

# Memorandum of Understanding

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This Memorandum of Understanding (the “Memorandum”) is made by and between the Urban Renewal Authority of the City of Commerce City, 7887 East 60<sup>th</sup> Avenue, Commerce City, Colorado 80022 (the “URA”), and Real Estate Generation, LLC, a Colorado limited liability company (the “Developer”), collectively referred to hereinafter as the “Parties”, for the purposes of achieving the various aims and objectives relating to redevelopment of the former Mile High Greyhound Park site located at approximately East 64<sup>th</sup> Avenue and Holly Street (the “Project”).

Whereas, the URA and the Developer desire to enter into an agreement by which the URA and Developer will work together to complete the Project; and

Whereas, the URA and the Developer desire to enter into this Memorandum to set out the working arrangements that each of the parties agree are necessary to complete the Project.

## **Purpose**

The purpose of this Memorandum is to provide the framework for any future binding contract between the URA and the Developer regarding the Project.

## **Obligations of the Parties**

The Parties acknowledge that no contractual relationship is created between them by this Memorandum. Rather, the Parties desire to work together in the spirit of partnership to ensure the Project has united, visible and responsive leadership and to demonstrate administrative, financial and managerial commitment to the Project.

a. The URA commits to:

1. Providing approximately 62.5 acres of land for redevelopment recognizing that the URA has an outstanding \$6,750,000 debt to the City of Commerce City (the “City”) related to the initial purchase and subsequent clean-up of the Project site by the URA.
2. Providing water rights necessary for the Project, recognizing the URA does not own the water rights, but that the City has the ability to sell water rights to the Project.
3. Providing tax increment financing for eligible expenditures.
4. Making reasonable best efforts to obtain Economic Development Administration’s Public Works and Economic Adjustment Assistance Program grant funding.
5. Negotiating the extent and nature of City or URA funding available for site infrastructure, regional infrastructure and gap financing for certain vertical development relating to the Project.

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6. Negotiating in good faith exclusively with the Developer during the term of the Memorandum to provide for the URA's desired redevelopment of the Project.
  7. Providing copies of relevant information regarding the Project site from the six (6) months prior to execution of this Memorandum, such as feasibility study reports, surveys, environmental reports, and access to consultants work including environmental clean-up, site planning, and economic planning documents.
  8. Designating a City employee as a single point of contact for the Developer.
- b. Commitments of the Developer include:
1. Providing development capital.
  2. Providing master developer and project management services.
  3. Negotiating in good faith with the URA during the term of the Memorandum to provide for the URA's desired redevelopment of the Project.
  4. Performing initial site review, entitlement review, market review of initial retail, commercial and residential development and providing the results of such work to the URA.
  5. Including the URA in the iterative process of identifying issues related to the pro forma and prove-up period.
  6. Designating a Developer representative as a single point of contact for the URA.
  7. Within 60 days after the effective date of this Memorandum:
    - i) Submitting to the URA a more robust Project concept.
    - ii) Submitting to the URA a detailed pro forma for the Project, including: project cost analysis, market analysis and proposed capital structure.
    - iii) Submitting to the URA a project timeline.
  8. Within 120 days after the effective date of this Memorandum:
    - i) Submitting to the URA a current status of vertical development plans; a first phase horizontal and vertical development plan; and any letters of intent from vertical developers for the first phase of re-development.
    - ii) Submitting current Project financing status, projected financing sources and expected gaps relating to Project financing for the first phase of re-development.
    - iii) Completing within 60 days after the effective date of this Memorandum negotiations with the URA for a Master Development Agreement for the Project ("the MDA").

### **Due Diligence Expenditure Deposit**

Within five (5) business days after the first 60 days from the effective date of this Memorandum, the Developer will submit to the URA evidence of 3<sup>rd</sup> party due diligence expenses related to the Project that total at least \$25,000. In the event the total due diligence expenditure commitment for the first 60 days of due diligence does not total \$25,000, the Developer will make a cash

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deposit of the difference into an escrow account established by the Parties in accordance with a mutually agreeable escrow agreement (the “Escrow Account”). Within five (5) business days after the first 120 days from the effective date of this Memorandum, the Developer agrees to submit to the URA evidence of 3<sup>rd</sup> party due diligence expenses related to the Project that total at least \$50,000. In the event the total due diligence expenditure commitment for the first 120 days of due diligence plus any cash already deposited by the Developer into the Escrow Account does not total \$50,000, the Developer will make a cash deposit of the difference into the Escrow Account. Such deposits shall be fully refundable to the Developer at any time during the term of this Memorandum upon written notice to the URA of the Developer’s intent to terminate this Memorandum, which notice shall be provided not less than 30 days prior to the effective date of such termination. The Developer shall provide copies of all reports and information gathered from the 3<sup>rd</sup> party due diligence to the URA.

## **Public Communication**

Marketing of the Project and any media or other public relations contact should always be consistent with the aims of the Project and only undertaken with the express consent of both Parties. Where it does not breach any confidentiality protocol, the Parties should adhere to a spirit of open and transparent communication. Co-coordinated communications should be made with external organizations to elicit their support and further the aims of the Project.

## **No Remedies or Liability**

Because this Memorandum is not a legally-binding or enforceable contract, no legal or equitable remedies are available to either Party in the event a Party fails to fully comply with the provisions hereof, and no liability shall arise or be assumed between the Parties as a result of this Memorandum.

## **Dispute Resolution**

In the event of a dispute between the Parties in the negotiation of the MDA, a dispute resolution group will convene consisting of the chief executives of each of the Parties (executive director for the URA) together with one other person independent of the Parties appointed by the chief executives. The dispute resolution group may receive for consideration any information it determines necessary to resolve the dispute. The Parties agree that a decision of the dispute resolution group will be final. In the event the dispute resolution group is unable to make a compromise and reach a final decision, it is understood that neither party is obligated to enter into any binding contract to complete the Project.

## **Effective Date and Term**

This Memorandum shall be effective as of May 1, 2014, and shall remain in effect for 180 days thereafter. The Developer acknowledges that review and approval hereof by the URA’s Board

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of Directors prior to URA execution. The term hereof may be extended only by mutual agreement of the Parties.

### **Notice**

Any notice or communication required or permitted under this Memorandum shall be sufficiently given if delivered in person, by email or by certified mail, return receipt requested, to the address set forth in the opening paragraph or to such other address as one party may have furnished to the other in writing.

### **Public Record**

The Developer acknowledges that the URA is a governmental entity subject to the Colorado Open Records Act, and as such, this Memorandum is a public document subject to disclosure and public inspection thereunder.

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## URBAN RENEWAL AUTHORITY OF THE CITY OF COMMERCE CITY

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Brian K. McBroom, Executive Director

ATTEST:

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Laura J. Bauer, CMC, Secretary

Approved as to form:

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Gregory D. Graham, Assistant General Counsel

## REAL ESTATE GENERATION, LLC

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Signature

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H. Rickey Wells, Principal-REGen, LLC