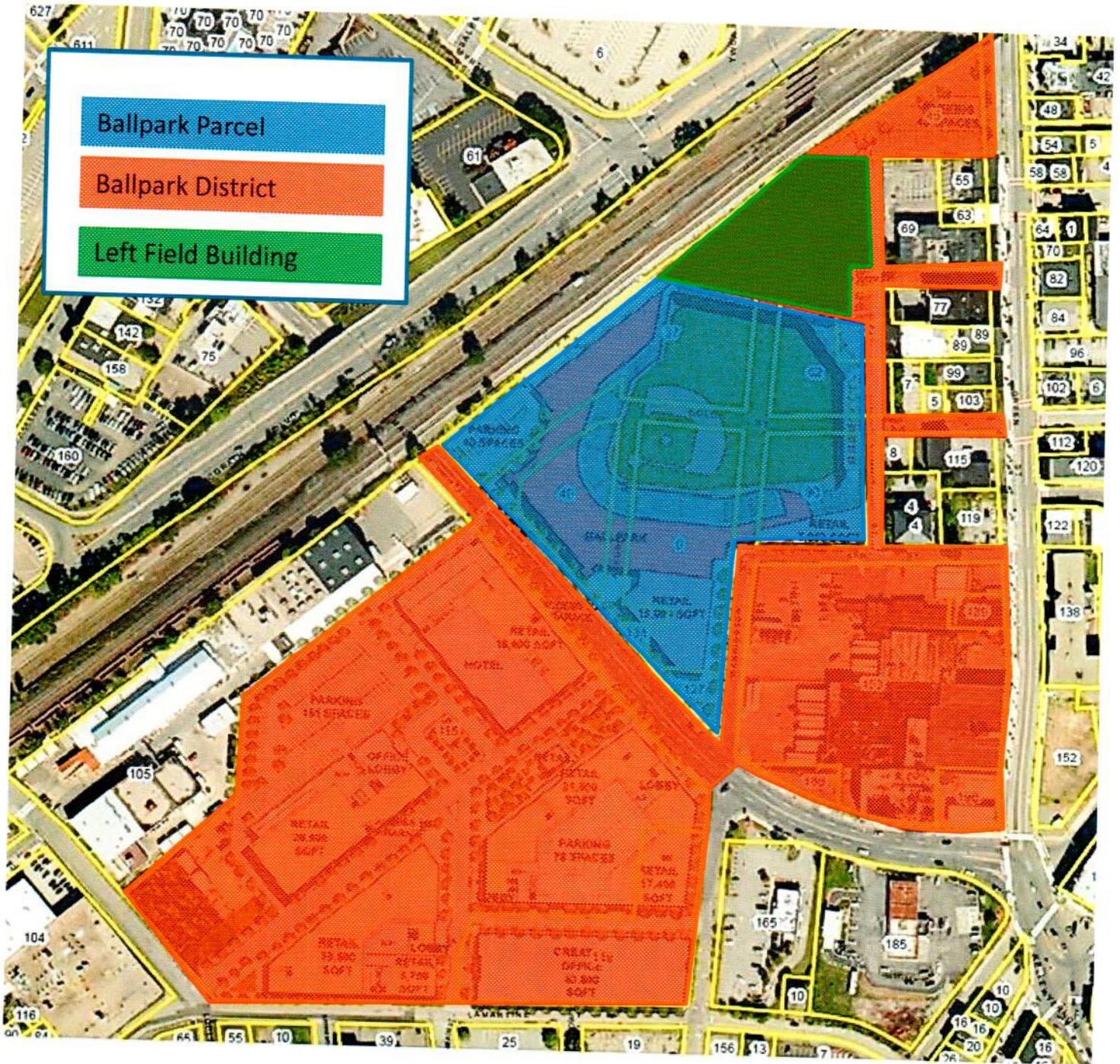
Baseball Ballpark and Urban Redevelopment Project

ORDERED: That One Hundred Million Eight Hundred Forty Thousand Dollars \$100,840,000 is hereby appropriated to pay costs of acquiring land and interests in land for, and the design, construction, original equipping and furnishing of a baseball ballpark, and for the payment of the costs of any ancillary redevelopment projects in and around such baseball ballpark, including, but not limited to roadway and utility improvements, the payment of capitalized interest and all other costs incidental and related thereto, said amount being appropriated to Account #04C756 Baseball Ballpark/Urban Renewal and that to meet this appropriation, the City Treasurer, with the approval of the City Manager, is hereby authorized to borrow One Hundred Million Eight Hundred Forty Thousand Dollars \$100,840,000 under and pursuant to M.G.L. c. 40Q, c. 44, §7(1), c. 121B, §20, as amended and supplemented, or pursuant any other enabling authority, and to issue bonds or notes of the City therefor.

In order to accomplish the purposes of this order, the City Manager is authorized to acquire by purchase, gift or eminent domain, the various properties identified in Exhibit A to this order, as well as any other interests in land necessary or convenient to the carrying out of the purposes of this order. The City Manager is further authorized to enter into any leases or other arrangements with the Pawtucket Red Sox Baseball Club, LLC, or any successor thereto, or any other person or entity, including but not limited to the Worcester Redevelopment Authority, to effectuate the purposes of this order.

ORDERED: Any premium received upon the sale of any bonds or notes approved by this order, less any such premium applied to the payment of the costs of issuance of such bonds or notes, may be applied to the payment of costs approved by this order in accordance with M.G.L. c. 44, §20, thereby reducing the amount authorized to be borrowed to pay such costs by a like amount.

Exhibit A



City of Worcester

BE IT ORDERED that, pursuant to the recommendation of the city manager, the table of authorized positions appearing in the FY 2019 Budget Recommendations of the City Manager for the Executive Office of Economic Development be revised and amended by adding the position of Special Project Coordinator and indicating that one such position is authorized and funded for the remainder of the fiscal year.

Permit Fees Reduction Ordinance

AN ORDINANCE RELATIVE TO CERTAIN PERMIT AND INSPECTION FEES FOR THE BALLPARK PROJECT

Be it Ordained by the City Council of the City of Worcester, as follows:

Section 1. Chapter two of the Revised Ordinances of 2008 is hereby amended by inserting a new section twenty-nine D as follows:

§ 29D. Ballpark Project Permit Fees

(a) Notwithstanding the provisions of any ordinance, rule or regulation to the contrary, the city manager, upon a recommendation from the Chief Development Officer, shall have authority to waive the first Two-Million (\$2,000,000.00) of the permit processing and inspectional fees which would ordinarily be charged to Madison Downtown Holdings, LLC, or its nominee, by the City for the building permit(s), water connection permit and sewer connection permit as the same are required for the Ballpark Project.

(b) Each application for a fee waiver under this ordinance shall be submitted by the Commissioner of Inspectional Services or the Commissioner of Public Works and Parks, as the case may be, to the Chief Financial Officer of the City who shall keep a record of the total amount of fees waived to-date and shall notify said commissioners when the total fees waived equals Two-Million Dollars and advising them that they may begin charging the ordinary fees.

(c) The waiver of fees pursuant to this ordinance is done so because time is of the essence in the construction of taxable improvements on the Ballpark parcel. This ordinance shall expire on June 30, 2021 and the fees otherwise then in effect shall apply to any permits issued after such date.

**RESOLUTION
APPROVING CERTIFIED PROJECT APPLICATION OF
MADISON DOWNTOWN HOLDINGS, LLC**

WHEREAS: Madison Downtown Holdings, LLC, or its nominee, (the DEVELOPER) seeks authorization to apply for designation as a Certified Project under the Massachusetts Economic Development Incentive Program (EDIP) created by Chapter 23A of Massachusetts General Laws and thereby qualifying the DEVELOPER for Tax Increment Financing (TIF); and

WHEREAS: The DEVELOPER meets the minimum standards of the EDIP and the local economic development goals and criteria established as part of the City of Worcester's designation as an Economic Target Area (ETA); and

WHEREAS: The DEVELOPER will be constructing a hotel of approximately 150 rooms on the southerly side of Madison Street, with a specific parcel identification to be determined (the PROJECT); and

WHEREAS: The PROJECT is expected to generate incremental assessed value of approximately \$14 million to \$15 million and create approximately 50 full-time jobs; and

WHEREAS: The DEVELOPER will make every effort to ensure that all of the positions will be filled by or made available to residents of the city of Worcester; and

WHEREAS: The city of Worcester has agreed to offer a Tax Increment Financing (TIF) schedule to the DEVELOPER, the property owner and taxpayer of record. The following is a summary of the amount of taxes to be paid to the city for the ten-year term of the TIF, which will commence on July 1, 2021:

Year 1 – Year 5: Base assessed value plus 60% of the incremental value;

Year 6 – Year 10: Base assessed value plus 65% of the incremental value;

WHEREAS: The TIF schedule will be in effect for a period of ten years beginning July 1, 2021 and in anticipation of an increase in value to the subject parcel as determined by the City of Worcester Assessing Division. While billing will continue to occur on a quarterly basis, the exemption for each TIF year will be calculated annually and will be reflected in the third quarter actual tax bill issued in December upon the realization of an increase in property value.

Exemption Average: 37.5% Over Ten Years

The TIF Schedule will end on June 30, 2031.

NOW, THEREFORE, BE IT RESOLVED

1. That the Worcester City Council hereby approves the Certified Project and authorizes the DEVELOPER'S application to the Economic Development Incentive Program;
2. That the city manager be and is hereby authorized to file the necessary information and materials with the Massachusetts Economic Assistance Coordinating Council;
3. That the city manager be and is hereby authorized to execute any actions necessary to carry out the Certified Project designation and TIF schedule.

**RESOLUTION
APPROVING CERTIFIED PROJECT APPLICATION OF
MADISON DOWNTOWN HOLDINGS, LLC**

WHEREAS: Madison Downtown Holdings, LLC, or its nominee, (the DEVELOPER) seeks authorization to apply for designation as a Certified Project under the Massachusetts Economic Development Incentive Program (EDIP) created by Chapter 23A of Massachusetts General Laws and thereby qualifying the DEVELOPER for Tax Increment Financing (TIF); and

WHEREAS: The DEVELOPER meets the minimum standards of the EDIP and the local economic development goals and criteria established as part of the City of Worcester's designation as an Economic Target Area (ETA); and

WHEREAS: The DEVELOPER will be constructing a hotel of approximately 100 rooms on the northerly side of Madison Street, with a specific parcel identification to be determined (the PROJECT); and

WHEREAS: The PROJECT is expected to generate incremental assessed value of approximately \$11 million to \$12 million and create approximately 35 full-time jobs; and

WHEREAS: The DEVELOPER will make every effort to ensure that all of the positions will be filled by or made available to residents of the city of Worcester; and

WHEREAS: The city of Worcester has agreed to offer a Tax Increment Financing (TIF) schedule to the DEVELOPER, the property owner and taxpayer of record. The following is a summary of the amount of taxes to be paid to the city for the twenty-year term of the TIF, which will commence on July 1, 2021:

Year 1 – Year 20: Base assessed value plus 80% of the incremental value;

WHEREAS: The TIF schedule will be in effect for a period of twenty years beginning July 1, 2021 and in anticipation of an increase in value to the subject parcel as determined by the City of Worcester Assessing Division. While billing will continue to occur on a quarterly basis, the exemption for each TIF year will be calculated annually and will be reflected in the third quarter actual tax bill issued in December upon the realization of an increase in property value.

Exemption Average: 20% Over Twenty Years

The TIF Schedule will end on June 30, 2041.

NOW, THEREFORE, BE IT RESOLVED

1. That the Worcester City Council hereby approves the Certified Project and authorizes the DEVELOPER'S application to the Economic Development Incentive Program;
2. That the city manager be and is hereby authorized to file the necessary information and materials with the Massachusetts Economic Assistance Coordinating Council;
3. That the city manager be and is hereby authorized to execute any actions necessary to carry out the Certified Project designation and TIF schedule.

**RESOLUTION
APPROVING CERTIFIED PROJECT APPLICATION OF
MADISON DOWNTOWN HOLDINGS, LLC**

WHEREAS: Madison Downtown Holdings, LLC, or its nominee, (the DEVELOPER) seeks authorization to apply for designation as a Certified Project under the Massachusetts Housing Development Incentive Program (HDIP) created by Chapter 40V of Massachusetts General Laws and thereby qualifying the DEVELOPER for a Tax Increment Exemption (TIF); and

WHEREAS: The DEVELOPER meets the minimum standards of the HDIP and the local economic development goals and criteria established as part of the City of Worcester's HDIP Zone; and

WHEREAS: The DEVELOPER will be constructing a market-rate apartment complex of approximately 250 units on the southerly side of Madison Street, with a specific parcel identification to be determined (the PROJECT); and

WHEREAS: The PROJECT is expected to generate incremental assessed value of approximately \$28 million to \$30 million; and

WHEREAS: The city of Worcester has agreed to offer a Tax Increment Exemption (TIE) schedule to the DEVELOPER, the property owner and taxpayer of record. The following is a summary of the amount of taxes to be paid to the city for the fifteen-year term of the TIE, which will commence on July 1, 2021:

Year 1 – Year 5: Base assessed value plus 85% of the incremental value;

Year 6 – Year 10: Base assessed value plus 80% of the incremental value;

Year 11 – Year 15: Base assessed value plus 75% of the incremental value;

WHEREAS: The TIE schedule will be in effect for a period of fifteen years beginning July 1, 2021 and in anticipation of an increase in value to the subject parcel as determined by the City of Worcester Assessing Division. While billing will continue to occur on a quarterly basis, the exemption for each TIF year will be calculated annually and will be reflected in the third quarter actual tax bill issued in December upon the realization of an increase in property value.

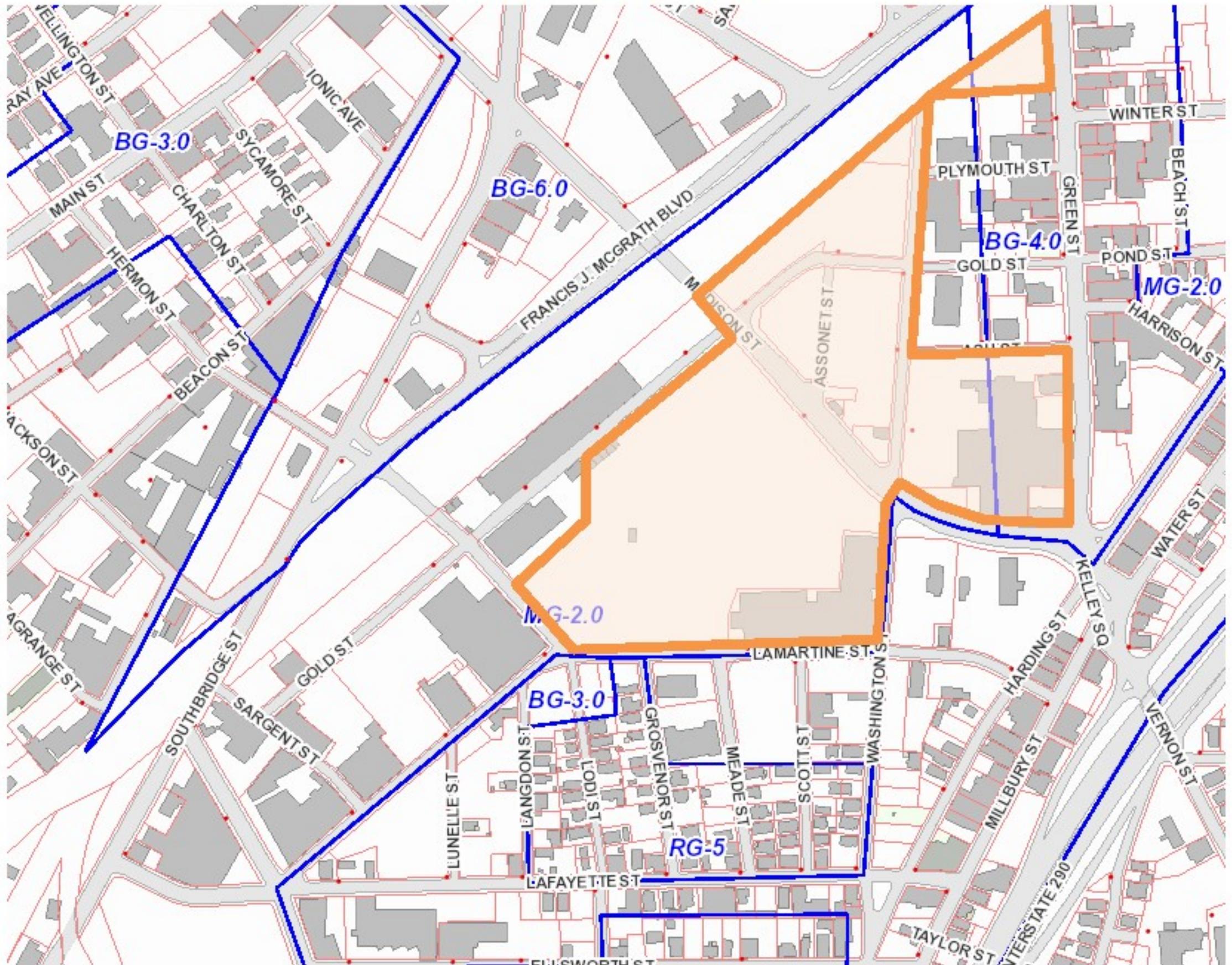
Exemption Average: 20% Over Fifteen Years

The TIF Schedule will end on June 30, 2036.

NOW, THEREFORE, BE IT RESOLVED

1. That the Worcester City Council hereby approves the Certified Project and authorizes the DEVELOPER'S application to the Housing Development Incentive Program;
2. That the city manager be and is hereby authorized to file the necessary information and materials with the Massachusetts Department of Housing and Community Development;
3. That the city manager be and is hereby authorized to execute any actions necessary to carry out the Certified Project designation and TIE schedule.

Proposed DIF District



Proposed Downtown Urban Revitalization Plan Amendment

