

**Executive Summary of the Proposed
Master Development Agreement
by and among
The City of Norwalk, Connecticut
The Norwalk Redevelopment Agency
and Waypointe LLC
Affecting
Plan Area B (Waypointe)
West Avenue Corridor, Norwalk, Connecticut**

**Prepared By: Robinson & Cole LLP
Special Counsel, City of Norwalk
May 19, 2008**

Note: The full Master Development Agreement, including its Exhibits, are legally subject to complete review by, and input from, all appropriate public agencies, the Common Council and the Mayor, before it can be signed.

PROJECT OVERVIEW

Waypointe is a mixed-use redevelopment project (“Project”) representing a public-private partnership between an affiliate of Stanley M. Seligson Properties (“Redeveloper”), the Common Council of the City of Norwalk’s designated redeveloper of the Project site, the City of Norwalk (“City”) and the Norwalk Redevelopment Agency (“Agency”). The Project consists of approximately 19.8 acres of land and six city blocks. Designed to be a major economic and social link in the City’s plan to connect and unify Central and South Norwalk along the West Avenue corridor, the Project contains the following key elements:

PROJECT OVERVIEW *Cont'd*

- **RETAIL**: A maximum of 535,750 square feet of new and renovated existing retail space, including several “name” retailers, boutiques, restaurants, specialty shops and neighborhood amenities and services.
- **RESIDENTIAL**: 350 new residential condominium and apartment units are planned, including both mid-rise and townhouse styles, with modern design features. It is intended that Norwalk workforce/affordable housing will account for 15% of the residential component of the Project.
- **OFFICE**: 75,000 square feet of new office space is planned, to create a daytime dynamic of employees in support of both the retail and residential elements of the Project.

PARKING GARAGES AND SITE IMPROVEMENTS:

Dispersed in the Project area will be five public parking garages, (“Public Garages”), and possibly revenue controlled surface parking areas on private property (called a “Controlled Revenue Lot”). The Parking Garages, along with exterior improvements in the Project site (“Site Improvements”), including, streets and roads, curbs, and related utility infrastructure, are defined collectively as the “Public Improvements”. The Public Improvements will be purchased, owned, operated and maintained by the City or its designee after the Parking Garages and the Site Improvements have been completed by Redeveloper and specific in-place development preconditions are satisfied. Parking Garage revenues will be used, in part, to service the Bonds (as described below) issued by the City to acquire the Public Improvements. The City will operate or cause the operation of the Public Garages and each Controlled Revenue Lot to provide public parking at commercially reasonable parking rates. The Public Garages will be open for public parking during prescribed hours set by the City. Hourly, daily, weekly and monthly public parking will be offered in the Public Garages.

SPECIAL SERVICES DISTRICT

Prior to the issuance of any Bonds by the City, the City will adopt a Special Services District Ordinance (“SSD Ordinance”) and will cause a referendum of the holders of taxable interests in real property located within the boundaries of the Special Services District (“SSD”) to be held to approve the SSD Ordinance in accordance with the applicable provisions of Chapter 105a of the Connecticut General Statutes (“C.G.S.”). The SSD will have the power to and will contract with the City for operation and maintenance of the Public Improvements within the boundaries of the SSD and the administration of the SSD. At the Public Improvements Closing, the City and the SSD will enter into a Parking Facilities License/Service Agreement pursuant to which the SSD will utilize the services of the Parking Authority or the City to meet the City’s repair and maintenance obligations with respect to the Public Garages. The SSD will impose a tax levy (“SSD Tax Levy”) upon the taxable interests in real property within the SSD. The SSD Tax Levy will be in addition to any municipal real property taxes levied by the City on the properties within the Project. The SSD Tax Levy will generate special tax revenues and (together with Parking Garage revenue) help repay the City Bonds and help maintain and enhance the Project area in the future. The boundaries of the SSD are shown at Exhibit A.

CITY FINANCIAL INVESTMENT AND REVENUE SOURCES

- **Bonds.** The City, at such time as it may determine, will authorize the issuance of bonds (“Bonds”) in an amount, including issuance expenses, not to exceed \$104,000,000 (plus a debt service reserve fund, if required, and qualified expenses) the proceeds of which will be used to permanently finance the cost of the Public Improvements.
- **Purchase of Public Garages and Site Improvements.** Upon Redeveloper’s completion of the Public Garages and the Site Improvements and satisfaction of specific in-place development preconditions, including Redeveloper having 75% of the non-residential space in the Project leased and occupied by tenants (“75% Occupancy Pre-Condition”), the City will purchase the Public Garages and the Site Improvements from Redeveloper using the Bond proceeds. The purchase price for the Public Garages and the Site Improvements will be equal to Redeveloper’s actual cost to build the same; provided, however, the City’s portion of the purchase price and issuance expenses will be capped at \$104,000,000. The only additional City costs would be a debt service reserve fund, if required, and qualified expenses. Attached as Exhibit B is the Redeveloper’s draft Public Improvements Budget.

CITY FINANCIAL INVESTMENT AND REVENUE SOURCES *Cont'd*

- **Additional Public Funds.** The City and the Agency will have an obligation to use commercially reasonable efforts to obtain additional public funds (“Additional Public Funds”) to fund a portion of the Public Improvement costs, but will have no obligation to obtain any such funds. Additional Public Funds will not be City funds.
- **City Traffic Improvements.** In order to facilitate the redevelopment of the Project site and the remaining portions of the “redevelopment plan areas” in the West Avenue Corridor, the City has agreed, at its own cost and expense, to implement the design and construction of the traffic improvements described in Exhibit C (“City Traffic Improvements”).
- **Revenue Sources for Debt Service on the Bonds.** Designated portions of the Public Garage parking revenues and the revenues from the SSD Tax Levy will be used to service debt on the Bonds. Since Redeveloper must meet the 75% Occupancy Pre-Condition before the City has any obligation to purchase the Public Improvements or to issue the Bonds, the parking revenue used to pay the debt service on the Bonds will be in place.

STATE TRAFFIC COMMISSION IMPROVEMENTS

- **Improvements In the Project Site:** To the extent that the State Traffic Commission Certificate (“STC Certificate”) issued by the State Traffic Commission with respect to the Project requires design or construction of any improvements (“STC Improvements”) within the Project site, such STC Improvements will be designed and constructed by Redeveloper without any contribution from the City.
- **Improvements Outside of the Project Site:** To the extent that the STC Certificate requires design or construction of any STC Improvements located outside of the Project site and, except to the extent any such STC Improvement constitutes a City Traffic Improvement, Redeveloper will design and construct such STC Improvements without any contribution from the City.

- **TIMELINE FOR DEVELOPMENT.** Once approved, it is anticipated that the Project will be complete in three to four years.
- **PROPERTY ASSEMBLAGE.** As of the date of this Executive Summary, Redeveloper has privately acquired 30 properties of the 46 properties constituting the Project site. The Redeveloper continues to make efforts to acquire such properties that it does not yet own or control.

APPROVALS AND PLANS

- **Approvals:** All elements of the Project are subject to the regular and customary submission requirements and hearing processes of the City and the Agency through their authorized representatives.
- **Plans:** In addition to the Norwalk Planning and Zoning Commission having approval over any change in the design or construction of the Project that requires its approval, the City and the Agency will have the right to review and approve all of Redeveloper's plans and specifications for the Project and any proposed changes thereto.

- **PROCUREMENT.** The City has agreed to waive all requirements for competitive bidding for the purchase of all Public Garages and the construction of all Public Improvements, and will approve Redeveloper as a single source from which all Public Improvements will be purchased or acquired and/or construction services related thereto will be obtained.

- **SECURITY/WARRANTIES.**
 - **Security:** Redeveloper has agreed to provide the City with a payment and performance bond for all work it will perform within existing street rights-of-way.
 - **Warranties:** Redeveloper will be responsible (and will provide a maintenance bond) for the repair or re-execution of the work on any Public Improvement resulting from construction defects or construction that does not conform to the approved plans for three years from the date of Redeveloper’s substantial completion of any such Public Improvement. The following implied warranties from Redeveloper will apply to each Public Improvement for three years after the date of Redeveloper’s substantial completion of the applicable Public Improvement: implied warranties that such Public Improvement is (1) free from faulty materials; (2) constructed according to sound engineering standards; (3) constructed in a workmanlike manner; and (4) fit for its intended purposes.

CONDITIONS PRECEDENT TO OBLIGATIONS

- **Redeveloper:** The Redeveloper's obligations to proceed with the development of the Project are subject to certain conditions, including, without limitation, the City and the Agency delivering evidence that the Additional Public Funds will be available to fund the Public Improvements Costs, Redeveloper having obtained all required zoning and other local and state permits and approvals and Redeveloper having received one or more construction loan commitments and/or equity commitments to fund Redeveloper's construction obligations. In the event any of such conditions are not satisfied (or waived) by Redeveloper within 24 months after the Master Development Agreement ("MDA") is signed, Redeveloper has the right to terminate the MDA.
- **City:** If Redeveloper has not commenced construction of the Project within 24 months after the MDA is signed, or if Redeveloper has not substantially completed the Project (excluding any residential space) within four years after it commences construction, then the City has the right in either case to rescind the resolution authorizing the issuance of the Bonds and to terminate the MDA.

ENVIRONMENTAL

The environmental conditions of the Public Garage properties and streets will be protective of human health and the environment and, to the extent any property is an establishment, as defined in the Connecticut Property Transfer Act, C.G.S. sections 22a-134 et seq. (“Transfer Act”), Redeveloper will investigate and remediate such property pursuant to the Transfer Act and the Remediation Standard Regulations. For non-Transfer Act sites, Redeveloper agrees to conduct any remediation necessary to prevent human contact to hazardous substances at levels exceeding the direct exposure criteria in the Remediation Standard Regulations.

TRANSFERS

Except as provided below, Redeveloper agrees that prior to its substantial completion of the improvements it is constructing, (1) it will not convey any interest in any portion of any Project parcel, and (2) general partners, managers or managing members of Redeveloper will include an affiliate of Redeveloper. The Redeveloper will, however, be entitled to convey all or any portion of its interest in a Project Parcel prior to Substantial Completion of all of the Improvements to be constructed by Redeveloper if such transferee (A) has been approved by the City and the Agency, (B) is an affiliate of Redeveloper, (C) is acquiring a residential unit, or (D) is a current property owner in the Project acquiring property to which Redeveloper has agreed to relocate such current property owner's business. Following substantial completion of the improvements to be constructed by Redeveloper, Redeveloper will have the right to convey all or any portion of its interest in any Project Parcel to any transferee without restriction.

PLEASE NOTE THAT THIS EXECUTIVE SUMMARY IS INTENDED TO PROVIDE AN OVERVIEW OF THE MASTER DEVELOPMENT AGREEMENT. REFERENCE SHOULD BE MADE TO THE MASTER DEVELOPMENT AGREEMENT TO INSURE THE PROPER LEVEL OF DETAIL AND ACCURACY.

Exhibit A/Boundaries of Special Services District

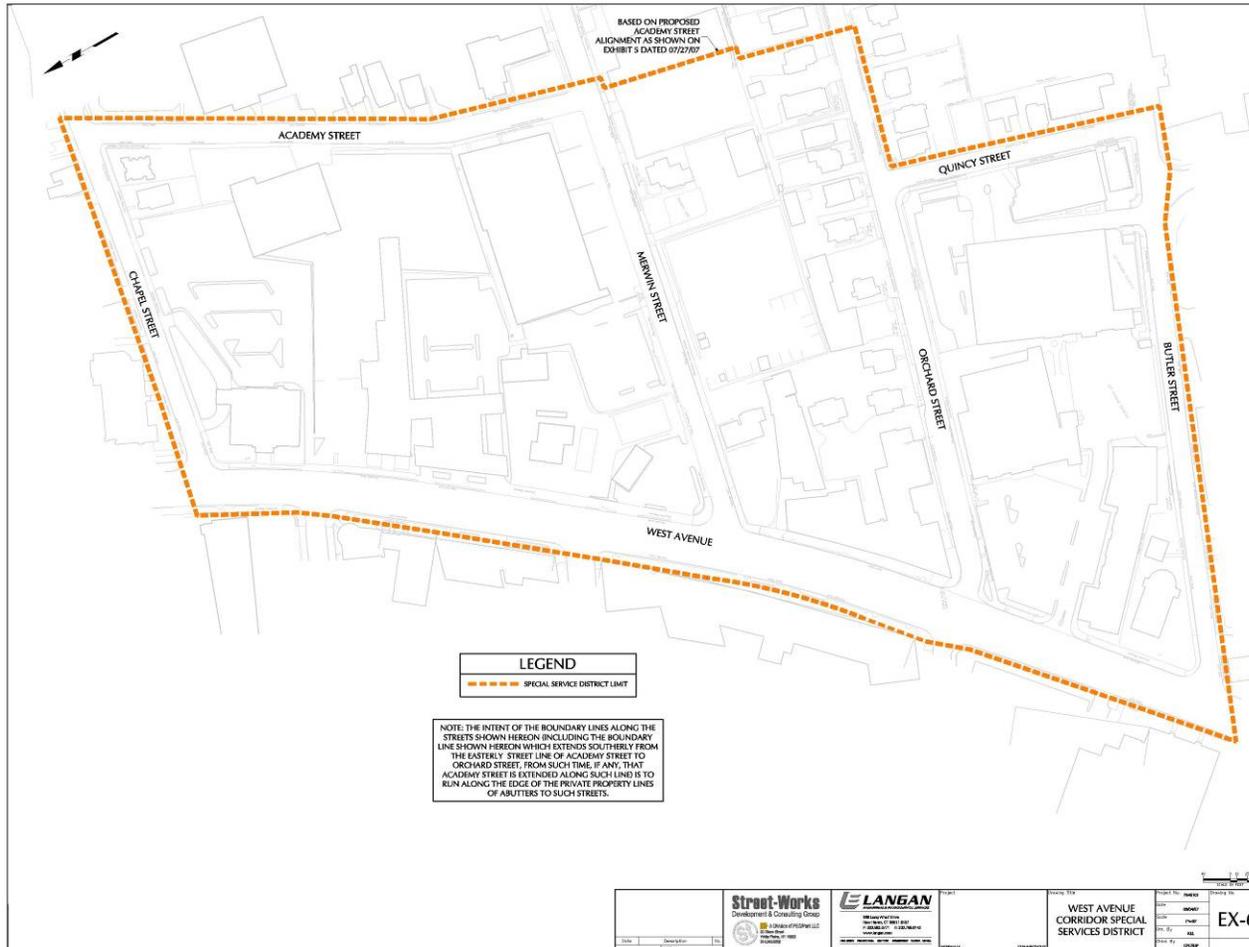


Exhibit B/Draft Public Improvements Budget

WAYPOINTE **DRAFT**

	<u>Current Budget</u>
LAND AND CLOSING COSTS (see DCN1)	
LAND ACQUISITION	36,794,836
ENVIRONMENTAL	1,480,000
DEMOLITION	2,449,957
RELOCATION	740,000
ZONING AND OTHER FEES	906,500
	<u>\$41,371,293</u>
SITE IMPROVEMENTS & PUBLIC GARAGES - THIRD PARTY COSTING	
INFRASTRUCTURE	24,715,695
DEMOLITION	2,924,731
PUBLIC PARKING	65,689,978
	<u>\$93,230,402</u>
FEES AND CHARGES	
PUBLIC IMPROVEMENTS A&E	3,636,549
CONSULTING FEES	1,498,500
G&A	1,776,000
DEVELOPER FEE AND OVERHEAD	4,483,134
LEGAL SERVICES	2,127,500
REIMBURSABLES	703,000
	<u>\$9,741,549</u>
FINANCING RELATED COSTS	
1850 PUBLIC FINANCING FEES	1,000,000
	<u>\$1,000,000</u>
TAXES AND OPERATING COSTS	
1400 CAPITALIZED TAXES/OPERATING COSTS	1,184,000
	<u>\$1,184,000</u>
PROJECT CONTINGENCY	2,910,545
	<u>\$2,910,545</u>
TOTAL PUBLIC IMPROVEMENT COSTS	\$149,437,769

Exhibit C/City Traffic Improvements

I.	
Improvement/Fund Item(s)	Projected Cost
Pine Street Extension Project – Right of Way Acquisition/Relocation/Demolition/Remediation	\$ 1,102,000.00
Reed Street Extension – Design & Engineering Costs	250,000.00
Design, Construction Administration & Stake-out Costs Related to Traffic Improvements	686,000.00
Redevelopment Plan Amendments, Legal Fees & Miscellaneous Costs	225,000.00
	\$ 2,263,000.00
II.	
West Avenue Widening	\$ 1,839,000.00
Northbound Entry I-95 Ramp Improvement	101,000.00
Southbound I-95 Exit Ramp Improvement	155,000.00
Southbound I-95 & Northbound Route 7 Entry Improvement	246,000.00
Pine Street Extension Construction	454,000.00
Butler Street/Crescent Street Improvement	239,000.00
Reed Street Widening – West of West Avenue	448,000.00
Construction Contingency Fund (for all of the foregoing items in this Section II)	650,000.00
	\$ 4,132,000.00

NOTE: The improvements shown hereon are those the City is already obligated to make under the redevelopment agreement for the “95/7” project.