



# OBTAINING REAL PROPERTY FOR HISTORIC MONUMENT PURPOSES

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## APPLICATION & INSTRUCTIONS

Title 40 U.S.C. 550(h)

National Park Service  
U.S. Department of the Interior





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## INTRODUCTION

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**The following information is designed to assist your completion of the *Application for Obtaining Real Property for Historic Monument Purposes*, under Title 40 U.S.C. 550(h).**

The Historic Monument or Historic Surplus Property Program is administered by the National Park Service (NPS), on behalf of the Secretary of the Interior, and the General Services Administration (GSA), the agency that identifies Federal historic properties to be transferred under this program. The program allows state, county, and local governments to obtain Federal historic properties at no cost. To apply for such a property, an eligible governmental entity must complete the *Application for Obtaining Real Property for Historic Monument Purposes* (Application). The Application is reviewed and approved by the NPS, and sets forth terms and conditions that will be made a part of the deed conveying title to the property. As part of the approval, the NPS formally recommends to the GSA that the subject property be transferred. If it agrees with the recommendation, the GSA executes the transfer. A property conveyed under this program must be used in accordance with the terms of the transfer in perpetuity, and the NPS is responsible for monitoring the property to ensure that it is maintained and protected.

### **Application Highlights**

#### **Section I—Request for Property:**

- Person having legal responsibility and/or authority to submit the Application and carry out the conditions of a deed must sign in the space following the conditions.
- “Approved by the Secretary of the Interior” statement will be completed by the NPS once it has reviewed and approved the Application; “Accepted by the Administrator of General Services” statement will be completed by the GSA, signifying concurrence with the NPS’s approval and recommendation for historic monument conveyance.
- Includes terms and conditions for conveyance of the property.

#### **Section II—Program of Preservation and Utilization:**

- Includes three sections: “Preservation Plan” (Item #8), “Use Plan” (Item #9), and “Financial Plan” (Item #10).
- All proposed changes to properties being transferred under this program must be described in the “Preservation Plan” and must be in conformance with the *Secretary of the Interior’s Standards for the Treatment of Historic Properties* (typically, the *Standards for Rehabilitation* would be the most applicable).
- Included at the end is the format for a resolution or certificate of authority identifying and certifying that the officials and Applicant are legally authorized to make an Application for the property.

#### **General tips on preparing and submitting the Application:**

- Consult with the appropriate regional office of the NPS early in the process. Contact information for the NPS regional offices is available online at: <https://www.nps.gov/tps/historic-surplus.htm>
- The Application should not be bound, put in a binder, or otherwise elaborately packaged.
- Use of the electronic form requires software compatible with AdobeReader. Attach additional sheets if necessary.
- Photographs must be high quality digital or 35mm prints and adequately labeled
- Submit **one (1) original and three (3) copies** of this completed Application to the appropriate NPS regional office as noted on page three - do NOT submit any application materials directly to GSA (NPS will retain the one original Application and a copy of the deed in its files, and forward the three copies of the Application to GSA.)



SECTION I – REQUEST FOR PROPERTY

To: General Services Administration  
Address: Thomas P. O'Neill Federal Building  
10 Causeway Street  
City: Boston  
State: MA Zip: 02222

Through: National Park Service  
Name: Bonnie J. Halda  
Address: Program Manager, Preservation Assistance  
1234 Market Street  
City: Philadelphia  
State: PA Zip: 19106

GSA Control Number: NH0036ZZ

The undersigned, City of Portsmouth, hereinafter referred to as the Applicant or Grantee, acting by and through John P. Bohenko at 1 Junkins Avenue, Portsmouth, NH 03801 of the City of Portsmouth, hereby applies for the conveyance, without monetary consideration, for use for historic monument purposes, from the United States of America pursuant to 40 U.S.C. 550(h), and in accordance with the rules and regulations of the General Services Administration, the following described property:

Thomas J. McIntyre Federal Property, a 2.1 acre parcel located at 80 Daniel Street

This property is more fully described in the "Program of Preservation and Utilization," attached hereto and made a part hereof. Enclosed herewith is a resolution or certification as to the authority of the undersigned to execute this Application and to do all other acts necessary to consummate the transaction.

**The undersigned agrees that this Application is made subject to the following terms and conditions:**

1. This Application, as approved by the Secretary of the Interior (Secretary) and as accepted by the Administrator of the General Services (Administrator), shall constitute the entire agreement among the Applicant, the Secretary, and the Administrator, unless modified in writing by the three parties.
2. The descriptions of the property set forth above are believed to be correct, but any error or omission shall not constitute ground or reason for nonperformance of the agreement resulting from the acceptance of this Application.
3. It is understood that the property is to be conveyed "As Is" and "Where Is" without representation, warranty, or guaranty as to quantity, quality, character, condition, size or kind, or that the same is in condition or fit to be used for the purpose intended, and no claim for any adjustments upon such grounds will be considered after this Application has been accepted.
4. The Applicant agrees to assume possession of the property within 15 days of any written request given by the Administrator after acceptance of this Application. Should the Applicant fail to take actual possession within such period, it shall nonetheless be charged with constructive possession commencing at 12:01 a.m., local time, of the 16th day after such request by the Administrator. The word "possession" shall mean either actual physical possession or constructive possession.
5. As of the date of assumption of possession of the property, or the date of conveyance, whichever occurs first, the Applicant shall assume responsibility for any general and special real and personal property taxes which may have been or may be assessed on the property, and shall pay its part of the pro-ration of any sums paid, or due to be paid by the Federal Government in lieu of taxes.



6. As of the date of assumption of possession of the property, or the date of conveyance, whichever occurs first, the Applicant shall assume responsibility for care and handling and all risks of loss or damage to the property and have all obligations and liabilities of ownership.
7. In support of eligibility to acquire the property for historic monument purposes, the undersigned submits a proposal entitled "Program of Preservation and Utilization" attached hereto. All proposed changes to the property must be described in the "Program of Preservation and Utilization" and must be in conformance with the *Secretary of the Interior's Standards for the Treatment of Historic Properties* (typically, the *Standards for Rehabilitation*). The "Program of Preservation and Utilization" may be amended from time to time at the request of either the Applicant or the Secretary, with the written concurrence of the other party. Such amendments will be added to, and become a part of, the original "Program of Preservation and Utilization." The National Park Service, as part of reviewing any amendments on behalf of the Secretary, is required to comply with Section 106 of the National Historic Preservation Act and the National Environmental Policy Act. The Applicant agrees that it will furnish such data, maps, reports, and information as may be requested by the Secretary to comply with these laws, and any other laws, as required.
8. Conveyance of the Property shall be accomplished by an instrument, or instruments, in form satisfactory to the Administrator, without warranty, express or implied, and shall contain covenants, reservations, restrictions, and conditions substantially as follows:
  - a. That the Grantee shall forever use the property in accordance with its Application and the approved program attached thereto entitled "Program of Preservation and Utilization."
  - b. Other than as provided for in the approved "Program of Preservation and Utilization" (a) above, the property shall not be sold, leased, assigned, or otherwise disposed of, except to another eligible government agency that the Secretary is satisfied can assure the continued use and maintenance of the property for historic monument purposes. The Grantee may, however, enter into lease agreements with any individual or entity if the lease agreement is compatible with the approved program (a) above, and provided the prior concurrence of the Secretary, or his/her designee, is obtained in writing prior to the execution of such agreements. Any lessee who develops or rehabilitates the property on behalf of the Grantee shall also be required to provide the same information for the Biennial Reports as the Grantee (see 8.c below).
  - c. The Grantee shall prepare Biennial Reports setting forth the use made of the property during the preceding two-year period, and submit them to the Secretary at:

Historic Surplus Property Program, National Park Service, Northeast Regional Office, 1234 Market Street, Philadelphia, PA 19106  
(Guidelines for Biennial Reports are available from the National Park Service regional office)

- 1) If the Administrator has authorized revenue-producing activities, based on the recommendation of the Secretary, then the Grantee shall file with the Secretary at the same address every two years a Financial Report, which shall include the following:
  - a) Statement of income from all sources during the reporting period.
  - b) Statement of expenses classified according to the following categories:
    - i. repair, rehabilitation, and restoration costs;
    - ii. recurring maintenance requirements costs; and
    - iii. administration and operations costs.
  - c) Statement of disposition of excess income.

The Financial Report will cover two accounting years, whether fiscal or calendar, as mutually agreed by the Grantee and the Secretary and will be submitted within 90 days after the close of the accounting year.



- 2) Audit Report. The Audit Report will consist of a report produced by an independent audit firm summarizing the results of the biennial audit. The Secretary shall have the right, at his/her discretion, to audit such financial records, to examine such other records, and to inspect such portions of the granted property as may, in his/her judgment, be necessary to safeguard the interests of the U.S.
- d. Title to the property transferred shall revert to the United States at its option in the event of noncompliance with any of the terms and conditions of disposal.
9. Any title evidence which may be desired by the Applicant shall be procured by the Applicant at its sole cost and expense. The Federal Government shall, however, cooperate with the Applicant or its authorized agent in this connection, and shall permit examination and inspection of such deeds, abstracts, affidavits of title, judgments in condemnation proceedings, or other documents relating to the title of the premises and property involved, as it may have available. It is understood that the Federal Government shall not be obligated to pay for any expense incurred in connection with title matters or survey of the property.
10. The Applicant shall pay all taxes imposed on this transaction and shall obtain at its own expense and affix to all instruments of conveyance and security documents such revenue and documentary stamps as may be required by Federal and local law. All instruments of conveyance and security documents shall be placed on record in the manner prescribed by local recording statutes at the Applicant's expense.
11. The approved Applicant covenants and agrees for itself, its successors and assigns, to be subject in all respects to all Federal laws and regulations relating to nondiscrimination in connection with any use, operation, program, or activity on or related to the property requested in this Application.
12. The Grantee shall, within a period of six months from the date of the signing of the Deed of Conveyance, erect, and maintain a sign of compatible scale and materials near the principal access to the property stating that: "The(name of building/property) was acquired by (local government entity) from the Federal Government through the General Services Administration as Historic Surplus Property on (date). This public benefit program is administered by the National Park Service, U.S. Department of the Interior." Additional information may also be included, such as names of local officials, etc. This sign shall be maintained in perpetuity. A temporary sign may be erected during any rehabilitation work. The final design and text of the sign must be included in the "Program of Preservation and Utilization."



**SIGNED BY APPLICANT**

Signed in acceptance of the foregoing conditions this 30 day of August, 2019.

By:

  
Authorized Official's Signature

John P. Bohenko

Name – printed

City Manager

Title

1 Junkins Avenue

Address of Applicant

Portsmouth, NH 03801

City, State, Zip



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**APPROVED BY THE SECRETARY OF THE INTERIOR**

Application approved and property recommended for historic monument conveyance by and on behalf of the Secretary of the Interior this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

**NATIONAL PARK SERVICE**

By: \_\_\_\_\_  
Signature

\_\_\_\_\_  
Name – printed

\_\_\_\_\_  
Title

**ACCEPTED BY THE ADMINISTRATOR OF GENERAL SERVICES**

Recommendation of the Secretary of the Interior accepted by and on behalf of the Administrator of General Services this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

**GENERAL SERVICES ADMINISTRATION**

By: \_\_\_\_\_  
Signature

\_\_\_\_\_  
Name – printed

\_\_\_\_\_  
Title

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**SECTION II - PROGRAM OF PRESERVATION & UTILIZATION**

**1) APPLICANT:**

1a. Name of Agency: City of Portsmouth

1b. Agency Representative: John P. Bohenko

1c. Agency Street Address: 1 Junkins Avenue

1d. City: Portsmouth      1e. State: NH    1f. Zip Code: 03801      1g. Day telephone: (603) 610-4500

**2) PROPERTY:**

2a. Name of Property: Thomas J. McIntyre Federal Property

2b. Street address: 80 Daniel Street

2c. City: Portsmouth      2d. County: Rockingham      2e. State: NH      2f. Zip Code: 03801

2g. Name of historic district, if applicable: Portsmouth Downtown Historic District

2h. Include as part of the Application a copy of the National Register nomination form or Determination of Eligibility, obtainable from the State Historic Preservation Officer or at [www.nps.gov/nr](http://www.nps.gov/nr)

**Check all applicable designations:**

Local listing       Certified Local Government       State listing

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National Register Listed       National Register Eligible

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Project Seeking the Federal Historic Rehabilitation Tax Credit  
*(Note: Checking this box directs the NPS Regional Office reviewing this Historic Monument Application to coordinate the review with that of the NPS Washington, D.C. office which administers the Federal Historic Rehabilitation Tax Credit Program.)*

**Number of Resources within Property**  
*(in accordance with the National Register classification system)*

	Contributing	Non-contributing
Buildings	1	
Sites		
Structures		
Objects		
<b>TOTAL</b>	<b>1</b>	<b>0</b>

*(Note: Although the applicable National Register Nomination or Determination of Eligibility may provide this kind of information, always consult with NPS to ensure that the classifications and the counts are current.)*



**3) DESCRIPTION OF PROPERTY:**

3a. Acreage:

2.14 acres

3b. Legal Description:

*This can be in metes and bounds, rectangular, or cadastral survey. If the information is not available from the granting Federal agency, you must survey the property when the National Park Service is assured that you will be the recipient. In such event, the legal description and plot may be submitted subsequent to the Application.*

Please see attached Appendix A.

3c. Map:

*Attach a plot map showing the property boundary, contributing and noncontributing resources (buildings, sites, structures, objects—refer to 2h above), street plan, and other features (topographic features, vegetation, landscaping, water features, etc.) important in understanding the property.*

**4) NARRATIVE DESCRIPTION:**

*Provide a written description of all important historic resources and natural features identified in the plot map, above. This includes contributing resources (buildings, sites, structures, objects—refer to 2h above) vegetation, landscape features, etc. Include building number, designations such as "Barracks," "Water tower," etc, and give dimensions and floor area.*

Please see attached Appendix B.



**5) UTILITIES:**

The Federal building is serviced by municipal water and sewer systems, and by electrical (Eversource), natural gas, telephone and internet services.

**6) RELATED PERSONAL PROPERTY:**

**7) SIGNIFICANCE**

*Describe the significance of the property in American history, archeology, architecture, or culture, referencing the National Register nomination, or the Determination of Eligibility.*

Please see attached Appendix B.



**8) PRESERVATION PLAN:**

**All work must be done in accordance with the Secretary of the Interior's *Standards for the Treatment of Historic Properties* (typically, the *Standards for Rehabilitation* would be the most applicable set of treatment standards).**

*Using the outline format below, describe the proposed work on a feature-by-feature or work-item basis (examples of architectural/landscape features or work items include: formal garden, new landscaping, new parking area, roof, windows, porch, exterior siding, foundation, interior trim, interior plaster, floor plan/interior partitions, HVAC system, etc.). Begin by describing site work, including new construction and parking, followed by work on the exterior and finally work on the interior. A separate outline description should be used to detail each work item and its effect on architectural/landscape features or interior spaces. Under item "8D," explain in detail the work to be undertaken and describe the effect (visual, structural, or other) on the existing feature. This should include the impact of any modern modifications or utilities on the existing feature. For archeological areas, describe necessary security and maintenance to stabilize the site, control vegetal growth, or avoid damage.*

*Numbered photographs and drawings are essential components of the Preservation Plan. Applicable photograph and drawing numbers should be referenced under "8E" and "8F" of each outline description or work item. The submitted photographs must be high quality digital or 35 mm prints and they must document the existing/ pre-project condition of the site, the exterior elevations of the building(s), and the interior. Interior elements to be documented include major spaces and detailing, such as decorative plasterwork and wainscoting.*

*Existing conditions may be shown by original construction drawings that include subsequent modifications, by current record drawings, or by newly prepared measured drawings. Major planned alterations or new construction must be shown on appropriate drawings (e.g., site plans, elevations, floor plans, sections). While detailed plans and specifications may not be necessary if the project is simple in scope, it must be clear from the submitted documentation that the Applicant has fully recognized areas of historic significance and will plan proposed work to minimize the impact on these significant areas.*

**ARCHITECTURAL/LANDSCAPE FEATURES**

***For each architectural or landscape feature where work is proposed, use the following format to describe the existing condition and the proposed work. Attach additional sheets/pages as necessary continuing the alphabetical format until every feature slated for work is described.***

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Feature A: Please see attached Appendix C.

8a. Approximate date of construction:

8b. Approximate date(s) of alterations:

8c. Description and condition:

8d. Proposed work and impact on the feature:

8e. Photo number(s):

8f. Drawing number(s):



Feature B: **Please see attached Appendix C.**

8a. Approximate date of construction:

8b. Approximate date(s) of alterations:

8c. Description and condition of Feature B:

8d. Proposed work and impact on the feature:

8e. Photo number(s):

8f. Drawing number(s):

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Feature C: **Please see attached Appendix C.**

8a. Approximate date of construction:

8b. Approximate date(s) of alterations:

8c. Description and condition of Feature C:

8d. Proposed work and impact on the feature:

8e. Photo number(s):

8f. Drawing number(s):



**9) USE PLAN:**

*Describe in detail the planned utilization and exhibition of the historic site. Differentiate between public-use activities and revenue-producing activities. Identify any portions of the property to which public access will be denied or restricted. Establish the suitability of the property for the proposed uses and the compatibility of the proposed revenue producing activities with the historical and/or architectural character of the property.*

Please see attached Appendix D.

**10) FINANCIAL PLAN:**

10a. Analysis of projected income from all sources:

Please see attached Appendix E.

10b. Analysis of projected expenses for:

**i) Repair, rehabilitation and restoration** (if work will be phased, briefly describe each phase, indicate the corresponding time schedule, and group projected expenses by phase):

Please see attached Appendix E.

**ii) Recurring maintenance requirements:**

Please see attached Appendix E.

**iii) Administration and operation:**

Please see attached Appendix E.



10c. Provisions for disposition of excess income:

*The law requires that all income in excess of costs for repair, rehabilitation, restoration, and maintenance shall be used by the Grantee only for public historic preservation, or park or recreational purposes (when all preservation needs have been adequately addressed). A reasonable amount of any excess proceeds may be carried forward from year to year to meet such costs. Any lessee who develops or rehabilitates the property on behalf of the Grantee shall be held to the same requirements for excess income.*

**Please see attached Appendix E.**

10d. Description of accounting and financial procedures:

*These must include provision for an independent audit every two years, the cost to be borne by the Grantee, and for an Audit Report based thereon to be submitted every two years, together with a Financial Report, to the Secretary of the Interior.*

**Please see attached Appendix E.**

**11) CAPABILITY:**

*Give a full statement of legal authority and ability to finance, operate, and maintain the property. Furnish complete information about the adequacy of staff to be made available to develop and operate the project and the Applicant's qualifications for the development and operation of historic property.*

Incorporated in 1849, the City of Portsmouth is a municipality operating under a Council-Manager form of government. At the close of fiscal 2017, the City's independent auditor, Melanson Health, reported the City's total net position at over \$485 million. Its fiscal 2019 general fund budget is just over \$113 million, and its taxable valuation with utilities is roughly \$5.468 billion. The City enjoys a AAA bond rating. As a municipal corporation, the City is eligible to receive surplus property.

The City will enter into a partnership with SoBow Square LLC (formed by principals of Redgate Holdings LLC and the Kane Company) to redevelop and operate the property. SoBow Square-related personnel have significant real estate development and management experience, and have provided evidence of adequate financial capacity to successfully carry forth this project. The City will enter into a ground lease with SoBow Square to redevelop, operate, and maintain the property. SoBow is advised by MacRostie Historic Advisors and Bruner Cott Associates regarding compliance with the Secretary of the Interior Standards for the Treatment of Historic Properties.



**12) RESOLUTION:**

*The resolution form on the following page has been provided for your use.  
If you do not use this form, you must ensure that, at a minimum, the resolution contains the following:*

- 12a. Identification of the name, location, GSA control number and acreage of the property for which you are applying;
- 12b. An authorization of the Application for and acquisition of the specified property for historic monument purposes;
- 12c. A designation by title of a specific official to act as the authorized representative in all matters pertaining to the transfer of the property;
- 12d. A statement that the Application is being made for acquisition of the property under the provisions of 40 U.S.C. 550(h), and regulations and procedures promulgated thereunder;
- 12e. Where applicable, certification that the Applicant is authorized, willing, and able to conduct compatible revenue-producing activities, and that regardless of any revenues derived from such activities, the Applicant is financially able to utilize said property for historic monument purposes as set forth in its "Program of Preservation and Utilization" and in accordance with the requirements of 40 U.S.C. 550(h) and regulations and procedures promulgated thereunder;
- 12f. Where applicable, certification that any income in excess of costs of repair, rehabilitation, restoration, and maintenance shall be used by the Applicant only for public historic preservation, park, or recreational purposes as enunciated in the "Program of Preservation and Utilization";
- 12g. Certification that the Applicant is willing and authorized to pay the administrative expenses incident to the transfer; and
- 12h. Certification that the Applicant is authorized, willing, and in a position to assume immediate care and maintenance of the property.



RESOLUTION/CERTIFICATE OF AUTHORITY (SAMPLE FORMAT)

Whereas, certain real property owned by the United States, located in the County of Rockingham, State of NH has been declared surplus and at the discretion of the Administrator of General Services (Administrator), may be conveyed for historic monument purposes to a State, political subdivision, instrumentalities thereof, or municipality, under the provisions of 40 U.S.C. 550(h), and rules and regulations promulgated pursuant thereto, more particularly described as follows: **Thomas J. McIntyre Federal Property**

80 Daniel Street Portsmouth 2.1 acres

GSA control number NH0036ZZ

Whereas, City of Portsmouth needs and will utilize said property in perpetuity for historic monument purposes as set forth in its Application and in accordance with the requirements of 40 U.S.C. 550(h) and the rules and regulations promulgated thereunder; and

Whereas, the Applicant is authorized, willing, and able to conduct compatible revenue-producing activities, and that regardless of any revenues derived from such activities, Applicant is financially able to utilize said property for historic monument purposes as set forth in its "Program of Preservation and Utilization" and in accordance with the requirements of 40 U.S.C. 550(h) and regulations and procedures promulgated thereunder; and

Whereas, the Applicant agrees that any income in excess of costs of repair, rehabilitation, restoration, and maintenance shall be used by the Applicant only for public historic preservation, park, or recreational purposes as enunciated in its "Program of Preservation and Utilization";

Now, Therefore, Be It Resolved, that City of Portsmouth shall make Application to the Administrator for and secure the transfer to it of the above-mentioned property for said use upon and subject to such exceptions, reservation, terms, covenants, agreements, conditions, and restrictions as the Secretary of the Interior, and the Administrator, or their authorized representatives, may require in connection with the disposal of said property under 40 U.S.C. 550(h) and the rules and regulations issued pursuant thereto; and Be It Further Resolved that City of Portsmouth

has legal authority, is willing, and is in a position to assume immediate care and maintenance of the property, and that John P. Bohenko City Manager be and he/she is hereby authorized, for and on behalf of the City of Portsmouth to do and perform any and all acts and things which may be necessary to carry out the foregoing resolution, including the preparing, making, and filing of plans, Applications, reports, and other documents; the execution, acceptance, delivery, and recordation of reports, and other documents; the execution, acceptance, delivery, and recordation of agreements, deeds, and other instruments pertaining to the transfer of said property, including the filing of copies of the Application and the conveyance documents in the records of the governing body, and the payment of any and all sums necessary on account of the purchase price thereof or fees or costs incurred in connection with the transfer of said property for survey, title searches, recordation of instruments, or other costs identified with the Federal surplus property acquisition.

City of Portsmouth

legal title of governing body of Applicant

1 Junkins Avenue, Portsmouth, NH 03801

address

I, John P. Bohenko, hereby certify that I am the City Manager of the City of Portsmouth and that the foregoing resolution is a true and correct copy of the resolution adopted by the vote of a majority of the members of said City of Portsmouth present at a meeting of said body on the 12 day of August, 2019 at which a quorum was present.

John P. Bohenko

***Application: Obtaining Real Property for Historic Monument Purposes***

*Thomas J. McIntyre Federal Building*

*80 Daniel Street, Portsmouth, NH*

*August 12, 2019*

## **APPENDIX A**

### **Legal Description and Map**

**Application: Obtaining Real Property for Historic Monument Purposes**

Thomas J. McIntyre Federal Building

80 Daniel Street, Portsmouth, NH

August 12, 2019

**3b. Legal Description**

Per the deed dated May 12, 1965 and recorded with the Rockingham County Register of Deeds in Book 1767, Page 127, the parcel is legally bound and described as follows:

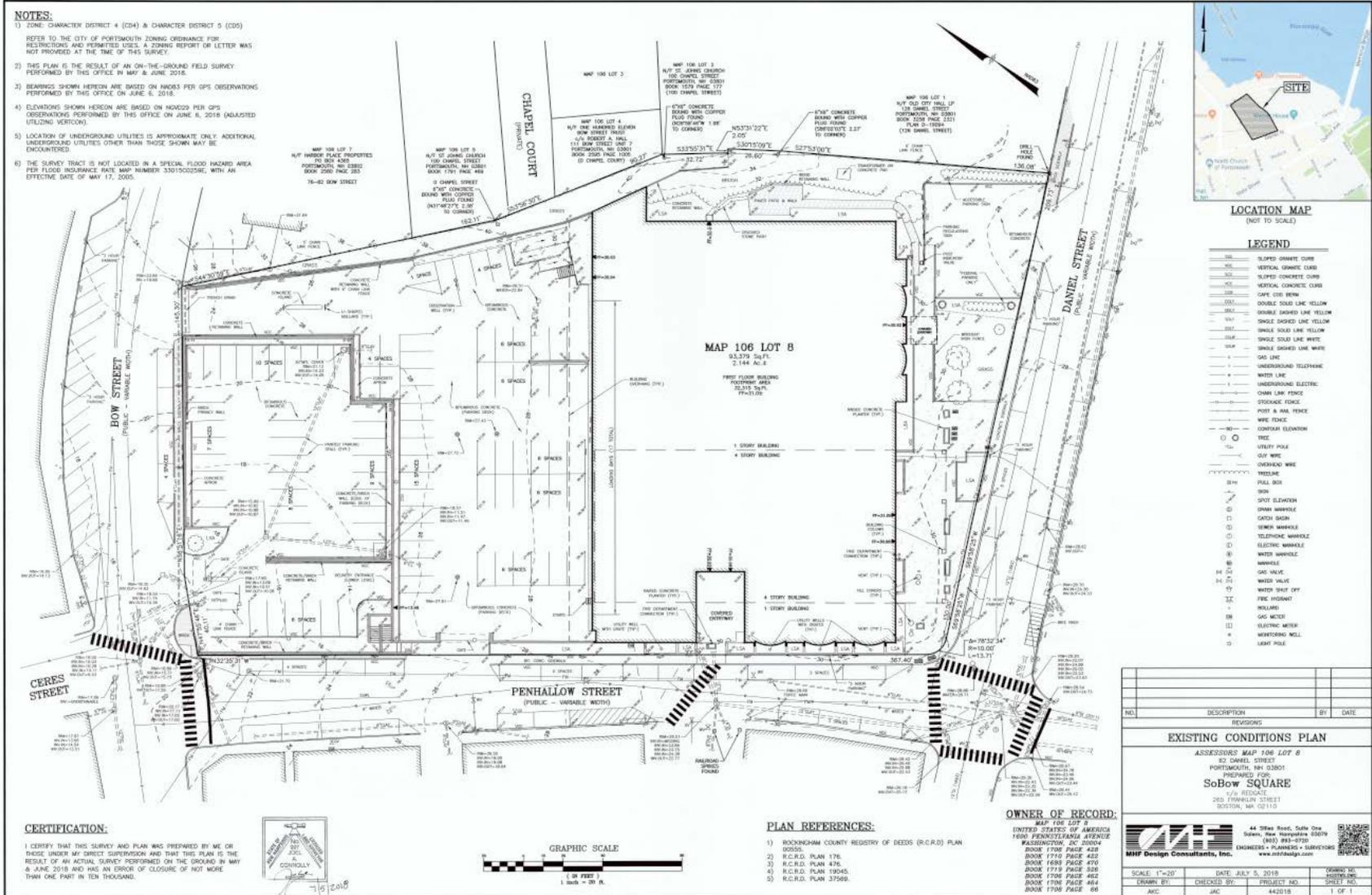
*Beginning at a point on the Northerly line of Daniels Street; said point being the southerly corner of land now or formerly owned by the City of Portsmouth thence North thirteen degrees thirty-eight minutes twenty-five seconds West ( $N 13^{\circ} 38' 25'' W$ ) along the land of said City of Portsmouth five and five hundredths (5.05) feet to a point, said point establishes by this deed the new Northerly line of Daniels Street; thence South eighty-four degrees thirteen minutes and no seconds West ( $S 84^{\circ} 13' 00'' W$ ) along the new Northerly line of Daniels Street two hundred thirty-nine and seventy-three hundredths (239.73) feet to the point of tangency of a circle whose radius is ten and no hundredths (10.00) feet; thence along the arc of the circle whose radius is ten and no hundredths (10.00) feet a distance of thirteen and fifty-two hundredths (13.52) feet to the point of tangency with the new Easterly line of Penhallow Street; thence North eighteen degrees twenty minutes and fifty-six seconds west ( $N 18^{\circ} 20' 56'' W$ ) along the new Easterly line of Penhallow Street three hundred sixty-seven and forty hundredths (367.40) feet to the intersection of the Southerly line of Bow Street and Easterly line of Penhallow Street as established by this deed; thence South sixty-two degrees ten minutes and twenty-one seconds West ( $S 62^{\circ} 10' 21'' W$ ) a distance of five and seven hundredths (5.07) feet to the former Northerly line of Penhallow Street; thence South eighteen degrees twenty minutes fifty-six seconds East ( $S 18^{\circ} 20' 56'' E$ ) along the former line of Penhallow Street two hundred eighty-two and seventy-eight hundredths (282.78) feet to a point; thence south nine degrees fourteen minutes sixteen seconds East ( $S 9^{\circ} 14' 16'' E$ ) along the former line of Penhallow Street ninety-three and sixty-eight hundredths (93.68) feet to the formerly Northerly line of Daniels Street; thence North eighty-four degrees forty-two minutes fifty-eight seconds East ( $N 84^{\circ} 42' 58'' E$ ) along the former line of Daniels Street fifty-seven and twenty-one hundredths (57.21) feet to a point; thence South thirty-six degrees twenty-five minutes twenty-eight seconds East ( $S 36^{\circ} 25' 28'' E$ ) along the former line of Daniels Street ten and twenty-five hundredths (10.25) feet to a point; thence North eighty-two degrees twenty-two minutes fifty seconds East ( $N 82^{\circ} 22' 50'' E$ ) along the former line of Daniels Street fifty-two and forty-nine hundredths (52.49) feet to a point; thence North eight degrees thirty-seven minutes forty seconds West ( $N 8^{\circ} 37' 40'' W$ ) along the former line of Daniels Street two and forty-three hundredths (2.43) feet to a point; thence North eighty-two degrees sixteen minutes thirty-three seconds East ( $N 82^{\circ} 16' 33'' E$ ) along the former line of Daniels Street one hundred fifty-two and ninety-five hundredths (152.95) feet to the point of beginning. Said parcel contains four thousand seven hundred forty and seventy-six hundredths (4,740.76) square feet.*

**3c. Map**

Attached hereto on following page.

**Application: Obtaining Real Property for Historic Monument Purposes**  
**Thomas J. McIntyre Federal Building**  
**80 Daniel Street, Portsmouth, NH**  
**August 12, 2019**

**MAP**



***Application: Obtaining Real Property for Historic Monument Purposes***

*Thomas J. McIntyre Federal Building*

*80 Daniel Street, Portsmouth, NH*

*August 12, 2019*

## **APPENDIX B**

### **Narrative Description & Significance**

***Application: Obtaining Real Property for Historic Monument Purposes***

*Thomas J. McIntyre Federal Building*

*80 Daniel Street, Portsmouth, NH*

*August 12, 2019*

**4. Narrative Description**

Site & Setting

The Thomas J. McIntyre Federal Building and Post Office, henceforth referred to as the McIntyre Building, at 80 Daniel Street comprises approximately 2.1 acres of land, with 245 feet of frontage on the northwest side of Daniel Street, 378 feet on the northeast side of Penhallow Street, and 186 feet on the southeast side of Bow Street. The property includes the McIntyre Building - a four-story (plus basement level) steel-frame masonry building containing approximately 107,000 square feet (sf) of gross building area with forty-four (44) indoor parking spaces, and a two-tier outdoor parking lot with ninety-one (91) spaces. The property is bounded on the south by Daniel Street, on the west by Penhallow Street, on the north by Bow Street, and by the three-story Old City Hall and Chapel Street on the east. The property drops in elevation thirteen feet from Daniel Street to Bow Street, a grade change of 4%. The area surrounding the McIntyre Building is Portsmouth's historic harbor and waterfront commercial areas and is made up of densely developed blocks of one-to-three story commercial buildings.

Exterior

The McIntyre Building is a four-story, masonry, New Formalist-style building with an asymmetrical southeast (facade) elevation. The building is made up of three distinguishable design components: the main four-story building, the one-story section on Penhallow Street, and the one-story wing on Daniel Street (the location of the current Post Office). It has a ballasted membrane on flat-roof with a deep concrete overhang supported by concrete brackets. Walls are brick and rest on concrete foundations. The primary Daniel Street facade has a recessed first story with a groin vaulted ceiling supported by paneled, concrete columns and segmental arches with paired, off-center fully glazed, aluminum-framed entrance doors. One-story wings at the southwest and northeast sides have secondary entrances and house additional office space and a post office. Most street-level windows are full-height, multi-light, fixed, aluminum sash and upper stories have recessed window openings with wide concrete surrounds. The first floor of the north elevation contains eighteen loading dock bays, one of which has been infilled and contains a single personnel door, that are protected by a cantilevered concrete roof.

On Penhallow and Bow Streets, brick walls capped with concrete (approximately five feet in height) surround and shield the view of the parking; these walls are original to the construction of the building. There are free-standing planters presumed to be placed after September 11, 2001 – six at the Daniel Street entrance and one at the entrance on Penhallow Street. The property has two flag poles: one at the corner of Daniel and Penhallow Streets (original) and a second pole erected in 1997 in front of the current Post Office entrance.

*Main Building*

The Main Building is a rectangular four-story plus basement, steel framed, red brick and concrete building with a flat roof. It has two primary elevations on Daniel and Penhallow Streets, a secondary elevation on Bow Street, and a tertiary elevation facing Chapel Street.

Above the first floor the building is red brick with a flat concrete fascia and cast concrete brackets with attached precast decorative panels that create parallel raised edges. The brackets on the south and east elevations have been encased in a wire mesh netting since 2008 to capture any falling pieces of failed concrete (first in a temporary black netting and currently in a heavy-duty beige netting). The single-pane, aluminum frame pivoting windows are equally spaced and are aligned both vertically and horizontally within each elevation; they are recessed one foot from the

***Application: Obtaining Real Property for Historic Monument Purposes***

*Thomas J. McIntyre Federal Building*

*80 Daniel Street, Portsmouth, NH*

*August 12, 2019*

exterior plane of the building and are set within exposed-aggregate, unadorned white cast concrete window surrounds.

The main entrance to the building on Daniel Street is recessed two bays behind three flat segmental arches supported by four concrete columns currently encased in stainless steel (to protect against spalling sometime after September 2015); each column is surmounted by a single concrete bracket in the same design as those at the roof line. This covered entryway has a cast concrete groin vaulted ceiling the springing of which rests on single fluted concrete pilasters opposite the columns. There are three full-height glass walls aligned with each arch and vault of the entry surmounted by opaque demi-lune transoms above a concrete lintel; the center glass wall contains the main entry doors. These full-height glass walls are divided into three vertical components which is the common pattern found in all of the full-height glass elements in the McIntyre Building: squares at the top and base with a single pane of glass in between that rises approximately three times the height of the squares; they are either five or six bays wide. At the entry on Daniel Street, a pair of glass and aluminum doors have been inserted to the right and a single glass door (access to a stairwell) is to the left; the original configuration was a pair of doors in both of these openings. In front of the windows to either side of the entrance are balustrades, originally aluminum panels with oval openings, now replaced with simple square wrought iron balusters and railing.

The first floor of the north elevation of the building contains nine of eighteen loading dock bays, which are protected by a cantilevered concrete roof. There are solar panels on top of the mechanical room on the roof.

*One-story section along Penhallow Street*

This one-story section of the building is set back one bay from the Daniel Street façade and extends northward the entire length of the Main Building. It is red brick with a flat concrete parapet. On the small portion of this section facing Daniel Street is mounted both sides of the Great Seal of the United States, the name of the building (1981), and the corner stone. Nearly centered in the west elevation is a second entrance to the Main Building, originally the 24-hour entrance to the Box Lobby. To the north of this entrance is a flat brick wall, and to the south are three bays of full-height windows alternating with recessed brick wall panels. These full-height windows have the standard pane configuration, although some have been modified to provide for operable casements for natural ventilation.

There is a recessed entrance on the Penhallow Street elevation that is topped with a skylight covered pergola. The standard full-height window wall has been modified to accept a pair of glass and aluminum entry doors to the right and a single glass and aluminum entry door to the left (access to a stairwell). North and south brick walls each has a single-width full-height window. The inclined concrete pavement linking sidewalk to doors is without a level landing at the doors.

*One-story wing east of the Main Building, current Post Office*

Constructed of red brick with concrete details, this one-story wing is recessed one bay deep from the facade of the Main Building after its three-bay arcade and extends northward its entire length. As originally constructed, the Daniel Street elevation consists of three sections:

The western-most section abutting the Main Building, which was the location of the Service Lobby. This section contains a full-height window of the standard design.

## ***Application: Obtaining Real Property for Historic Monument Purposes***

*Thomas J. McIntyre Federal Building*

*80 Daniel Street, Portsmouth, NH*

*August 12, 2019*

The center section projecting from the two side sections. This section was originally punctuated by three single-pane, pivoting, deeply recessed windows with concrete window frames alternating with two slightly bowed, full-height windows of the standard design. The center single-paned window was removed, and a new entryway installed in 1997.

The eastern-most section was a flat blank brick wall. A new full-height window replicating the original first floor full-height windows was installed in this wall in 1997.

There are currently four full height windows on the east elevation of this wing. The two center windows are original and helped to provide light to the large Workroom. The two flanking windows are new openings from the 1997 renovation, replacing narrow slit windows providing light into the locker rooms.

There is a flat concrete cornice atop this wing with the exception of the section abutting the Main Building; this section is capped by a taller parapet. The first floor of the north elevation of the building contains nine of eighteen loading dock bays, one of which has been infilled and currently contains a single door, which are protected by a cantilevered concrete roof.

### Interior

#### *Main Building*

Half of the basement floor area is dedicated to underground parking; the remainder contains spaces and uses typical of a basement: boiler room, trash collection, and storage areas. The parking garage is concrete with concrete encased steel columns. The finishes in the interior spaces are composition floor tile, dropped ceilings, boxed fluorescent light fixtures, and a mixture of fiberboard and concrete block walls.

The entrance vestibule on the ground floor from Daniel Street is accessed through a pair of glass and aluminum doors. The east wall of the vestibule is a full-height, opaque-glass wall with a pair of doors in the center which once led to the Service Lobby in the one-story wing that currently houses the Post Office. The west wall is covered with a veneer of polished white marble panels; a building directory (aluminum case with two locking glass doors, not original) is attached to the wall and a single solid metal door to the left (south) of the directory leads to a full-height stairwell. The north wall of the vestibule is a full-height glass partition wall. Immediately beyond this partition is the Elevator Lobby: to the west is the hallway to the offices in the one-story section on Penhallow Street and two elevators.

On the wall to the left of the elevators is a bronze plaque commemorating the rededication and naming of the building in 1981 (this is likely the location of the original Building Directory). On the west wall opposite the elevators is an original built-in, tripartite aluminum and glass document case. In the early 1960s, document cases began to be added to public lobbies of federal buildings. These cases were designed to hold replicas of the Constitution, the Declaration of Independence, and the Bill of Rights. In the upper corners of the center section of the case are both sides of the Great Seal of the United States in brass, surmounted by a brass American eagle with its wings unfurled. All of the non-box walls are covered with a veneer of polished white marble panels in a pattern that replicates those of the full-height windows: squares at the top and base with a single piece of marble in between approximately three times the height of the squares.

Beyond the Elevator Lobby area is the former Box Lobby; the boxes were located on the east wall and two bulletin boards and Lobby Desks were located on the west wall; there are no extant original fixtures to indicate the use of this space. [The boxes measured 5'6" above the baseboard with plaster wall above to the ceiling.] All of the walls are covered with a veneer of polished white marble panels, as are the walls to the vestibule to the Penhallow Street

## ***Application: Obtaining Real Property for Historic Monument Purposes***

*Thomas J. McIntyre Federal Building*

*80 Daniel Street, Portsmouth, NH*

*August 12, 2019*

entrance; the marble on the east wall dates from the 1997 renovation. Inside the Penhallow Street entrance, on the north wall, is a bronze plaque commemorating the construction of the building in 1967. On the east wall are doors to the loading dock area, former storage areas for envelopes and mail bags, and modern office spaces (inserted into the former Workroom). All visible floors in the vestibule, lobbies and hallway area are terrazzo; the cornice and ceilings are plaster.

The upper floors of the Main Building were dedicated as office space. Each of these floors contains a north-south hallway immediately adjacent to the elevators. The fiberboard walls are punctuated by doors; there are no windows or transoms in the hallways. On the second floor, directly opposite the elevators is a pair of wood and glass doors providing public access to the Social Security Offices. Restrooms and service closets are clustered near the elevator core and stairwells. Full-height stairwells are located in the northwest and southwest corners of the Main Building; the northwest stairwell provides access to the roof. The floors throughout are carpeted. Each window has a deep window sill; there is no trim.

### *One-story section along Penhallow Street*

Offices and a conference room line the exterior walls of this section. There is a dedicated hallway accessed from near the main entrance on Daniel Street as well as near the entrance on Penhallow Street. The hallway to these spaces is behind the elevators. On the opposite side of the hallway, directly behind the elevators are restrooms and storage rooms; originally an office for a secretary was located here, the only dedicated office in this area on the original drawings. The conference room is paneled in wood and the offices have dropped ceilings with boxed fluorescent lighting features and modern partition walls. There is no conference room identified on the original drawings, so it is presumed that the wood paneling is from a later date. The hallway floor is terrazzo.

### *One-story wing east of the Main Building, current Post Office*

The Service Lobby was located in this wing with six service windows. Past the Service Lobby, along Daniel Street from west to east, there was a reception area; the Post Master's Office; an area with a hall, storage and a toilet; the Assistant Post Master's Office; an office for the Superintendent of Mail; and, behind the blank brick wall, the Women's Swing and Locker Room and Toilet. At the north end of the wing were the Men's Swing Room, Locker Room and Toilets. The center of this wing, and the majority of the floor space, was given over to a Workroom. There were two vaults near the Service Lobby.

In 1997, the public Post Office functions moved to this wing and a separate entrance directly from Daniel Street into this space was created by converting a window opening to a doorway. As far as is visible, all historic finishes were removed with the exception of some of the polished marble wall veneer at the area that was the entrance to the Service Lobby from the vestibule.

## **7. Significance**

The McIntyre property is listed on the National Register of Historic Places as a contributing resource to the Portsmouth Downtown Historic District. The following is taken from the narrative listed under Criterion C – Architecture (1910-1966) of the nomination form:

“The Thomas J. McIntyre Federal Building and Post Office, 62 Daniel Street (1967) was designed in the New Formalist style by architects Koehler & Isaak of Manchester, New Hampshire, who served as agents for the General Services Administration (GSA). The New Hampshire Employment Security published *Mid-20th Century Architecture in NH: 1945–1975* in 2012 in which they use the McIntyre Federal Building as an

***Application: Obtaining Real Property for Historic Monument Purposes***

*Thomas J. McIntyre Federal Building*

*80 Daniel Street, Portsmouth, NH*

*August 12, 2019*

example of Federal Construction and define New Formalism as “classical architecture updated with new technologies and design elements” (Mausolf 2012:76). In particular, elements such as repetitive arches or rounded openings, column supports, and smooth walls, often topped with large, slab-like roofs, were called out as characteristic features of this style. The design for the McIntyre Federal Building integrates the smooth brick wall surfaces of the upper story, with a concrete colonnaded arcade along the first story. The roof is a heavy concrete slab emphasized by large modern brackets (Mausolf 2012:76).

Koehler & Isaak (1946–1970) Koehler & Isaak were a Manchester-based architectural firm of Richard Koehler (1912–1974) and Nicholas Isaak (1913–1975) who practiced from 1946 to 1970. Isaak earned a Bachelor of Architecture from the University of New Hampshire (UNH) in 1936. Koehler received his architecture degree from UNH in 1934. The two served as architects and agents for the GSA and are noted for buildings throughout New Hampshire, including federal buildings in Portsmouth, Concord, Manchester, and Keene; the State of New Hampshire Department of Employment Security building, Concord (1959); the campus plan and 10 buildings at St. Anselm College, Manchester (1962–1969); Liquor Commission building, Concord (1965); and the Roman Catholic Chancery Building, Manchester (1966) (Mausolf 2012:135).

***Application: Obtaining Real Property for Historic Monument Purposes***  
*Thomas J. McIntyre Federal Building*  
*80 Daniel Street, Portsmouth, NH*  
*August 12, 2019*

## **APPENDIX C**

### **Preservation Plan**

**Application: Obtaining Real Property for Historic Monument Purposes**

Thomas J. McIntyre Federal Building

80 Daniel Street, Portsmouth, NH

August 12, 2019

**8. Preservation Plan**

**Feature A:** Overall Rehabilitation

**8a. Approximate Date of Construction:** 1967

**8b. Approximate date(s) of Alterations:** 1997

**8c. Description and Condition:**

The Thomas J. McIntyre Federal Building, henceforth referred to as the McIntyre Building, is a four-story (plus basement) New Formalist style steel frame building clad in red brick and concrete located at 80 Daniel Street in Portsmouth, NH. It was constructed in 1967. The McIntyre Building was designed by the architectural firm of Koehler and Isaak for the U.S. government. In 1981, the building was rededicated and named for New Hampshire's U.S. Senator from 1962 to 1979, Thomas J. McIntyre.

The first-floor level of the McIntyre Building extends beyond the rectangular footprint of the upper floors (the Main Building), with one-story wings along Daniel Street (henceforth referred to as the east wing) and Penhallow Street (henceforth referred to as the west wing). The building features an asymmetrical south (main) elevation. Walls are brick and rest on a concrete foundation. The south elevation of the Main Building has a recessed first story (recessed one bay) with a cast-concrete groin-vaulted ceiling supported by paneled, concrete columns and segmental arches with paired off-center fully glazed, aluminum entrance doors. The entrance doors are set within full-height glass walls divided into three vertical components all surmounted by demi-lune transoms. The east and west one-story wings have secondary entrances and house additional office space (west) and a post office (east). Most of the first-floor level windows are full-height, multi-light, fixed, aluminum sash, while upper stories have recessed window openings with protruding concrete surrounds containing single pane pivoting windows. The building is topped with a ballasted membrane flat-roof, with a deep concrete overhang supported by concrete brackets.

The building occupies approximately 107,000 square feet of gross building area, with forty-four indoor parking spaces and a two-tier outdoor parking lot with an additional ninety-one spaces. The interior of the Main Building is subdivided for use as office space and has remained in continuous use by the Federal government since the building's completion in 1967. The interior of the building is laid out around a central core of elevators, stairs and bathrooms. When constructed, all of the upper floors were open space and noted on the drawings as "General Office Space." These floors have been altered over time to suit the changing needs of the organizations using the space. The finishes on the interior of the first floor are different from those of the upper floors, with most of the significant features concentrated on the first floor.

**8d. Proposed work and impact on the feature:**

The McIntyre Building will be rehabilitated for a mix of uses. The upper three floors of the Main Building will remain in office use, with commercial and retail uses on the ground level including in the one-story east wing and the loading dock area.

The parking area to the rear (north) of the site will receive a mix of open space and new construction that will be compatible in scale, massing and materials with the McIntyre Building and the adjacent neighborhood which is a National Register-listed Historic District. A new road between the existing building and the new construction will provide separation between the two, will preserve the view of the Main Building from Penhallow and Daniels Streets, and the view of St. John's Episcopal Church designed by Alexander Parris and an important visual landmark in the City.

**Application: Obtaining Real Property for Historic Monument Purposes**

Thomas J. McIntyre Federal Building

80 Daniel Street, Portsmouth, NH

August 12, 2019

The project has undergone an extensive public process review involving several public hearings and two formal meetings with the Historic District Commission. The original drawings were made available to the City and the architect but cannot yet be released by the GSA for inclusion in the application due to security concerns of the tenants. Copies of these drawings will be added to the application after the tenants vacate the building. It is because of these same security concerns that very few photos are included of the interior upper floors. More photos will be taken to document these spaces upon the tenants vacating the building and, these too, will be added to the application.

**8e. Photo number(s):** All

**8f. Drawing number(s):** All

**Feature B:** Site (including parking and new construction)

**8a. Approximate Date of Construction:** 1967

**8b. Approximate date(s) of Alterations:** 1997

**8c. Description and Condition:**

The McIntyre Building occupies the southern half of a 2.1-acre parcel in downtown Portsmouth. The site is bounded by Daniel Street to the south, Penhallow Street to the west, Bow Street to north, and the rears of structures on the west side of Chapel Street to the east. With the construction of the McIntyre Building and clearance of land for its associated parking, the site has been significantly altered over time, specifically with regards to the overall reduction of public outdoor space. The site is bounded on three sides by city-owned, concrete sidewalks. The grade of the site drops thirteen feet in elevation from Daniel Street to Bow Street, a change of 4%.

A new brick portico was constructed in 1997 when the Post Office moved to the one-story wing and created a new entrance by enlarging a former window. It is four red brick piers supporting a pyramidal Plexiglas skylight.

There is a small outdoor area with shrubs, grass, a brick path, and a picnic table along the east elevation of the east wing. The path ends at the wall of the loading docks.

Concrete planters are located along the perimeter of the building and the site. The original architectural planters were cast-concrete and crudely integrated into McIntyre's expressed foundation wall design at street level. Two other locations were surrounded by granite curbs that were not integrated with the foundation walls architecturally but were laid to follow the slope of the adjacent pavements. Half of the raised concrete beds in the Box Lobby entrance have been removed- presumably as obstructions to public access.

The north half of the property is occupied by parking, with a two-tiered indoor parking facility as well as surface parking. Five-foot tall brick walls capped with concrete along Penhallow and Bow Streets surround and shield the view of the parking area. There are three points of egress to/from the parking: one on Penhallow Street and two on Bow Street.

The city blocks immediately surrounding the McIntyre Building are densely developed, with most buildings built to the property lines and generally three stories tall.

The site is in good condition.

***Application: Obtaining Real Property for Historic Monument Purposes***

*Thomas J. McIntyre Federal Building*

*80 Daniel Street, Portsmouth, NH*

*August 12, 2019*

**8d. Proposed work and impact on the feature:**

The existing plaza in front of the building will remain, be regraded to be made code compliant and, where necessary, repaved to match existing.

The informal, granite-curbed planting bed (1967) on Daniel Street will be retained if it can be integrated into the revised ADA-compliant plaza.

The concrete mechanical areaway surrounds and sidewalk planters along Penhallow Street will be retained, while the granite-curbed planting bed flanking the original mailing platform, and the remnants of the original concrete planters at the recessed entrance to the former Box Lobby, will be removed to allow for access.

The flag pole located at the corner of Daniel & Penhallow streets will be retained, while the ca.1997 flag pole located at the East Wing will be removed.

The 1997 freestanding entry portico at the entrance to the east wing will be demolished.

A new limited access, vehicular road will be constructed immediately north of the McIntyre Building's loading docks and will separate the new construction from the historic structure.

In order to construct the new road, and to allow a proper parking grid in the garage, the existing parking deck and supporting columns below will be demolished and a new slab structure will be built. Due to the amount of ground disturbance at this location, it is unlikely that any archeological resources will be identified, but a 36CFR61 Qualified Archaeologist will be on site during any excavation to address any potential resource identification.

The site north of the McIntyre Building, currently the parking lot, will be redeveloped to hold two new buildings, with several plazas and market areas. These buildings will be mixed use, with some ground floor retail/commercial spaces and residences above, with wide plazas and walkways separating the buildings.

The new buildings will be compatible with both the McIntyre Building and with the existing building fabric in downtown Portsmouth in general, especially in terms of scale, massing, material, and features, such as fenestration grids. The buildings along the streets will be three stories plus an occupied fourth floor with roof dormers are generally found on historic buildings in the district. Roofs will be a combination of pitched and hipped and be covered in standing seam metal. The base of the buildings will be cast stone and wood panels at the first-floor storefronts to reflect the historic character of the surrounding building and red brick above with brick sills and lintels.

The new construction will be set at the sidewalk along Penhallow and the northeast corner of the site on Bow Street. The northwest corner of the site at Bow and Penhallow Streets will be a hardscaped open plaza with some plantings that will be connected to the new road by a passage that runs north to south through the center of the site. At the intersection is a plaza that will provided a physical and visual connection between the historic buildings and new construction while clearly separating new from old.

In order to provide firetruck access to the site, the north east corner of the one-story east wing will be demolished to allow circulation from the new road to Daniel Street. The outdoor area to the east of the east wing will also be converted to an egress lane for emergency vehicles and will connect to Linden Way. The original Post Office parking

**Application: Obtaining Real Property for Historic Monument Purposes**

Thomas J. McIntyre Federal Building

80 Daniel Street, Portsmouth, NH

August 12, 2019

lot on the southeast corner of the site will be removed to support the new fire lane and new walkways will be established for building access.

**8e. Photo number(s):** 1, 3-5, 7-11, 13-17, 19-23, 26-27

**8f. Drawing number(s):** Bruner/Cott & Associates, Inc., *McIntyre Project*, 9/13/18, Sheets: D-100

**Feature C:** Exterior Elevations

**8a. Approximate Date of Construction:** 1967

**8b. Approximate date(s) of Alterations:** 1997

**8c. Description and Condition:**

The McIntyre Building is a four-story, New Formalist-style building. The asymmetrical main elevation faces south onto Daniel Street, with secondary elevations facing west onto Penhallow Street and north onto Bow Street. The tertiary elevation faces east. The building is made up of three distinguishable design components: the main four-story building, the one-story section on Penhallow Street (the “west wing”), and the one-story wing on Daniel Street (the “east wing”). The steel-framed building is clad in red brick set in running bond, and sits upon concrete foundations. The primary elevation of the Main Building, which faces south onto Daniel Street, has a recessed first story (recessed two bays) with a cast concrete groin vaulted ceiling supported by paneled, concrete columns and segmental arches with paired, off-center fully glazed, aluminum-framed entrance doors. One-story wings on the west and east sides have secondary entrances and house additional office space (west wing) and a post office (east wing). On the small portion of this section facing Daniel Street is mounted both sides of the Great Seal of the United States, the name of the building (1981), and the corner stone. Note: when the building is transferred out of federal ownership, these signs must be removed. Eighteen loading dock bays are located on the north elevation, extending across the Main Building and the east wing. All are protected by a cantilevered roof. One of the bays has been infilled and now contains a single personnel door.

Above the first floor, the Main Building is red brick with a flat concrete fascia and cast concrete brackets with attached precast decorative panels that form two parallel raised edges. The brackets on the south and east elevations have been encased in a wire mesh netting since 2008 to capture any falling pieces of failed concrete (first in a temporary black netting and currently in a heavy-duty beige netting).

The exterior elevations are in good condition.

**8d. Proposed work and impact on the feature:**

Any damaged or deteriorating brick and stone masonry will be repointed to match the original mortar in strength, composition, color, texture, joint width and joint profile. Masonry repairs will be undertaken per guidance in *Preservation Brief 2: Repointing Mortar Joints in Historic Masonry Buildings*. Any cleaning will use the gentlest means possible utilizing PROSOCO Sure Klean or equivalent in accordance with *Preservation Brief 1: Assessing Cleaning and Water-repellent Treatments for Historic Masonry Buildings*. Specifications, cleaning samples and repointing samples will be reviewed and approved by the National Park Service before proceeding with this work. Approved samples will be maintained on site until this work is completed.

Any broken or cracked bricks will be replaced in-kind or repaired to match the original in size, color, finish, strength, and texture.

**Application: Obtaining Real Property for Historic Monument Purposes**

Thomas J. McIntyre Federal Building

80 Daniel Street, Portsmouth, NH

August 12, 2019

Concrete ornamentation and detail will be retained, or replaced in-kind as needed, utilizing guidance in *Preservation Brief 15: Preservation of Historic Concrete*. Additionally, the non-historic stainless-steel wraps around the main columns on the south façade will be removed and the columns repaired in the same manner as the other concrete elements.

Bruner/Cott proposes removal of attached metal lettering and embedded Great Seal faces with repair of red brick facade to match adjacent areas of masonry. The cornerstone is to remain in place. The GSA can direct the City about retrieval and return of removed items.

Cut out and replace to match bricks at vertical fracture on northwest corner of west elevation and remove all wall mounted conduits, brackets and extraneous material.

Where a new opening is cut in the brickwork, the opening will be finished utilizing salvaged brick toothed-in to create a return.

The plastic skylights will be removed from the beams over the entryway on the one-story portion along Penhallow Street to be replaced by shallow-pitched glass panels.

In order to provide required adequate turning radius for passage of emergency vehicles along the new roadway along the east elevation of the East Wing, approximately 1,300 square feet of the northeast corner must be removed (approx. 50'-0" on the north elevation and 26'-0" on the east elevation). This corner of the building is virtually not visible from any public right of way with the exception of from the rear of a parking lot on Chapel Street. Originally this area was the Men's Swing Room, Locker Room and Toilets. All of these original areas and features were removed in the 1997 renovation.

**8e. Photo number(s):** 1-24, 26-28

**8f. Drawing number(s):** Bruner/Cott & Associates, Inc., *McIntyre Project*, June 6, 2018, Sheets: A-300, A-301, A-302  
Bruner/Cott & Associates, Inc., *McIntyre Project*, 9/13/18, Sheets: D-300, D-301, D-302, D-303

**Feature D:** Roof

**8a. Approximate Date of Construction:** 1967

**8b. Approximate date(s) of Alterations:** 1997

**8c. Description and Condition:**

The Main Building is topped with a recent ballasted membrane flat-roof. There is a large mechanical room centered on the roof, which is topped with solar panels.

The roof of the one-story east wing is an EPDM roof; the roof on the West Wing is a ballasted membrane roof. The cantilevered roof over the loading docks is also an EPDM roof.

The roofs are in good condition.

**8d. Proposed work and impact on the feature:**

**Application: Obtaining Real Property for Historic Monument Purposes**

Thomas J. McIntyre Federal Building

80 Daniel Street, Portsmouth, NH

August 12, 2019

Removing the solar panels on top of the mechanical room. Install a small roof deck for tenants of the third floor. Any rails or items on the roof will not be permanent and will be set back as not to be visible from a public way. This work would be an amendment to the City's original Application and, as such, will be reviewed and approved by the National Park Service prior to any construction.

In the future as roofs fail and need to be repaired or replaced, the work will be in kind to the existing.

The majority of the roofs on the east and west wings as well as the roof over the loading dock will remain and be repaired in kind. A narrow skylight, 6'8" wide by 60' long, will be installed in the East Wing, near the north elevation at the center of the loading dock. The skylight will be low profile and not visible from a public way

**8e. Photo number(s):** 13-15, 66

**8f. Drawing number(s):** Bruner/Cott & Associates, Inc., *McIntyre Project*, June 6, 2018, Sheets: A-106  
Bruner/Cott & Associates, Inc., *McIntyre Project*, 9/13/18, Sheets: D-105

**Feature E:**

Entrances and Windows

**8a. Approximate Date of Construction:** 1967

**8b. Approximate date(s) of Alterations:** 1997

**8c. Description and Condition:**

**West Wing**

There are street-level windows in the West Wing along Daniel Street (6, 7 & 8 from north to south) that are full-height, multi-light, fixed, aluminum sash storefront systems that are slightly bowed, with later operators added to each and multi-light transoms. To the north of window 6 is a deeply recessed entryway (3) set with paired aluminum and glass doors.

**Main Building**

The main entrance (11), located on the south elevation of the Main Building, features a set of paired, fully glazed aluminum-framed doors. A single leaf, fully glazed, aluminum-framed door (6) is located to the west of the main entrance. The main entrance and single entrance are set within a full-height, multi-light, fixed, aluminum storefront system. The main entrance (11) is flanked by full-height, multi-light, fixed, aluminum storefront systems to the east (9) and west (12).

The upper floors of the Main Building are characterized by a regular fenestration grid, providing visual interest along the otherwise simple exterior. Upper stories have recessed window openings with wide concrete surrounds; the windows are single panes of glass.

**East Wing**

The south elevation of the east wing has a central entrance (17) with a free-standing brick portico that was added in 1997. The entrance is flanked by two full-height, multi-light, fixed, aluminum sash storefront systems that are slightly bowed (windows 16 and 18) to the east and west. To the west of window 16 is an original narrow slit window

***Application: Obtaining Real Property for Historic Monument Purposes***

*Thomas J. McIntyre Federal Building*

*80 Daniel Street, Portsmouth, NH*

*August 12, 2019*

with a concrete surround (15) and to the east of window 14 is an original narrow slit window with a concrete surround (19). The last bays to the east and west also feature full-height, multi-light, fixed, aluminum sash storefronts systems, one in each bay (windows 13 and 21). The center portion of the elevation projects out one-bay and on each side of the projecting section, one east and one west, there is a single full height window with a bottom panel of black plastic and a transom of the same (windows 10 and 16).

There are currently four full height windows on the east elevation of this wing. The two center windows (18 and 19) are original. The two flanking windows (21 and 24) are new openings from the 1997 renovation, replacing narrow slit windows. The north end of the east wing projects one bay and has a full height window that was added in 1997 (window 25).

***Loading Dock***

The first floor of the north elevation contains eighteen loading dock bays, one of which has been infilled and contains a single personnel door. The docks span from east to west across the north elevation of the main building and east and west wings.

Entrances and windows are in good to fair condition.

**8d. Proposed work and impact on the feature:**

***West Wing***

The existing recessed entryway along Penhallow Street will be retained and the full-height aluminum window wall will be repaired and receive new code compliant doors to match the appearance of the historic doors at this location. New aluminum windows replacing existing windows along the existing brick walls that face north and south on both sides of the recessed entryway.

Windows 6, 7 and 8 will be retained. Clear safety film will be added to the glass.

***Main Building***

The main entrance (11) will be retained and the full-height aluminum window wall will be repaired and receive new code compliant doors to match existing. Windows 9 and 12 will be retained. Clear safety film will be added to the glass.

***East Wing***

The south elevation will remain to the depth of its first structural bay, with removal of the 1997 Post Office's brick entrance vestibule and introduction of accessible entrance doors. Window 13 will be removed to provide a new entry to the public spaces in this wing. The new opening will be full-height, aluminum-frame, with a pair of double doors and a two-pane transom above each door.

The remaining windows, 14-16, 18-21 and 22-24 will be retained and repaired. Window 25 will be demolished as this wing will be removed for firetruck access.

**Application: Obtaining Real Property for Historic Monument Purposes**

Thomas J. McIntyre Federal Building

80 Daniel Street, Portsmouth, NH

August 12, 2019

**Loading Docks**

The first five existing loading dock doors, bays 1-5, from the west of the main building will be removed and receive a combination of new storefront system to simulate the historic loading dock doors and a new retail entrance.

The remainder of the loading dock wall to the east of the brick pier next to loading bay door 5 will be removed and a new glass storefront system from loading dock door 16 towards the east will be installed in the same plane as the removed wall. The 1967 cantilevered canopy will be retained from Penhallow Street to the western edge of the East Wing.

A new opening will be cut in the west elevation of enclosed loading docks. The opening will be infilled with a new storefront system that includes entry doors and sidelights.

Aluminum storefront will be used throughout the loading dock area, from infilling the garage door opening to the new enclosed area at the northeast area of the loading bay, as well as new opening.

**Upper-Story Windows**

Existing upper-story aluminum pivot windows will be abated, retained and repaired where necessary, though they will not be operable. New aluminum single pane low-e glass storm windows will be installed on the interior. Windows fit the opening and be removable and reversible

**8e. Photo number(s):** 1, 3-24, 26-27

**8f. Drawing number(s):** Bruner/Cott & Associates, Inc., *McIntyre Project*, June 6, 2018, Sheets: A-300, A-301, A-302  
Bruner/Cott & Associates, Inc., *McIntyre Project*, 9/13/18, Sheets: D-300, D-301, D-302, D-303

**Feature F:** Stairs and Elevators

**8a. Approximate Date of Construction:** 1967

**8b. Approximate date(s) of Alterations:**

**8c. Description and Condition:**

Full-height stairwells are located in the northwest and southwest corners of the Main Building; the northwest stairwell provides access to the roof.

The elevator lobby is located at the interior of the main entry vestibule along the Daniel Street entrance, in the Main Building. The elevators provide access to all floor levels.

The stairs and elevators are in good condition.

**8d. Proposed work and impact on the feature:**

All existing stairs and elevators will be retained and will remain in use. Elevator cabs will be refurbished. Guard rails and stair nosing will be modified to comply with city's building codes.

**8e. Photo number(s):** 55, 65

**Application: Obtaining Real Property for Historic Monument Purposes**

Thomas J. McIntyre Federal Building

80 Daniel Street, Portsmouth, NH

August 12, 2019

**8f. Drawing number(s):** Bruner/Cott & Associates, Inc., *McIntyre Project*, June 6, 2018, Sheets: A-100, A-101, A-102, A-103, A-104, A-105

Bruner/Cott & Associates, Inc., *McIntyre Project*, 9/13/18, Sheets: D-101, D-102, D-103, D-104, D-105

**Feature G:** First Floor

**8a. Approximate Date of Construction:** 1967

**8b. Approximate date(s) of Alterations:** 1997

**8c. Description and Condition:**

The first floor of the McIntyre Building holds the primary publicly accessible spaces of the building, as well as the most significant remaining historic finishes.

***Main Building***

The main entrance to the building is at the southern end of the first floor of the Main Building, at the interior of the Daniel Street entrance. The entrance is set within a vestibule, enclosed by a pair of glass and aluminum doors. The east wall of the vestibule is a full-height glass wall with a pair of doors in the center, which lead to the Post Office located in the East Wing. The doors are blocked by a publication rack as a new separate public entrance to the Post Office was created in 1997. The west wall is covered with a veneer of polished white marble panels; a non-original aluminum case holding a building directory is attached to the wall. A single solid metal door to the left (south) of the directory leads to a full-height stairwell. The north wall of the vestibule is a full-height glass partition wall.

Immediately beyond the full-height glass partition wall is the Elevator Lobby: to the west is the hallway to the offices in the West Wing and the two elevators. On the wall to the left of the elevators is a bronze plaque commemorating the rededication and naming of the building in 1981. On the west wall opposite the elevators is an original built-in, tripartite aluminum and glass document case. In the upper corners of the center section of the case are both sides of the Great Seal of the United States in brass, surmounted by a brass American eagle with its wings unfurled. All of the walls are covered with a veneer of polished white marble panels in a pattern that replicates those of the full-height windows, with squares at the top and base with a single piece of marble in between approximately three times the height of the squares.

Beyond the Elevator Lobby area is the former Box Lobby. All of the original walls, along the west side lobby are original and are covered with a veneer of polished white marble panels, as are the walls to the vestibule to the Penhallow Street entrance. The marble on the southeast corner of the lobby dates from the 1997 renovation. The remaining walls in the northeast corner of the lobby are later GWB from 1997 when the mailboxes were moved into the east wing. On the east wall are doors to the loading dock area, former storage areas for envelopes and mail bags, and modern office spaces, which were inserted into the former Workroom.

All visible floors in the vestibule, lobbies and hallway area are of terrazzo. The cornice and ceilings are plaster.

***West Wing***

Offices and a conference room are located along the perimeter of the West Wing. There is a dedicated hallway to these offices accessed from near the main entrance on Daniel Street as well as near the entrance on Penhallow

**Application: Obtaining Real Property for Historic Monument Purposes**

Thomas J. McIntyre Federal Building

80 Daniel Street, Portsmouth, NH

August 12, 2019

Street. The hallway to these spaces is behind the elevators. On the opposite side of this hallway, directly behind the elevators, are restrooms and storage rooms. The walls of the conference room are covered with later wood panels, and the offices have dropped ceilings with boxed fluorescent lighting features and modern partition walls. The hallway floor is terrazzo.

**East Wing**

The East Wing serves as the current location of the Post Office. The original Service Lobby was located in this wing with six service windows. Past the Service Lobby, along Daniel Street from west to east, there was a reception area; the Post Master's Office; an area with a hall, storage and a toilet; the Assistant Post Master's Office; an office for the Superintendent of Mail; and, behind the blank brick wall, the Women's Swing and Locker Room and Toilet. At the north end of the wing were the Men's Swing Room, Locker Room and Toilets. The center of this wing, and the majority of the floor space, was given over to a Workroom. There were two vaults near the Service Lobby. (see copies of original drawings)

In 1997, the public Post Office functions moved to this wing and a separate entrance from the exterior directly into this space was created by converting a window opening to a doorway. All historic finishes were removed at that time, with the exception of some of the polished marble wall veneer at the area that was the entrance to the Service Lobby from the vestibule.

The first floor is in good condition.

**8d. Proposed work and impact on the feature:**

The first floor of the McIntyre Building will be rehabilitated as the lobby for the upper floor office space and new retail uses along Penhallow Street. The vestibule will be retained in its entirety. The GSA will direct the City about removal and return of brass faces of the Great Seal and brass American eagle. All interior walls, except those that bound the main entrance lobby and elevator core, will be demolished. All new partitions will be of metals studs and GWB. Ceilings in historically finished spaces will remain finished at original heights while ceilings in former industrial spaces will remain exposed. Restrooms will remain and be updated to meet current building codes. The retail spaces will not be fully defined until tenants are identified. Tenants will be required to adhere to tenant fit out guidelines that meet the Secretary of the Interior's *Standards for Rehabilitation*.

**West Wing**

All terrazzo floors in the main entrance lobbies will be retained and repaired in kind where necessary.

The bronze plaque on the north wall at the Penhallow Street entrance commemorating the construction of the building in 1967 shall remain visible although remounted in the same general area to accommodate alterations to interior layout.

Interior plaques related to 1981 re-dedication are to be relocated to wall areas adjacent to the elevator lobby.

**Main Building**

All existing marble in the main lobby will be retained and repaired in kind where necessary.

**Application: Obtaining Real Property for Historic Monument Purposes**

Thomas J. McIntyre Federal Building

80 Daniel Street, Portsmouth, NH

August 12, 2019

A new 8'x9'-4" opening is created in the northern marble wall.

All terrazzo floors in the main entrance lobbies will be retained and repaired in kind where necessary.

The plaster vaulted ceiling and soffit in the main lobby will be retained and repaired in kind where necessary.

A large opening will be cut in the east wall of the main lobby, constructed in 1997, to allow for access from the West Wing/Penhallow Street lobby to the East Wing.

The original aluminum and glass documents case (1967) on the east wall of the elevator lobby is to be retained.

Interior plaques related to 1981 re-dedication are to be relocated to wall areas adjacent to the elevator lobby.

**East Wing**

All mechanicals will be in the walls or above ceilings except in the former mail sorting areas, which are more industrial in character, where mechanicals will be exposed.

**8e. Photo number(s):** 33-54

**8f. Drawing number(s):** Bruner/Cott & Associates, Inc., *McIntyre Project*, June 6, 2018, Sheets: A-101

Bruner/Cott & Associates, Inc., *McIntyre Project*, 9/13/18, Sheets: D-102

**Feature H:** Second through Fourth Floors

**8a. Approximate Date of Construction:** 1967

**8b. Approximate date(s) of Alterations:** 1997

**8c. Description and Condition:**

The second through fourth floors are subdivided for use as office space.

As was typical of most mid-century federal office buildings, the upper floors are simple in design, with few architectural flourishes. Each floor is bisected by a hallway running north-to-south immediately adjacent to the center core which includes the elevators, stairs and bathrooms. Simple doors are located off the hallway and provide access to the offices. On the second floor, a pair of wood and glass doors located directly across from the elevators provides public access to the Social Security Offices. Restrooms and service closets are clustered near the elevator core and stairwells on each floor. The floors throughout the second through fourth floors are covered with later carpeting. Along the perimeter walls, each window has a deep window sill, with no trim. The upper floors have been remodeled several times over the course of the twentieth century, with updates to both the floor plans and the finishes. Ceilings are dropped. Walls are constructed of a wall system that is not permanent.

The second through fourth floors are in good condition.

**8d. Proposed work and impact on the feature:**

The second through fourth floors will be rehabilitated for continued use as office spaces. The center core will remain. The tenant spaces will not be fully defined until tenants are identified. Tenants will be required to adhere to tenant

**Application: Obtaining Real Property for Historic Monument Purposes**

*Thomas J. McIntyre Federal Building*

*80 Daniel Street, Portsmouth, NH*

*August 12, 2019*

fit out guidelines that meet the Secretary of the Interior's *Standards for Rehabilitation*. Tenant guidelines will be developed for inclusion in all leases. These guidelines will be reviewed and approved by the National Park Service prior to the execution of any lease. At a minimum, they will include the requirements (as applicable to each tenant) that all perimeter walls remain covered, that any new ceilings must remain above the window heads, all mechanical systems will be in the walls or above the ceilings, all new partitions will be of metal studs and GWB, and all floors will be covered in carpet; windows will not allowed to be blocked in any manner.

All existing partitions will be removed to create an open and flexible floor plan around the center core.

All mechanicals will be in the walls or above ceilings.

All new partitions will be of metals studs and GWB.

Floors will be covered in carpet

**8e. Photo number(s):** 55-65

**8f. Drawing number(s):** Bruner/Cott & Associates, Inc., *McIntyre Project*, June 6, 2018, Sheets: A-102, A-103, A-104  
Bruner/Cott & Associates, Inc., *McIntyre Project*, 9/13/18, Sheets: D-103, D-104



1. West and south elevations, facing northeast



2. South elevation, facing north



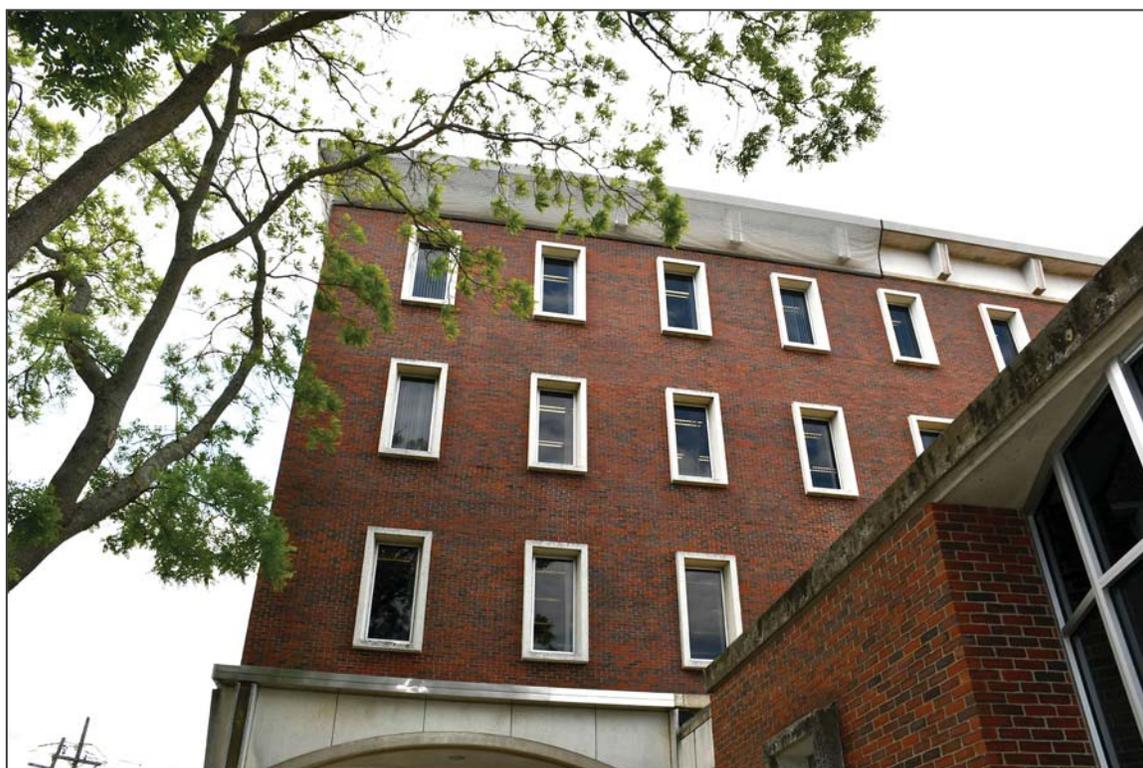
3. South elevation, facing north



4. South elevation, facing east



5. South elevation, facing northeast



6. East elevation, facing west



7. East and south elevations, facing west



8. East and south elevations, facing northwest



9. South and east elevations, facing northwest



10. Site and south elevation, facing northwest



11. East and south elevations, facing north



12. East and north elevations, facing southwest



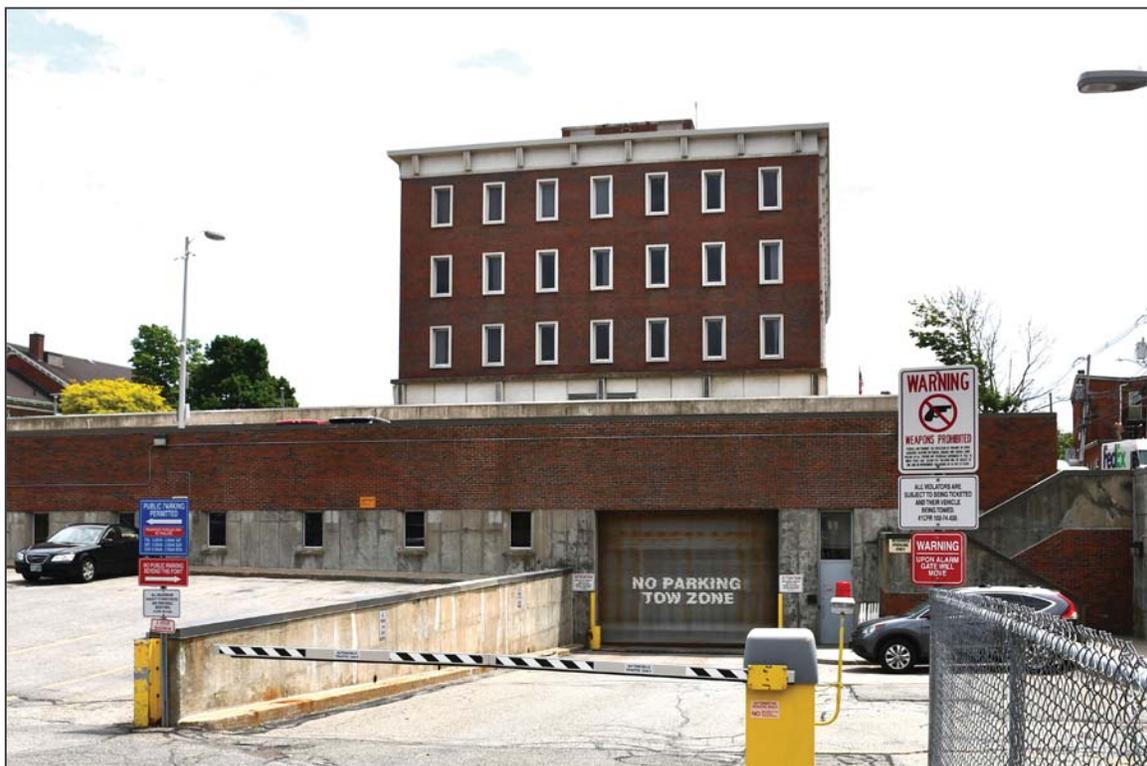
13. East and north elevations, facing southwest



14. East elevation, facing southwest



15. East and north elevations, facing southwest



16. North elevation, facing south



17. North elevation, facing southeast



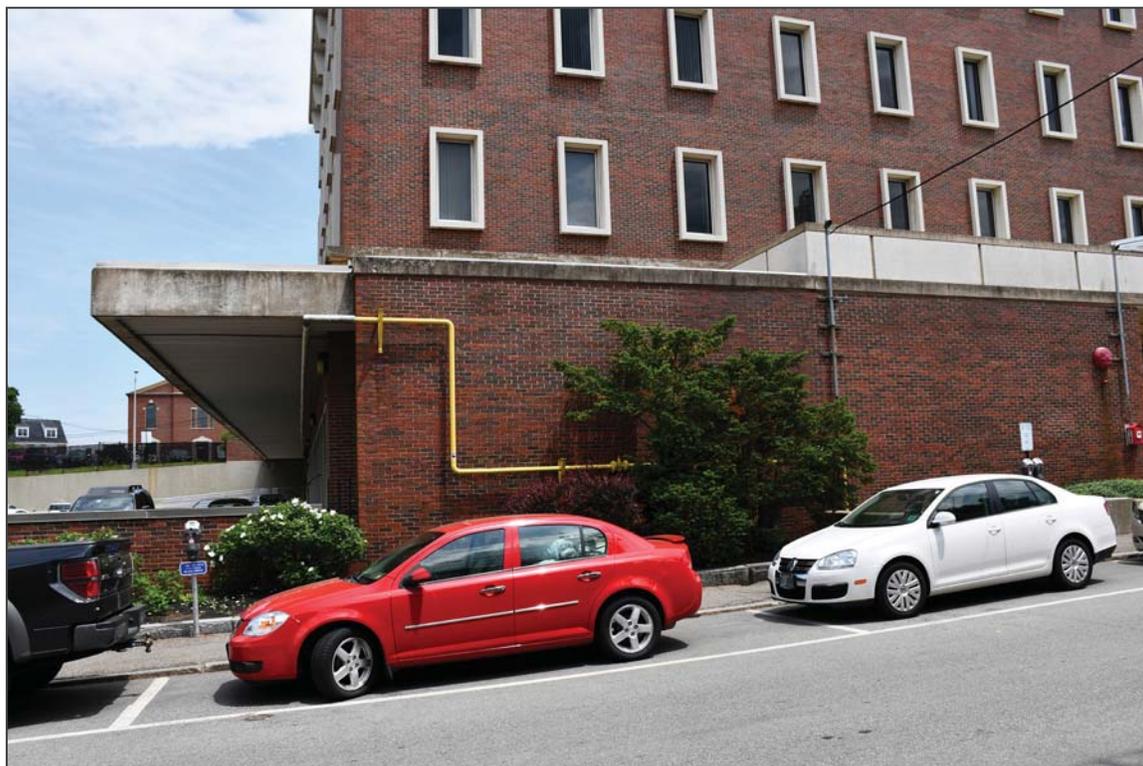
18. North elevation, facing southeast



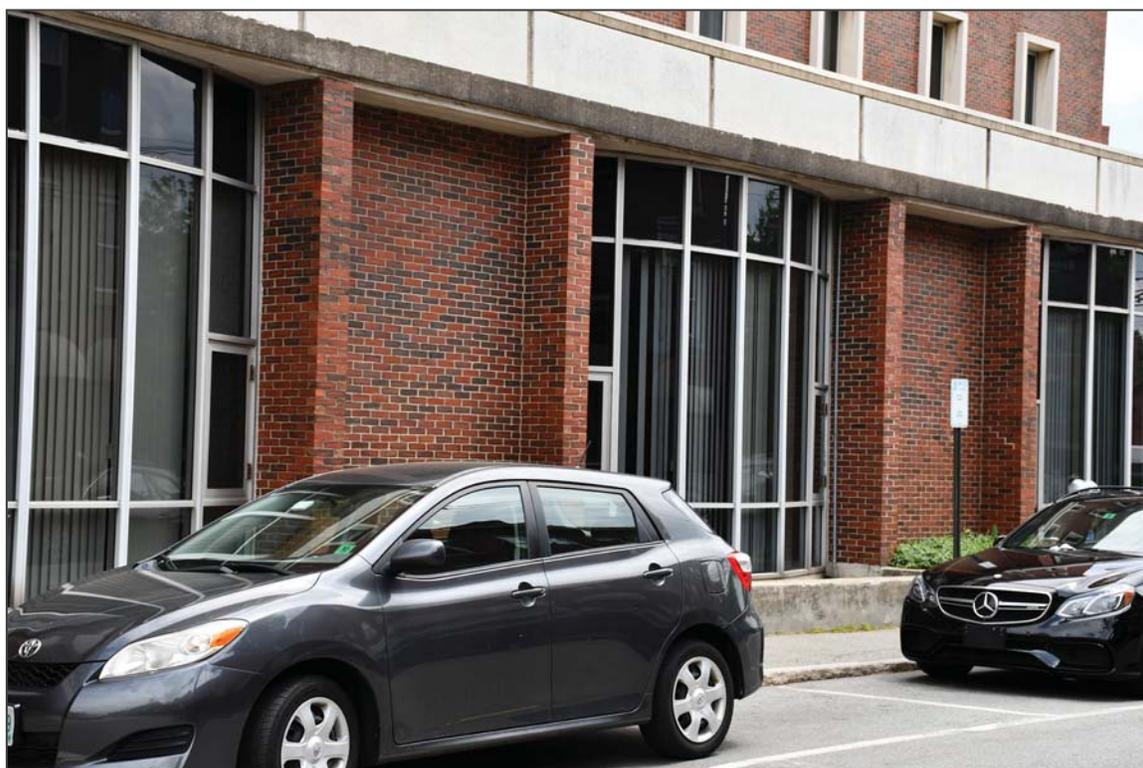
19. North elevation, facing southeast



20. North and west elevations, facing southeast



21. West elevation, facing southeast



22. West elevation, facing southeast



23. West elevation, facing east



24. West elevation, facing east



25. West elevation entrance covering



26. West elevation, facing northeast



27. West elevation, facing east



28. South elevation column detail



## INTERIOR PHOTOS – NOT FOR PUBLIC VIEW



30. Basement, facing north



## INTERIOR PHOTOS – NOT FOR PUBLIC VIEW



32. Basement, facing northeast



## INTERIOR PHOTOS – NOT FOR PUBLIC VIEW



34. Ground floor, facing northwest



## INTERIOR PHOTOS – NOT FOR PUBLIC VIEW



36. Ground floor, facing southeast



## INTERIOR PHOTOS – NOT FOR PUBLIC VIEW



38. Ground floor, facing west



## INTERIOR PHOTOS – NOT FOR PUBLIC VIEW



40. Ground floor, facing northwest



## INTERIOR PHOTOS – NOT FOR PUBLIC VIEW



42. Ground floor, facing northeast



## INTERIOR PHOTOS – NOT FOR PUBLIC VIEW



44. Ground floor, facing southwest



## INTERIOR PHOTOS – NOT FOR PUBLIC VIEW



46. Ground floor, facing northwest



## INTERIOR PHOTOS – NOT FOR PUBLIC VIEW



48. Ground floor, facing north



## INTERIOR PHOTOS – NOT FOR PUBLIC VIEW



50. Ground floor, facing northeast



## INTERIOR PHOTOS – NOT FOR PUBLIC VIEW



52. Ground floor, facing northwest



## INTERIOR PHOTOS – NOT FOR PUBLIC VIEW



54. Ground floor, facing north



## INTERIOR PHOTOS – NOT FOR PUBLIC VIEW



56. Third floor, facing north



## INTERIOR PHOTOS – NOT FOR PUBLIC VIEW



58. Third floor, facing north



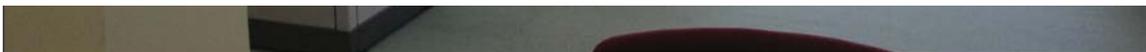
## INTERIOR PHOTOS – NOT FOR PUBLIC VIEW



60. Fourth floor, facing north



## INTERIOR PHOTOS – NOT FOR PUBLIC VIEW



62. Fourth floor, facing west



## INTERIOR PHOTOS – NOT FOR PUBLIC VIEW



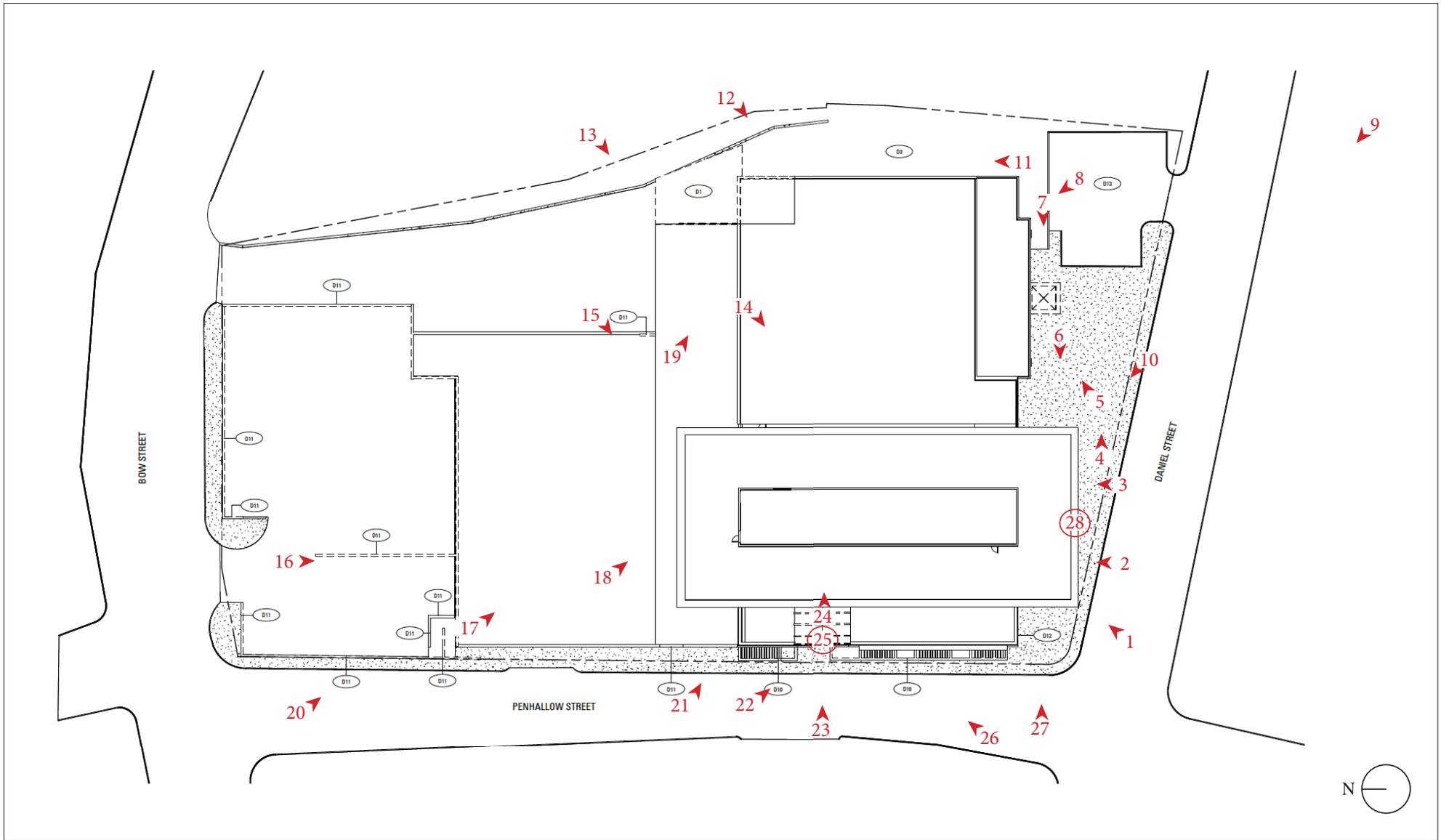
64. Fourth floor window detail



## INTERIOR PHOTOS – NOT FOR PUBLIC VIEW



66. Roof, facing south



# McIntyre Floor Plans – Not for Public View



D9

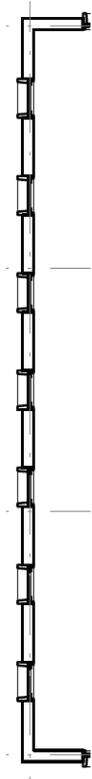




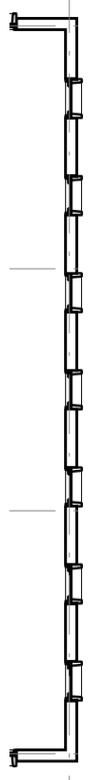
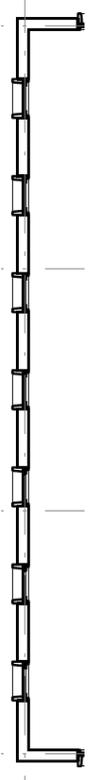
# McIntyre Floor Plans – Not for Public View



# McIntyre Floor Plans – Not for Public View



# McIntyre Floor Plans – Not for Public View



# McIntyre Floor Plans – Not for Public View

BOW STREET





# McIntyre Floor Plans – Not for Public View









# McIntyre Floor Plans – Not for Public View



Rev.	Date	Notes

Date June 6, 2018  
Scale 1/8" = 1'-0"  
Project Number 17.021  
Drawn By KWVRLK

## MCINTYRE PROJECT

PERMIT SET  
80 Daniel Street  
Portsmouth, NH



OVERALL FLOOR PLAN - 3RD  
FLOOR

IF THIS SHEET IS NOT 36" x 42", IT HAS BEEN REDUCED OR ENLARGED.  
11/2017/3/20/18/18

































**Application: Obtaining Real Property for Historic Monument Purposes**  
*Thomas J. McIntyre Federal Building*  
*80 Daniel Street, Portsmouth, NH*  
*August 12, 2019*

## **APPENDIX D**

### **Use Plan**

**Application: Obtaining Real Property for Historic Monument Purposes**

Thomas J. McIntyre Federal Building

80 Daniel Street, Portsmouth, NH

August 12, 2019

**Use Plan**

The City, led by a Mayor-appointed Blue Ribbon Committee, conducted an extensive outreach process to solicit the community’s desires for the future use of the site; this occurred over the course of five months, from January to May of 2018. Seven public input sessions, scheduled during evenings and weekends, resulted in the production of a Framework (see attached) that guided the development of the use plan. Following input from the Park Service that modified the plan, the Blue Ribbon Committee met twice in the fall to assess and confirm that the changes continued to meet the Framework’s guidance.

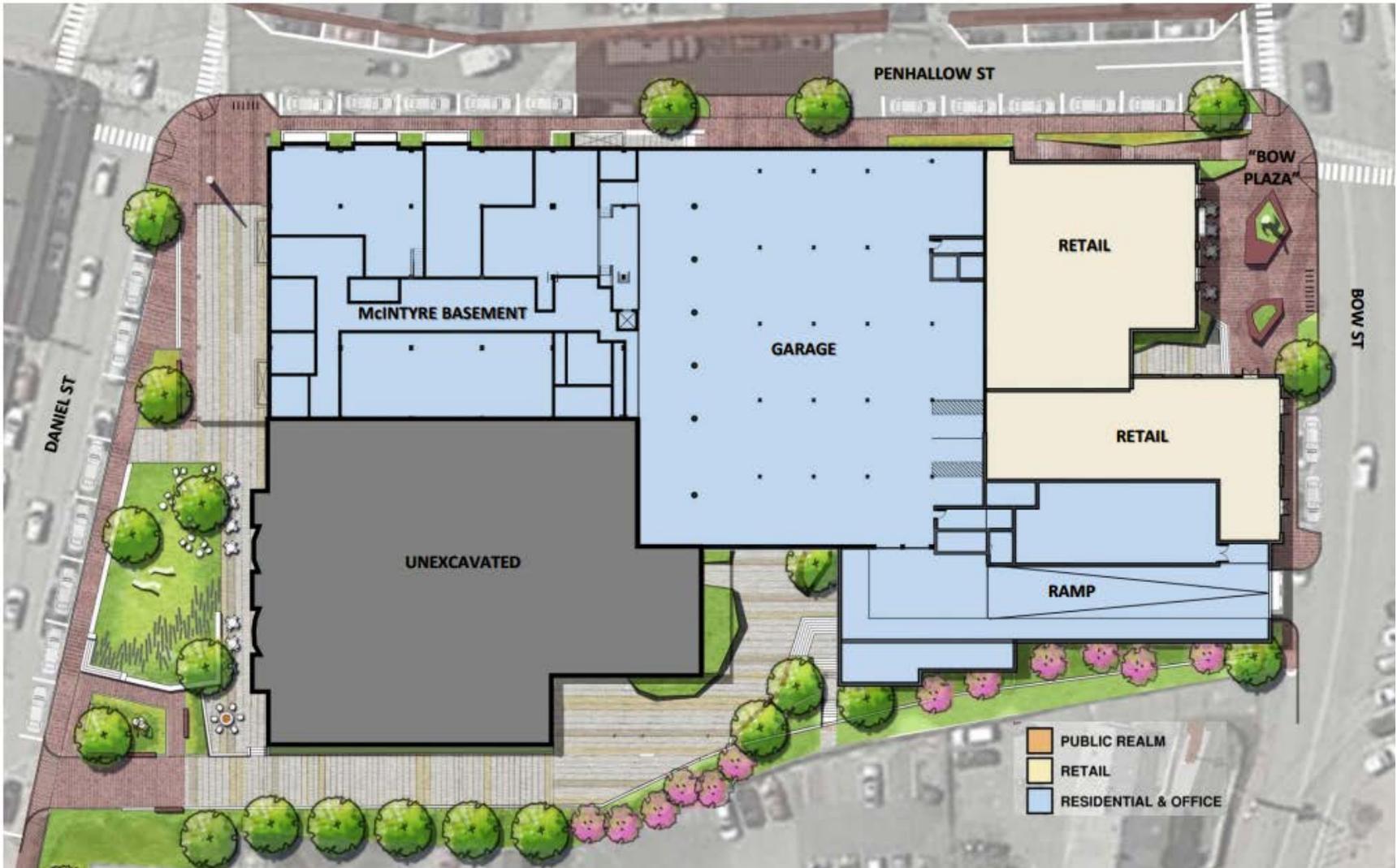
This mixed use project is comprised of office, retail, and residential space. Public amenities include 3 new outdoor public gathering spaces, and approximately 3,300 s.f. of indoor gathering space which is available for community programming. Approximately 44% of the site is open space. Following is a summary of uses:

<b>McIntyre Building Uses</b>	
Ground floor commercial	22,700 Rentable SF
Ground floor indoor community space	3,300 Rentable SF
Upper floor office	40,400 Rentable SF
<b>TOTAL</b>	<b>66,400 Rentable SF</b>
<b>New Buildings Uses</b>	
Ground floor commercial	12,250 Rentable SF
76 residential units	55,100 Rentable SF
<b>TOTAL</b>	<b>67,350 Rentable SF</b>
92 covered parking spaces	

A conceptual site plan and project renderings follow.

**Application: Obtaining Real Property for Historic Monument Purposes**  
Thomas J. McIntyre Federal Building  
80 Daniel Street, Portsmouth, NH  
August 12, 2019

**Site Plan – Elevation 20 (Bow Street)**



**Site Plan Elevation 31 (Daniel Street)**



**Application: Obtaining Real Property for Historic Monument Purposes**

Thomas J. McIntyre Federal Building

80 Daniel Street, Portsmouth, NH

August 12, 2019

**Site Plan – Proposed Ground Floor Uses**



**Application: Obtaining Real Property for Historic Monument Purposes**

Thomas J. McIntyre Federal Building

80 Daniel Street, Portsmouth, NH

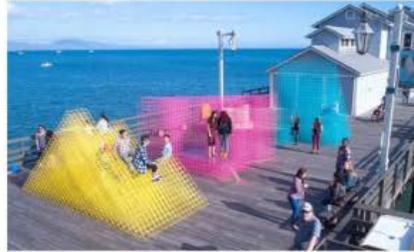
August 12, 2019

**Daniel Plaza Perspective**



**Application: Obtaining Real Property for Historic Monument Purposes**  
Thomas J. McIntyre Federal Building  
80 Daniel Street, Portsmouth, NH  
August 12, 2019

# DANIEL PLAZA



**Application: Obtaining Real Property for Historic Monument Purposes**  
Thomas J. McIntyre Federal Building  
80 Daniel Street, Portsmouth, NH  
August 12, 2019

### Bow Plaza Perspective



**Application: Obtaining Real Property for Historic Monument Purposes**

Thomas J. McIntyre Federal Building

80 Daniel Street, Portsmouth, NH

August 12, 2019

# BOW PLAZA



plaza condition | sidewalk condition



**Application: Obtaining Real Property for Historic Monument Purposes**  
Thomas J. McIntyre Federal Building  
80 Daniel Street, Portsmouth, NH  
August 12, 2019

## Bow Plaza



**Application: Obtaining Real Property for Historic Monument Purposes**  
Thomas J. McIntyre Federal Building  
80 Daniel Street, Portsmouth, NH  
August 12, 2019

**Plaza Perspective:**



**Application: Obtaining Real Property for Historic Monument Purposes**  
Thomas J. McIntyre Federal Building  
80 Daniel Street, Portsmouth, NH  
August 12, 2019

# THE PLAZA



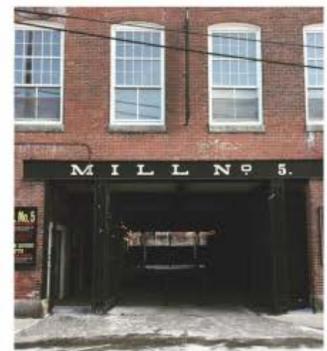
**Application: Obtaining Real Property for Historic Monument Purposes**

Thomas J. McIntyre Federal Building

80 Daniel Street, Portsmouth, NH

August 12, 2019

# COMMUNITY SPACE



**The Plaza & Indoor Community Space:**



**Application: Obtaining Real Property for Historic Monument Purposes**

Thomas J. McIntyre Federal Building

80 Daniel Street, Portsmouth, NH

August 12, 2019

**The Plaza**



***Application: Obtaining Real Property for Historic Monument Purposes***  
*Thomas J. McIntyre Federal Building*  
*80 Daniel Street, Portsmouth, NH*  
*August 12, 2019*

## **APPENDIX E**

### **Financial Plan**

## ***Application: Obtaining Real Property for Historic Monument Purposes***

*Thomas J. McIntyre Federal Building*

*80 Daniel Street, Portsmouth, NH*

*August 12, 2019*

### **Introduction**

The financial plan is the result of extensive analysis, planning and financial modeling. It is based on several key factors:

#### *Nature of the proposal*

The Redgate-Kane design – which was finalized after receiving extensive feedback from our Portsmouth elected officials, business and community leaders and the public - is the driving factor in the financial plan. The Project features a small multi-unit residential community, a large amount of public space and is dependent on attracting retail and commercial partners at a competitive rental rate.

#### *No Hotel on Site*

Of the three plans selected as finalists for redevelopment of the McIntyre site, two proposed large hotels as part of the Project. From a purely financial standpoint, hotels were among the safest and most lucrative options available to developers and the City. The revenue streams created by placing a hotel on the site were much higher for both the developer and the City than any plan without a hotel. These plans called for a much more heavily developed and densely populated site than the plan put forth by Redgate-Kane. City consultants advised our elected leaders of Portsmouth that both hotel plans would generate a significantly higher annual revenue stream, yet our City leaders nonetheless chose the plan presented by Redgate-Kane, because public space and lower density remained a more desirable alternative. The City of Portsmouth chose the proposed Redgate-Kane plan because we perceived it to be the highest and best use of the site, regardless of the revenue it generated. The final plan makes much of the McIntyre site an inviting public property at the expense of increased revenue—something we, the City of Portsmouth, knowingly chose by approving the Redgate-Kane proposal.

#### *Lower Site Density*

When the City of Portsmouth originally received the Redgate-Kane proposal, it already included a much lower site density than competing proposals. This lower density was a mitigating determining factor in the City's choice to approve this plan. Incorporating input from the public, the City, the developer and the National Park Service, State Historic Preservation Office and the Historic District Commission, the site density was further limited to create more public space and retain the integrity of the original McIntyre building. While these adjustments created a stronger proposal and a more beautiful site for the City of Portsmouth, we acknowledge that they further inhibited the amount of revenue the site would be able to generate on a yearly basis. City officials indicated that they valued public space and low density over revenue generation, and the Project as it stands now is robust and viable while meeting the City's desires. The consequence of this lowered density, however, is that the Project is riskier and less profitable overall.

#### *Indoor and Outdoor Public Space*

Much like the lower site density, the amount of indoor and outdoor public space created by the proposed plan is substantial. The City is excited to welcome generations of Portsmouth residents to use this well-designed and well-maintained public space for decades to come, though we acknowledge this public space also adds significant one-time and annual costs to the Project. Space outdoors and open to the public is not revenue generating, and the indoor public space limits the amount of rentable space within the structure. Additionally, the public space will need regular maintenance and upkeep, adding to the site's yearly expense burden. The maintenance costs associated with the site will continue as long as the space is in use, representing a long-term cost to the Project with no income from the use of these spaces to offset the cost of maintenance. The financial plan put forward here recognizes the additional perpetual operating expenses brought about by the extensive public space, and the ongoing upkeep costs associated with it.

#### *Entirely Speculative Development*

***Application: Obtaining Real Property for Historic Monument Purposes***

*Thomas J. McIntyre Federal Building*

*80 Daniel Street, Portsmouth, NH*

*August 12, 2019*

Unlike many projects built in today's real estate market, the McIntyre plan does not yet have any contractually signed retail or commercial partners, making the entire venture speculative. Considering the developer has received one non-binding LOI executed for approximately two thirds of the office square footage, such a commitment gives us some validation that the Project is desirable to commercial tenants. There is no guarantee that the units, both residential and commercial, created within the current redevelopment plan will be filled when the Project opens its doors. Additionally, many of the units will need to achieve market setting rents for the project to be financially feasible, introducing a further measure of risk into the Project. The financial plan put forward below accounts for this risk and recognizes that as the Project matures this risk will decline, spelling out increased revenue for the Project and the City in the future.

***Need to Attract Investors***

Like all large-scale real estate developments, the Project cannot break ground until the necessary capital has been secured from both debt and equity capital investors. The City strongly believes in the viability of this Project, and the benefits of a redeveloped McIntyre site for the community of Portsmouth. In order to deliver on this Project, a significant amount of debt and equity capital still needs to be secured. Because of the risks outlined in this introduction, as well as the unique features of this Project from an investment perspective including but not limited to its location in a secondary/tertiary market like Portsmouth, New Hampshire, and the extensive profit sharing and excess income provisions, it is necessary for the financial plan to reassure investors that the McIntyre Project will provide a large enough reward for their risk-taking. We are confident that potential investors will look at this financial plan and decide the McIntyre site is an attractive investment in today's competitive capital markets. We have worked with the Developer to structure the profit sharing and excess income provisions in order to make the Project appealing to both debt and equity capital investors and the City of Portsmouth, creating an equitable structure that will allow the Project to be profitable while at the same time providing Portsmouth with the annual revenue it expects. We are confident in the future of the McIntyre and believe that this Project will be a vital asset to the community of Portsmouth for generations to come. Part of our confidence in its success is a result of the financial plan we have created, which we believe is reasonable, sustainable and necessary to attract and secure both debt and equity capital.

***History and Background***

The following includes background information and details that provide important context for the current financial plan presented for the Thomas J. McIntyre site. As you will see, the Project desired by the City of Portsmouth and the general public has in large part dictated the current financial plan.

The City of Portsmouth in 2017 issued a Request for Qualifications (RFQ) to real estate developers and joint ventures to redevelop the Thomas J. McIntyre Federal site. A variety of interested parties responded and three finalists were ultimately selected – Leggat McCall, Two International Group of Portsmouth and Ocean Properties Hotels & Resorts, and Redgate Holdings LLC and the Kane Company.

Leggat McCall proposed a 98-room hotel, with a public access rooftop bar and restaurant. It also proposed 122 apartments in a new building on the site. Two International Group of Portsmouth and Ocean Properties Hotels & Resorts proposed a 120-room hotel, along with a new mixed-use building that included commercial on the first floor and multi-family rental property on the second, third and fourth floors. Redgate/Kane proposed a mix of office, retail and residential uses including approx. 45,000 SF of retail at the ground floor of the McIntyre Building, plaza level of the condo building and in a free-standing two-story structure along Penhallow Street. The upper floors of the McIntyre building were proposed to be reused as approx. 43,000 SF of renovated office space. The design also included a 42-unit luxury condominium building and two townhouse buildings with 8 units for a total of 50 residential condominiums.

**Application: Obtaining Real Property for Historic Monument Purposes**

Thomas J. McIntyre Federal Building

80 Daniel Street, Portsmouth, NH

August 12, 2019

The City of Portsmouth hired Barry Abramson of Abramson & Associates, Inc. to provide a financial analysis of the three finalists with proposed projects for the McIntyre site. The Redgate-Kane plan was determined by Abramson to be the least financially profitable and the riskiest of the three finalists. This is because the proposed Project was less dense, featured more public space that is costly and burdensome to maintain, and required the ability of the developer to attract potential commercial and retail tenants at high rents. It would also represent the least amount of yearly real estate taxes amongst the group of proposals received by the City.

Despite this, the Redgate-Kane team's plan was selected by the City of Portsmouth in January 2018 because it achieved two important goals. First, it did not feature a hotel on site – which was *strongly* opposed by the public. Second, the Redgate-Kane plan offered significantly less density and included more public space than the other two finalists – important priorities repeatedly emphasized by residents and city officials.

Portsmouth prioritized less development, no hotel and more public space rather than generating the most return for the site. During the next year, the Redgate-Kane team participated in dozens of public hearings and input sessions, and further refined the proposed Project based on feedback from residents, business leaders, elected officials, State Historic Preservation Office and the Historic District Commission. This included the addition of more public space, including an indoor community gathering space that can be utilized year-round.

In September 2018, following feedback from the National Park Service, the Redgate-Kane team further reduced the size and density of the Project – eliminating plans for a five-and-a-half story mixed-used building next to the existing McIntyre building, and reducing the size of the other structure from five-and-a-half to four-and-a-half stories. In addition, the developer again increased the amount of public space on site. The financial plan below outlines the most viable way to ensure the Project's fiscal success while maximizing the benefits provided to the City of Portsmouth.

**Financial Plan**

The City intends that the rehabilitation and reuse of the McIntyre property will be carried out via a public-private partnership with SoBow Square, LLC (formed by principals of Redgate Holdings LLC and the Kane Company, hereinafter "the Developer"). The City will enter into a 75-year ground lease with SoBow Square to redevelop, operate, and maintain the property. SoBow is advised by MacRostie Historic Advisors and Bruner Cott Associates regarding compliance with the Secretary of the Interior "Standards for Rehabilitation."

In advance of submission of this application, the City and the Developer will execute a Development Agreement that will form the basis of the partnership arrangement. The City engaged the law firm of Hinckley Allen to develop the terms of this agreement, which includes:

- Assurance of compliance with all regulations pursuant to the Historic Surplus Property Program as well as conformance with the City's Application for the property, a copy of which will be attached to the lease.
- Assignment of all costs associated with the redevelopment and reuse of the property
- Environmental due diligence and remediation responsibility
- Insurance requirements
- Restrictions on use
- Real estate taxes
- Permits and approvals
- Performance guaranty and completion bonds
- Evidence of Project financing commitments
- Project schedule
- Indemnification and release of liability
- City and developer contingencies
- Default and Remedies

**Application: Obtaining Real Property for Historic Monument Purposes**

Thomas J. McIntyre Federal Building

80 Daniel Street, Portsmouth, NH

August 12, 2019

Upon acceptance of the transfer from the GSA, the City expects to simultaneously execute a ground lease with the Developer. A draft of the Development Agreement is provided in Attachment A. The ground lease, also being drafted by Hinckley Allen, will address typical items seen in a commercial ground lease, adds all conditions (including deed restrictions) pertaining to the Historic Surplus Property Program (HSPP), and is written with the perspective of a municipal landlord. A draft of the ground lease in its current, not-yet-final form is provided in Attachment B.

**10a. Analysis of projected income from all sources**

The City will receive income from the Developer in the form of ground rent. Per the ground lease agreement, the Developer will pay the City of Portsmouth a ground rent payment of \$100,000 per year, beginning at 18 months from building permit issuance.

The ground rent will escalate by 2.5% annually. The Developer determined the proposed ground rent amount using residual land value methodology: target return thresholds required for debt and equity financing were established; holding this target return constant, after income, costs and operating expenses were factored into the underwriting, it was calculated that the Project can sustain a base \$100,000 annual ground rent payment.

Revenue sharing of 1% of gross revenues with the City will begin at year 11.

The City will share in the proceeds from refinancing events: 7.5% of net proceeds for the first refinancing, and 10% of net proceeds for all subsequent refinancing events.

The City will receive 20% of net sales proceeds for all sales events in excess of a calculated internal rate of return at 18%.

Other, non-cash benefits the City will accrue through this Project include a brand-new gathering destination for downtown Portsmouth that includes:

- Fully designed and constructed outdoor public realm space that includes three distinct gathering spaces;
- Approx. 3,311 square feet of indoor public gathering space, which is open to community-based programming and maintained by SoBow Square;
- Off-site utility upgrades (a new 8" water main loop on Chapel Road between Daniel St and Bow Street as well as a new 8" sewer main on Bow Street and Penhallow Street)

The estimated value of these items is summarized below:

<b>Community Benefits</b>	<b>Amount</b>	<b>Calculation</b>
Open Space (incl. Public Realm)	\$ 8,526,934	(40,789 s.f. x \$209/s.f.)
Community Space	\$ 785,399	(3,311 x \$237/r.s.f.)
Offsite Utility Upgrades	\$ 590,958	
<b>TOTAL</b>	<b>\$ 9,903,291</b>	

<b>Ongoing Benefits (annual)</b>	<b>Amount</b>	
Initial Ground Lease Payment	\$ 100,000	
Community Space Free Rent	\$ 110,900	(3,311 x \$ 33.50/r.s.f.)
Community Space Operations	\$ 36,300	(3,311 x \$10.97/r.s.f.)
1% Gross Annual Revenues, Years 11-75	\$ 75,000	(est. at \$75,000 in Year 11)

***Application: Obtaining Real Property for Historic Monument Purposes***

*Thomas J. McIntyre Federal Building*

*80 Daniel Street, Portsmouth, NH*

*August 12, 2019*

The mixed-use redevelopment is expected to generate income from office, retail and residential tenants. Following is a description of each market, with anticipated income from each tenant type.

*Office Market:*

The outlook on the Portsmouth office market remains very positive, as growing demand for office space in the supply constrained urban setting of Downtown Portsmouth continues to drive rents.

The New Hampshire Seacoast submarket continues to be one of the highest performing office markets in the region. It contains a total supply of 8.4 million square feet, with only 7.7% vacancy in 2017. This is the lowest vacancy rate experienced in the last seven years and the 7<sup>th</sup> consecutive year of decreasing vacancy. Of the market's 8.4 million square feet, 2.1 and 2.0 million square feet are in Portsmouth and Pease respectively, of which just 2.8% and 4.6% of the respective submarket supply is currently vacant, according to C.B. Richard Ellis. The developer's research pulled from local brokers identified an even lower 1.7% vacancy rate in the downtown Portsmouth office market. This supply-stricken market has caused significant pent up demand for office space in the region, and with limited new construction available to lease, it appears that this shortage in available space will remain well beyond the short term.

This high demand and limited availability are especially evident in downtown Portsmouth, where companies are realizing the benefits associated with locating in an urban setting, yet the 2.8% vacancy has left many tenants no option but to unwillingly relocate to areas like Pease and beyond. Quality Class A office space (defined as buildings greater than 10,000 SF built after 1995) is even scarcer in downtown Portsmouth, with the only three Class A buildings being fully leased (Portwalk Place, 100 Market Street, and 99 Bow Street). Due to the lack of supply available to accommodate tenants, there have been very limited transactions in the past 24 months. However, as new supply is coming to market, asking rates are beginning in the low \$30's range per square foot for Downtown space, which is comparable to what many tenants in Class A buildings are currently paying in their current in-place leases.

*Residential Market:*

The Seacoast Multifamily Rental submarket continues to show strong fundamentals as households continue to choose to rent out of preference and necessity both locally and nationally. The submarket, which contains approximately 3,000 units among 21 properties, is 98.3% occupied, a full 130 basis points above its 5-year average of 97%. Average asking rents have also been growing at a notable rate, averaging a 4.7% increase per year since 2010. Of the approximate 300 units that were built after 2005 (Portwalk Place, Veridian Residences, Longview Place and Frank Jones Brewery), occupancy is 99.3%.

The outlook on the Portsmouth multifamily market remains positive, as the demand for lifestyle rental units in an urban setting remains high and limited new product in the urban setting is planned or proposed in the near term.

*Retail Market:*

Office and Residential demand indicators are strong and clear. Retail demand is more variable and unpredictable, particularly given recent trends in rapidly changing consumer behavior. To assess this risk, the Developer worked with Graffito SP (GSP), one of the region's preeminent retail brokers and advisors to study the proposed retail program in context with the market and existing urban fabric and in relation to proposed public realm spaces (plazas and community space). As is the case for all urban retail projects, rental rates vary significantly based on premises (i) location within the asset (corner, in-line, visibility, etc.), (ii) size, (iii) use, and (iv) landlord delivery conditions. This research has resulted in a merchandizing and public realm / plaza strategy which recommends specific uses in specific locations to optimize exposure and vibrancy in different zones throughout the Project. Based on local market research, GSP asserts that Project rents will be in the \$30s and \$40s per square foot.

**Application: Obtaining Real Property for Historic Monument Purposes**

Thomas J. McIntyre Federal Building

80 Daniel Street, Portsmouth, NH

August 12, 2019

GSP believes there are certain other factors that have the potential to increase rents at the Project more than the anticipated ranges noted above, which are as follows:

1. Additional residential and office density added to the downtown area over the next 2 – 4 years;
2. Additional best-in-class restaurateurs locating in (and being recruited to) Downtown, further validating revenue projections that support higher rents;
3. World-class public realm design and programming that differentiates the Project from other near-by developments (current or planned), promote a unique brand for the Project, and generally aid in leasing efforts.
4. Targeted recruitment of best-in-class regional and national soft goods operators;
5. Willingness of Developer to execute percentage rent leases for food & beverage operators that may result in significant additional rent income once retail sales exceed an agreed upon breakpoint.

However, the large amount of retail space in the Project is on the higher end of the spectrum of what the Developer believes is feasible to lease up within 12 months of Project delivery.

Proposed Rents by Use:

Proposed Uses	Office	Retail	Residential	Community Space
Rent Range PSF/Year	\$32.50 NNN	\$25-\$45 NNN	\$2,975/mo/unit avg	\$0

Based on our comparable market rent research, we believe the residential and office markets are clearly strong and the Project’s residential and office space will be in high demand. We also believe that the retail market has the potential to be strong, but retail is the least stable of the three product types this Project will be delivering, and we will be creating a new destination for downtown Portsmouth; this involves a higher level of risk. The rental rates noted above we believe are achievable, though they are at the high end of the market’s acceptance range and will require strong execution to be achieved.

**10b. Analysis of projected expenses for:**

*i. Repair, rehabilitation and restoration:*

The Developer has worked extensively with several of the region’s top construction management firms and consultants to estimate the hard and soft costs for the Project. Currently, the development costs are estimated at \$61,085,869 per Attachment C.

The renovation portion of the McIntyre building is estimated at \$8,264,683. A summary renovation construction budget is included per Attachment D.

The Project will address deferred maintenance issues on the McIntyre exterior that have resulted in deteriorated facades that have a negative visual impact and threaten the historic resource. The estimated cost of this repair is \$333,981. This cost is contained within the McIntyre renovation cost of \$8,264,683 noted above.

**Application: Obtaining Real Property for Historic Monument Purposes**

Thomas J. McIntyre Federal Building

80 Daniel Street, Portsmouth, NH

August 12, 2019

The construction is planned to occur in a single phase over an 18-month duration.

ii. *Recurring maintenance requirements:*

The construction Project will result in high-quality, fully restored space in the McIntyre building, and new space for the additional commercial and residential structures on the site. A maintenance reserve will be established over the course of the first ten years to plan for future capital maintenance items. Beginning in month 30, the developer will contribute \$25,000/year for the first five years and \$75,000/year for the second five years into a capital reserve account until it contains a total balance of \$500,000.

iii. *Administration and operation:*

Operating costs are estimated to be approximately \$10.97 per rentable square foot for commercial space, including real estate taxes. The operating expenses for the multifamily component will be roughly \$8,821 per unit, including real estate taxes (excluding retail operating expenses within the multifamily component). The Developer will retain a best-in-class third party leasing and property management firm to manage the residential and commercial assets. Residential leasing will be handled through the property manager. A third-party brokerage company will be engaged for commercial leasing. See the below summary of all operational costs for both components of the Project:

<b>Operating Expenses-Multifamily</b>		<u>Total</u>
Personnel	\$	134,748
Contract Services	\$	76,000
Utilities	\$	38,000
Make-Ready	\$	22,800
Maintenance & Repairs	\$	19,000
Marketing	\$	30,400
Administrative	\$	19,000
Management Fee (% of Gross Potential Revenue)-Resi	\$	98,926
Insurance	\$	26,600
Real Estate Taxes (residential)	\$	204,912
Retail Mgmt Fee Expense	\$	21,814
Real Estate Taxes (retail)	\$	45,592
<b>TOTAL</b>	<b>\$</b>	<b>737,793</b>

<b>Operating Expenses-McIntyre</b>	<u>Total</u>
Utilities	\$149,429
R&M	\$59,772
Janitorial	\$83,016
Security	\$19,924
G&A	\$33,207
Insurance	\$33,207
Management Fee	\$103,172
RE Taxes	\$247,056
Opex	\$0
District Service Fee	\$0
<b>Total Operating Expenses</b>	<b>\$728,782</b>

**Application: Obtaining Real Property for Historic Monument Purposes**

*Thomas J. McIntyre Federal Building*

*80 Daniel Street, Portsmouth, NH*

*August 12, 2019*

The Developer will be responsible for managing the pre-construction, construction, marketing, leasing, stabilization and operation of the property. The budget includes industry standard development fees and Project supervision fees totaling 4.0% of hard and soft costs (excluding land costs). These fees pay for a staff of 4-8 development professionals for 4+ years of work, managing the development process from local permitting to stabilization of the property. Once stabilized, the Developer will also provide asset management services for a customary asset management fee of 1.0% of revenues, which will be covered by operational cash flows.

The City will establish a Steering Committee to oversee progress on the construction of the development, and to ensure all commitments are being met, with City Council receiving regular updates. Once a certificate of occupancy is issued, the City will receive and review regular reports on the Project's performance as required by the ground lease. A post-occupancy Committee will be established to oversee annual reporting, and to coordinate efforts with the Developer to schedule special events, programs, and use of the public space.

**10c. Provisions for disposition of excess income:**

The City and Developer have negotiated ground lease financial terms that are fair and equitable to both parties and representative of the economics of this redevelopment Project. It is important to reiterate that the Project encompasses very high levels of risk with lowered profitability as a specific result of meeting the City of Portsmouth's requests and desires, including (but not limited to) low density, lack of desire for a hotel, large public realm and interior community space. As a result, the level of return and potential upside for an investor must be great enough to compensate for the large level of risk and perpetual public realm cost burden; this is the fundamental basis behind the excess income structure outlined at the bottom of this section. The equitable amount of profit sharing between the developer and the City of Portsmouth, which include guaranteed and conditional payments along with an excess income concept, are summarized below:

- 75 Year Ground Lease Term
- Base lease payments to the City of \$100,000 per year escalating at 2.5% per year
- Lease payments commencing in Month 18
- Revenue sharing with the City at 1% of gross revenues beginning in Year 11

Additionally, in order to specifically meet the goal of the National Park Service Monument Program for the reinvestment of excess income towards historic preservation above a reasonable profit, the following has been negotiated:

Each year the Developer will provide the City with that portion of the preceding year's profits from the operation of the property that exceed an annual net profit percentage of twenty-one percent. All revenues will be incorporated into deposited into the City's Special Revenue Account, to be expended only on historic preservation, or park and open space purposes, in accordance with the Historic Monument program regulations.

Annual net profit percentage to be calculated as follows: net profit divided by gross revenues. Net profit is defined as gross revenues minus all costs and expenses, including but not limited to: operating expenses (including but not limited to utilities, janitorial, pest control, real estate taxes and fees, personal property taxes and fees, repairs and maintenance, equipment and tools, furniture and fixtures, insurance, lease payments to the City of Portsmouth, rental expenses, management fees and general administrative costs), depreciation, amortization, contribution to capital reserve fund required under lease agreement, principal and interest payments, all local, state and federal taxes and fees, and any costs required to be incurred under the lease agreement. Notwithstanding the foregoing, any proceeds from a lease assignment by Developer are excluded from this annual calculation.

**Application: Obtaining Real Property for Historic Monument Purposes**

*Thomas J. McIntyre Federal Building*

*80 Daniel Street, Portsmouth, NH*

*August 12, 2019*

Ultimately, this and any Project's financial feasibility hinges on its ability to attract capital investors. We've identified the below extraordinary risks associated with this Project that investors will be facing:

1. As a ground-up development, this falls in the riskier, opportunistic spectrum of investment given the many risks associated with the speculative nature of construction, lease-up, etc.
2. Portsmouth, New Hampshire is a relatively 'risky' geographic location for an investment opportunity. It is not a widely-recognized primary market like Boston or Los Angeles or New York. Historically, so-called secondary or tertiary markets have been subject to greater variations in value over time and equity investor interest reflects this.
3. The proposed amount of equity is quite large for a single Project in this market.
4. The Project is a balance of commercial and residential spaces. Many investors are targeting either commercial or residential projects.
5. The Project does not involve fee ownership of the land. Where ground leases are involved, investors often expect to see a term of 99 years (the proposed term here is 75 years).
6. This Project includes the uncommon concept of the developer being required to construct, maintain and program interior and exterior public spaces in perpetuity without revenue and at the developer's expense.
7. The ground lease will include provisions for revenue and profit sharing with the City of Portsmouth that are also not common. They will require explanation to potential investors, require ongoing administrative burden to implement and have financial implications that will reduce potential investor returns.
8. Additionally, the concept of all financial returns above a certain threshold being returned to the City of Portsmouth presents a further challenge as equity investors look to have at least the possibility of a significant upside return on their investment given their inherent exposure to downside risk (of which they bear 100%).

Based on these risks, we have identified that the projected returns for this project are at the low end of what institutional equity would traditionally require for such a risky project in today's capital markets. In order to attract equity capital, the project must be able to demonstrate the possibility that returns could exceed projections and that equity capital would be allowed to receive those higher returns if achieved.

Additionally, the City of Portsmouth shall receive all of the below outlined capital event proceeds:

- Refinancings: 7.5% of net refinancing proceeds for 1<sup>st</sup> refinancing event and 10% of net refinancing proceeds for all subsequent refinancing events
- Sales: 20% of net sales proceeds for all sales events in excess of a calculated internal rate of return at 18%

The City will create a special revenue account and deposit all income from the ground lease, profit sharing, and excess profits into this account, to be used only for public historic preservation or park, or recreational purposes. Any portion of moneys used to manage the fund and the lease will be appropriately authorized, documented, and reported to NPS. This fund will be part of the City's annual audit. Any expenditures from this account requires City Council appropriation.

***Application: Obtaining Real Property for Historic Monument Purposes***

*Thomas J. McIntyre Federal Building*

*80 Daniel Street, Portsmouth, NH*

*August 12, 2019*

**10d. Description of accounting and financial procedures**

Through its ground lease, the City will require its private partner to provide annual unaudited financial statements in accordance with GAAP and with generally accepted auditing standards. All income and expenses, including calculation of excess income, shall be provided. An interest-bearing Capital Expenditures Maintenance Reserve Fund will be held in escrow by the City, to which the private partner will contribute \$25,000/year for the first 5 years (starting in month 30) and \$75,000/year for years 6-10, until a \$500,000 cap has been accrued. This amount shall be maintained, until a capital improvement/repair requires the fund be drawn upon - this fund shall be replenished at \$50,000 per year and maintained at the original cap level of \$500,000.

At the close of each fiscal year, the City commissions an audit of its financial accounts (which would include the Special Revenue account that accepts any excess income). The City will receive audited financial statements from its private partner every 2 years which will be submitted to NPS. These audits, with a financial report, will be submitted every two years to NPS.

***Application: Obtaining Real Property for Historic Monument Purposes***

*Thomas J. McIntyre Federal Building*

*80 Daniel Street, Portsmouth, NH*

*August 12, 2019*

**Attachment A – Development Agreement**

1  
2 **DEVELOPMENT AGREEMENT AND AGREEMENT TO LEASE**  
3  
4

5 This **DEVELOPMENT AGREEMENT AND AGREEMENT TO LEASE** ("Agreement") is  
6 made as of the 29 day of August, 2019 (the "Effective Date"), by and  
7 between the City of Portsmouth, a New Hampshire municipal corporation, with a principal  
8 place of business at c/o Nancy Colbert Puff, 1 Junkins Avenue, Portsmouth, New  
9 Hampshire (referred to as "the City") and SoBow Square, LLC, a \_\_\_\_\_  
10 limited liability company, with a principal place of business at  
11 200 Commerce Way, Suite 300, Portsmouth, NH 03801, its successors and assigns (referred to as  
12 "Developer"), and referred to collectively as the "Parties".  
13

14  
15 **PRELIMINARY STATEMENTS**  
16

17 This Agreement relates to the possible redevelopment of certain real estate known as the  
18 "McIntyre Property" located at 80 Daniel Street, Portsmouth, New Hampshire (the  
19 "Property").  
20

21 Reference is made to the following facts.  
22

- 23 I. The Property is presently owned by the United States of America. The City has  
24 been invited to submit an "Application for Obtaining Real Property for Historic  
25 Monument Purposes" (the "Application") to the National Park Service to acquire  
26 the Property from the General Services Administration ("GSA") under the  
27 Federal Historic Surplus Property Program. Under the Historic Surplus  
28 Property Program, the Property would be conveyed to the City for no cash  
29 consideration but with a deed restriction or preservation covenant requiring that  
30 the Property be preserved and used as a Historic Monument.  
31
- 32 II. In August of 2017, the City issued a Request for Proposals (the "RFP") seeking  
33 a private real estate developer to enter into a public private partnership with the  
34 City whereby the City would acquire the Property from the GSA under the  
35 Historic Surplus Property Program and then lease the Property to a private  
36 developer pursuant to a long-term ground lease. Under the ground lease, the  
37 developer shall be obligated to redevelop, reuse and operate the Property as  
38 a Historic Monument as generally described and detailed in the RFP.  
39
- 40 III. On or about November 6, 2017, in response to the RFP, several real estate  
41 developers, including Developer, submitted proposals to ground lease and  
42 redevelop the Property. In its response to the RFP, Developer proposed to  
43 redevelop the Property as a mixed-use project with office, retail, and residential  
44 uses and related parking, amenities, infrastructure and public spaces  
45 (collectively, the "Project").  
46



1  
2 “Guarantors” shall mean, collectively and as applicable, the Completion Guarantor and  
3 the Limited Guarantor (each as defined below), and substitutes therefor approved by the  
4 City in its reasonable discretion or as set forth in the Ground Lease. Without limiting the  
5 City’s reasonable approval right set forth below, the “Completion Guarantor” shall be the  
6 completion guarantor required by Developer’s construction lender and the “Limited  
7 Guarantor” shall be the party required by Developer’s first mortgage lender from time to  
8 time to provide any non-recourse carve-out guaranty and/or environmental indemnity;  
9 provided, however, that if Developer’s lender is not an institutional lender, then such  
10 guarantor(s) shall be subject to the City’s prior approval, such approval not to be  
11 unreasonably withheld, conditioned or delayed, as more particularly set forth in the  
12 Ground Lease. The Completion Guarantor and the Limited Guarantor may be different  
13 parties.  
14  
15

16 NOW, THEREFORE, the Parties hereby agree as follows:  
17

18 **1. DESCRIPTION OF PROJECT / BACKGROUND**  
19

20 **This Development Agreement is related to the acquisition and redevelopment of**  
21 **the Property under the Federal Historic Monument Program and sets forth the**  
22 **City’s and the Developer’s respective rights, responsibilities and duties with**  
23 **respect to such proposed redevelopment.**  
24

25 1.1. The Parties are entering into this development agreement: (i) to work  
26 cooperatively to prepare and submit a joint Application to the National Park  
27 Service for acquisition of the Property by the City and the redevelopment,  
28 operation and management of the Property by the Developer under the terms  
29 of a long-term Ground Lease (ii) to allow time for additional public input and  
30 comment on the Project, (iii) to allow time for the Developer to conduct  
31 additional due diligence with respect to the Property and the feasibility of the  
32 Project; (iv) to finalize details about the Project, and (iv) to negotiate the terms  
33 of a long-term ground lease (the “Ground Lease”) between the City as  
34 landlord and Developer as tenant pursuant to which the Property will be  
35 redeveloped, operated and managed by Developer, at Developer’s sole cost  
36 and expense, in accordance with the Historic Surplus Property Program, the  
37 Application, the terms and conditions of the this Development Agreement,  
38 and the terms and conditions of the Ground Lease.  
39

40 1.2. The Developer’s preliminary proposal for the redevelopment of the Property  
41 has undergone a City-managed public input process to provide residents and  
42 other stakeholders the opportunity to review and comment on the Developer’s  
43 proposal and on how the Property should be redeveloped and reused.  
44 Developer’s proposal for the Project was refined and modified as part of the  
45 public input process and as the result of additional City review. Preliminary

1 plans for the Project will be finalized by Developer and the City prior to  
2 submitting the Application to the National Park Service.

3  
4 1.3. It is also anticipated by both Parties that the City will acquire the Property  
5 subject to a restrictive covenant, as well as all applicable requirements of the  
6 Historic Surplus Property Program and the Secretary of the Interior  
7 “Standards for Rehabilitation” and the New Hampshire Historic Preservation  
8 Office, that will contain specific requirements for how the Property will be  
9 preserved, maintained and protected in the future (collectively, the  
10 “Preservation Restrictions”). The Developer will, under the Ground Lease,  
11 assume full responsibility for complying with such requirements as well as the  
12 Preservation Restrictions and the approved Application. In no event shall the  
13 existing Building be demolished (except to the extent of renovations and  
14 modifications contemplated by the Application and permitted by the  
15 Preservation Restrictions).

16  
17 2. **DEVELOPER’S RESPONSIBILITIES, AGREEMENTS, COVENANTS AND**  
18 **CONTINGENCIES**

19  
20 2.1. **Developer’s Responsibilities and Covenants.**

21  
22 2.1.1. **Development/Project.** Developer’s Project shall be generally  
23 similar to size, mass, and configuration as the Conceptual Site Plan  
24 and building elevations included within Exhibit A of this Agreement.  
25 However, the Parties expressly recognize that the conceptual site  
26 plan and building elevations included within Exhibit A are subject to  
27 change as the state and local permitting process and the design and  
28 regulatory processes move forward. All plans approved through the  
29 federal, state and local permitting processes shall be incorporated  
30 into this document and binding by reference.

31  
32 The materials comprising the exterior of Developer’s Project shall be  
33 appropriate for downtown urban architecture, complementary to  
34 downtown Portsmouth’s historic character.

35  
36 Upon acquisition of the Property by the City and the full execution of  
37 the Ground Lease, Developer shall proceed with the redevelopment  
38 of the Property in accordance with the final, approved plans therefore  
39 and substantially in accordance with the Development Schedule (as  
40 it may be updated by the Developer and the City from time to time)  
41 at Developer’s sole cost and expense. Preliminary concept plans for  
42 the Project are included as Exhibit A of this Agreement. A  
43 preliminary Project budget, which shall be updated by the parties  
44 prior to filing the Application and shall be further updated prior the  
45 entering the Ground Lease and as set forth in the Ground Lease, is  
46 attached hereto as Exhibit B (the ‘Project Budget’). A preliminary

1 Development Schedule, which shall be updated by the parties prior  
2 to filing the Application and shall be further updated prior the entering  
3 the Ground Lease and as set forth in the Ground Lease, is attached  
4 hereto as Exhibit C (the "Development Schedule").  
5

6 The Property shall be leased by the Developer "as is" with the City  
7 making no warranties either express or implied as to the condition  
8 of the Property.  
9

10 2.1.2. **Infrastructure Improvements.** Developer shall be solely  
11 responsible for the cost of designing, permitting, and constructing  
12 any and all improvements to utilities, roadways, sidewalks and other  
13 public and private infrastructure and public amenities necessary or  
14 desirable for Developer's Project. The parties do not anticipate  
15 material off-site infrastructure improvements to be required for the  
16 Project, except for the infrastructure improvements contemplated in  
17 the Project Budget and shown within Exhibit A attached hereto (the  
18 "Infrastructure Improvements"). To the extent any off-site  
19 infrastructure improvements other than the Infrastructure  
20 Improvements are identified during the Permitting and Approval  
21 process as necessary to mitigate the Project-related impacts, the  
22 parties shall cooperate in good faith to limit the scope and expense  
23 of such improvements such that the scope of the required  
24 improvements is not more than necessary to fully mitigate Project-  
25 related impacts.  
26

27 2.1.3. **Intentionally Omitted.**  
28

29 2.1.4. **Project Costs and Expenses.** Developer shall be responsible for all  
30 costs and expenses associated with this Agreement and the Project  
31 including, without limitation, costs of its due diligence, costs of  
32 participating in the public input and review process, all costs related  
33 to the preparation and submission of the Application, and all design,  
34 permitting and construction costs associated with the Project.  
35 Developer and the City may agree in their discretion that Developer  
36 shall pay or reimburse the City for certain costs incurred by the City.  
37 Developer shall have no obligation to pay or reimburse any expenses  
38 incurred by the City in connection with the Project or this Agreement,  
39 except to the extent of any specified expenses that the Developer  
40 and the City have agreed in writing that Developer shall be  
41 responsible for paying or reimbursing.  
42

43 2.1.5. **Environmental.** Developer shall be responsible for the cost of any  
44 environmental remediation required for the Project, shall expressly  
45 release the City from any and all such responsibility and shall  
46 indemnify, defend and hold harmless the City from and all lost, cost,

1 expense, claims and damages associated with environmental  
2 conditions at the Property. The Parties acknowledge that the  
3 Property contains asbestos and the City will assume no responsibility  
4 for, or any liability or responsibility with respect thereto. Developer  
5 shall assume all responsibility for compliance with all applicable laws  
6 relating to asbestos and asbestos removal and disposal. In  
7 connection with its due diligence, Developer agrees to perform  
8 commercially reasonable environmental due diligence. All  
9 environmental due diligence shall comply with the EPA's All  
10 Appropriate Inquiry Rule and ASTM E1527-13 Standard. The City  
11 shall receive from Developer the results of all environmental due  
12 diligence (with reliance rights) which are obtained by Developer with  
13 respect to the Property.  
14

15 2.1.6. **National Park Service Application.** Developer shall cooperate with  
16 the City in preparing the National Park Service "Application to Obtain  
17 Real Property for Historical Monument Purposes." It is expected that  
18 such Application will be submitted to the National Park Service on or  
19 about July 2019, but no later than September 30, 2019 (the period  
20 ending on such later date, as it may be extended by mutual  
21 agreement of the parties, is hereby referred to as the "Application  
22 Period"). Subject to further refinement as provided in this Agreement  
23 and comments received from the National Park Service, it is  
24 expected that the Application will be generally consistent with the  
25 City's August 22, 2017 RFP and the Developer's November 6, 2017  
26 Response thereto. The parties also expect to submit the proposed  
27 form of Ground Lease as part of the Application. The Ground Lease  
28 must be approved by the National Park Service. The Application  
29 shall, at a minimum, include a detailed description of the Project, and  
30 a "Program of Preservation and Utilization" which includes a  
31 preservation plan, a use plan and a financial plan all as required  
32 under the Federal Historic Surplus Property Program. If the  
33 Application is initially rejected by the Park Service for technical  
34 reasons or correctible issues then the City agrees that it will work  
35 with the Developer to submit a corrected application. If the parties,  
36 after good faith negotiations, fail to reach agreement on a mutually  
37 acceptable form of Application during the Application Period then  
38 either party may terminate this agreement in which event the Deposit  
39 (and all interest earned thereon) shall be promptly returned to the  
40 Developer and neither party shall have any further rights or  
41 obligations hereunder except those expressly stated to survive.  
42

43 If the City submits the Application, the Developer shall  
44 automatically and immediately become fully responsible for all  
45 requirements, obligations, duties, and commitments related to the  
46 Application and the acceptance and approval of the Application

1 including, without limitation, all “constructive possession”  
2 responsibilities (if any) described in the general terms and conditions  
3 of the Application even if constructive possession were to occur prior  
4 to satisfaction of the conditions precedent to Developer’s obligation  
5 to consummate the Closing and to execute the Ground Lease (the  
6 “Closing Contingencies”). The parties shall work cooperatively to  
7 ensure that neither possession nor constructive possession of the  
8 Property occurs until satisfaction of the Closing Contingencies and  
9 the execution of the Ground Lease. In the event that the General  
10 Services Administration (GSA) sends a notice requesting or  
11 demanding that the City take possession of the Property within fifteen  
12 (15) days before all Closing Contingencies have been fully satisfied,  
13 then the City will accept the deed to the Property and the City and  
14 the Developer will execute the Ground Lease with an Addendum to  
15 be negotiated reasonably by the City and the Developer, which  
16 Addendum will cover the interim period between execution of the  
17 Ground Lease and the date on which all Closing Contingencies have  
18 been satisfied. During that interim period: (i) the Developer will be  
19 responsible for all obligations owed to the National Park Service  
20 pursuant to the Application or the Deed and for securing, maintaining  
21 and insuring the Property, (ii) subject to the terms of the Ground  
22 Lease, the Developer will be allowed to enter leases, including,  
23 without limitation, any space in the existing building on the Property  
24 in compliance with any required environmental remediation and/or  
25 asbestos removal, and to operate or lease the parking areas on the  
26 Property, all in accordance with all applicable laws, regulations, and  
27 building and health and life safety codes, (iii) except as may be  
28 required by the National Park Service, no improvements to the  
29 Property shall be made other than improvements to the existing  
30 building and other appropriate repairs and maintenance,  
31 environmental remediation and/or asbestos removal, and (iv) the  
32 Developer will be required to pay real estate taxes on the Property,  
33 but not base rent. Once all Closing Contingencies have been  
34 satisfied, the Addendum will terminate and the Ground Lease will  
35 commence within a 75 year term, etc. If the interim period lasts for  
36 more than 12 months then (i) Developer shall provide an accounting  
37 of operating expenses, taxes, insurance expenses, debt service  
38 payments, other expenses and income and (ii) twenty five percent  
39 (25%) of Developer’s actual income in excess of such expenses  
40 incurred (but in no event more than \$49,650 annually) will be paid by  
41 Developer to the City.  
42

43 2.1.7. **Federal Historic Surplus Property Program.** In connection with  
44 its proposed redevelopment of the Property, Developer shall comply,  
45 at its sole cost and expense, with all terms, conditions and  
46 requirements of the Federal Historic Surplus Property program

1 including, without limitation the Preservation Restrictions, the deed  
2 of the Property to the City, and all commitments made in the  
3 Application. All of the foregoing should be included in the Ground  
4 Lease. The Property shall be rehabilitated and the Property  
5 continuously maintained, repaired and administered by Developer in  
6 accordance with the Ground Lease, the Preservation Restrictions,  
7 and to the extent applicable The Secretary of the Interior's  
8 "Standards for Rehabilitation", as amended from time to time.  
9

10 2.1.8. **Ground Lease.** During the Application Period, the Developer shall  
11 negotiate in good faith with the City the terms and conditions of the  
12 Ground Lease. The basic terms of the Ground Lease are set forth in  
13 Exhibit F attached hereto. The Ground Lease will contain the  
14 following terms and provisions as well as others: (i) the scope of the  
15 Developer's initial construction and rehabilitation obligations; (ii)  
16 Developer's responsibility for all environmental matters at the  
17 Property including a release and indemnity to the City with respect  
18 thereto; (iii) final construction schedule; (iv) Developer financing  
19 rights and obligations; (v) form of security and guarantees for  
20 completion of Developer's construction work; (vi) the approved plan  
21 for Developer's operation and maintenance of the Property; (vii)  
22 events of default and remedies; (viii) definition of the Developer's  
23 "reasonable profit" under applicable federal law; (ix) the term of the  
24 Ground Lease; (x) base rent and other required payments; (xi) real  
25 estate taxes; (xii) maintenance and operation requirements; (xiii)  
26 insurance requirements; (xiv) events of default and remedies; (xv)  
27 use restrictions and covenants; (xvi) end of term rights and  
28 responsibilities; (xvii) transfer rights and limitations; (xviii) restrictions  
29 on changes to the Project; and (xix) the express assumption by  
30 Developer of all obligations under the Federal Historic Monument  
31 Program with respect to the Property including the rehabilitation,  
32 operation, management and maintenance of the Property. If the  
33 Parties are unable to reach agreement on the Ground Lease prior to  
34 end of the Application Period, then either party may terminate this  
35 Agreement, in which event the Deposit (and all interest earned  
36 thereon) shall be promptly returned to the Developer and neither  
37 party shall have any further rights or obligations hereunder except  
38 those expressly stated to survive. The Ground Lease shall contain  
39 the agreed-upon methodology for calculating the various  
40 components of all income to be paid to the City together with  
41 examples of such calculations.  
42

43 2.1.9. **Preliminary Design and Cost Analysis of Project.** Developer has,  
44 as of the date of this Agreement, completed a preliminary analysis of  
45 the financial feasibility of the construction of the Project and has  
46 determined that the Project is financially feasible.

1  
2 2.1.10. **Budget.** Developer has, as of the date of this Agreement, prepared  
3 preliminary estimates of the cost to design, construct and implement  
4 the Project as set forth in the Project Budget attached as Exhibit B.  
5 The parties shall agree on a final Project Budget which shall be  
6 submitted with the Application and incorporated into the Ground  
7 Lease.

8  
9 2.1.11. **Financing.** Developer shall diligently seek and obtain all financing  
10 (debt and equity) in sufficient amounts and at such prices, rates, and  
11 terms and from sources adequate to complete the Project in  
12 accordance with this Agreement. As soon as reasonably practical  
13 following the completion of permitting, design, construction plans and  
14 construction pricing for the Project and in all events no later than sixty  
15 (60) days prior to the anticipated date of Closing, Developer shall  
16 provide the City with commitments for such financing for review and  
17 approval by the City, not to be unreasonably withheld, conditioned or  
18 delayed. The City's review and approval of such proposed financing  
19 shall primarily focus on verifying that (i) the proposed financing  
20 contains sufficient amounts of debt and equity to fund the total costs  
21 of development and construction of the Project as set forth in the  
22 Project Budget, and (ii) any equity investors are Eligible Investors (as  
23 defined below). Prior to the submission of the Application to the  
24 National Park Service, the Developer shall provide the City with  
25 written expressions of interest from at least one prospective lender  
26 and at least one prospective equity investor as evidence of their  
27 interest in providing debt and equity to fund the development of the  
28 Project subject to the City's review and approval, not to be  
29 unreasonably withheld, conditioned or delayed.

30  
31 2.1.12. **Development Schedule and Construction of Project.** A  
32 preliminary Development Schedule is attached hereto as Exhibit C.  
33 The Developer shall diligently prosecute to completion the design  
34 and construction of the Project in accordance with the Development  
35 Schedule and shall substantially complete such construction within  
36 thirty (30) months after the execution of the Ground Lease, but  
37 subject to excusable delays (force majeure) and such other terms  
38 and conditions as may be more particularly set forth in the Ground  
39 Lease. The parties shall agree on a final Development Schedule prior  
40 to execution of the Ground Lease and such the Development  
41 Schedule shall be incorporated into the Ground Lease.

42  
43 2.1.13. **Performance and Completion Bonds; Security.** Prior to  
44 commencing construction of the Project, Developer shall furnish the  
45 City with payment and performance bonds assuring completion of  
46 the Project from a recognized surety company having an AM Best

1 rating of A or as otherwise required under the Ground Lease, or such  
2 other form of subcontractor insurance or security, as may be  
3 acceptable to the City in its sole but reasonable determination, and  
4 as shall be more particularly set forth in the Ground Lease.  
5

6 2.1.14. **Guaranties.** Prior to commencing construction of the Project,  
7 Developer shall furnish the City with a completion guaranty of the  
8 Project from the Completion Guarantor for a period expiring upon the  
9 issuance by the City of the final certificate of occupancy for the full  
10 Project buildout (the "Completion Guaranty") and a guaranty from the  
11 Limited Guarantor of the Ground Lease, limited to (1) all Preservation  
12 Restrictions, Historic Surplus Property Program Requirements, and  
13 all other such historic and preservation terms and conditions for the  
14 benefit of the National Park Service in the approved Application (but  
15 not other terms and conditions as between Developer and the City),  
16 and (2) any environmental indemnities and obligations contained  
17 therein (the "Limited Guaranty"). These guaranties shall be provided  
18 by the Guarantors upon terms and conditions to be set forth in the  
19 Ground Lease.  
20

21 2.1.15. **Reasonable Profit.** Developer understands, recognizes and  
22 agrees that the Application will not be approved by the National Park  
23 Service unless it expressly provides that all income received by the  
24 Developer in excess of costs of repair, rehabilitation, restoration,  
25 maintenance, and a specified reasonable profit or payment that may  
26 accrue to a lessor, sublessor, or developer in connection with the  
27 management, operation, or development of the Property for revenue  
28 producing activities, must be used only for public historic  
29 preservation, park, or recreational purposes. Specific details of the  
30 financial plan, Developer's reasonable profit, and how any "excess"  
31 funds will be spent will be negotiated and agreed to by Developer  
32 and the City prior to submitting the Application. Such terms and  
33 conditions will be incorporated into the Ground Lease. If the National  
34 Park Service does not approve the proposal for the calculation of  
35 Developer's reasonable profit as set forth in the Application,  
36 Developer shall have right to terminate this Agreement, in which  
37 event the Deposit (and all interest earned thereon) shall be promptly  
38 refunded and the parties shall have no further rights or  
39 responsibilities hereunder except those expressly stated to survive  
40

41 2.1.16. **Public Review and Input.** Developer understands that the Project  
42 will be subject to public review and comment as the state and local  
43 permitting process and the design and regulatory processes move  
44 forward. If, after receiving additional public input and comments from  
45 regulatory authorities and agencies, Developer proposes making  
46 material changes to the Project and the City does not approve such

1 proposed changes (which approval by the City shall not be  
2 unreasonably withheld, conditioned or delayed), then unless  
3 Developer withdraws such proposed changes, either party may  
4 terminate this Agreement and the Developer shall receive a refund  
5 of its Deposit, (and all interest earned thereon) and the Parties shall  
6 have no further rights or obligations hereunder except those  
7 expressly stated to survive.  
8

9 2.1.17. **Restrictions on Use.** The allowed uses of the Project shall be  
10 specified in the Ground Lease but shall be consistent with the intent  
11 of the RFP and Developer's response thereto. All uses and  
12 associated with rehabilitation of the Property must also comply with  
13 Secretary of the Interior's Standards for Rehabilitation and any  
14 specific provisions in the Preservation Restrictions and/or the deed  
15 to the City of the Property.  
16

17 2.1.18. **Permits and Approvals.** Developer agrees to use good faith,  
18 diligent efforts to apply for and obtain all required Development  
19 Permits and Approvals at its sole cost and expense. Prior to applying  
20 for any Development Permits and Approvals, Developer shall  
21 provide the City with copies of proposed draft plans and applications  
22 for the City's review, comment and approval (such approval not to be  
23 unreasonably withheld, conditioned or delayed), and, in the case of  
24 applications, the City's execution as a co-applicant to the extent  
25 required, or if the City so elects. A preliminary list of anticipated  
26 Permits and Approvals is attached hereto as Exhibit D. The City  
27 agrees to review all such draft plans and applications with  
28 reasonable promptness. Developer agrees that the first meeting in  
29 connection with seeking Permits and Approvals for the Project shall  
30 be with the Portsmouth Historic District Commission. The Parties  
31 recognize that as of the date of this Agreement, the first meeting with  
32 the Portsmouth Historic District Commission has already occurred  
33 but that review process remains to be completed.  
34

35 2.1.19. **Project Name.** The City shall have the right to review and comment  
36 on, but not approve, the Project name, which Developer shall  
37 determine following consultation with the City.  
38

39 2.1.20. **Public Spaces and Amenities.** Developer shall cooperate with the  
40 City to implement public and City sponsored arts, functions, concerts,  
41 events and other community and cultural programming, within the  
42 public realm spaces and amenities which are part of the Project.  
43 Specific details shall be included in the Ground Lease.  
44

45 2.1.21. **Project Changes.** After Closing and prior to completion of  
46 construction of the Project, Developer shall make no material

1 changes to the exterior design of or allowed uses within Project  
2 without the prior written approval of the City and, if and to the extent  
3 necessary, the GSA and/or the National Park Service, as shall be  
4 more particularly set forth in the Ground Lease. The Ground Lease  
5 shall specify what changes may be made to the Project by the  
6 Developer following completion of construction.  
7

8 2.1.22. **Transfers.** After delivery of the deed and prior to the completion of  
9 the construction of the Project, no legal or beneficial interest (which  
10 term shall be deemed to include successors in interest of such  
11 interest) shall be transferred except in accordance with the  
12 requirements and limitations to be set forth in the Ground Lease.  
13 Notwithstanding the foregoing, the Developer shall have the right to  
14 mortgage its leasehold interest in the Ground Lease to secure the  
15 payment of any loan obtained by the Developer to finance the  
16 development, construction, and operation of the Project. The  
17 Ground Lease shall contain customary provisions with respect to the  
18 rights of any such mortgage lenders and such lenders' obligations  
19 with respect to the Project in the event of a foreclosure of their  
20 mortgage. Following completion of construction of the Project, the  
21 restriction on transfers shall be relaxed as more particularly  
22 described in the Ground Lease. Prior to Closing, Developer may  
23 admit one or more additional investors, provided that (i) The Kane  
24 Company and Redgate Holdings, LLC continue to control Developer  
25 (subject to customary major decision rights in favor of such  
26 investors), and (ii) such investors are Eligible Investors. The term  
27 "Eligible Investors" shall mean investors that are either (a)  
28 institutional investors, or (b) investors who have not in the prior ten  
29 (10) years been involved in litigation with the City, defaulted under  
30 any agreements with the City, or failed to pay any taxes to the City  
31 when due.  
32

33 2.1.23. **Real Estate Taxes.** During the term of the Ground Lease, Developer  
34 shall pay real estate taxes for the Property (including all structures  
35 and improvements added by the Developer) to the extent required  
36 under applicable law (including RSA Chapter 72:23, I (b)), as if the  
37 Developer were the owner of fee simple title to the Property.  
38

39 2.2. **Developer's Contingencies.** Developer's obligation to execute the Ground  
40 Lease and undertake the Project shall be subject to the following  
41 contingencies, the failure to satisfy any one of which shall give Developer any  
42 of the options set forth below and, in addition, the right to withdraw from this  
43 Agreement, after which Developer shall have no further obligation to the City.  
44

45 2.2.1. **Due Diligence.**  
46

1                    **Due Diligence Period.** Developer has completed any and all  
2 assessments, tests, studies, surveys, and research, at its sole cost  
3 and expense, as Developer deemed necessary or appropriate,  
4 including, but not limited to, environmental site assessments  
5 (including soil and groundwater testing and sub-surface  
6 explorations), real estate title reviews, boundary surveys, building  
7 and property inspections, flood zone reviews and certifications,  
8 reviews of all applicable governmental regulations and ordinances,  
9 economic and financial feasibility studies, market studies,  
10 engineering studies, geotechnical studies, parking and traffic  
11 studies, as well as reviews to determine the adequacy and  
12 availability of public and private utilities serving the Property.  
13 Notwithstanding the foregoing, Developer has not been afforded an  
14 opportunity to inspect the portion of the Property occupied by the  
15 Federal Bureau of Investigation (the "FBI Space"). At Closing, the  
16 Property shall be in substantially the same condition that it is in now,  
17 excepting reasonable wear and tear and other damage or  
18 deterioration that would not materially increase the Project Budget or  
19 substantially delay the Development Schedule, and free from tenants  
20 and occupants (the "Delivery Condition"). Developer shall have the  
21 opportunity to visually inspect the entirety of the Property (including  
22 the FBI Space) prior to Closing to confirm that the Property is in the  
23 Delivery Condition. If either (i) the Property is not in the Delivery  
24 Condition at Closing, or (ii) Developer's inspection reveals that the  
25 scope of asbestos remediation within the FBI Space is materially  
26 greater than other portions of the building inspected by Developer  
27 and the cost to abate such asbestos or other unanticipated  
28 conditions within the FBI Space is materially greater than  
29 contemplated in the Project Budget, Developer shall have right to  
30 terminate this Agreement, in which event the Deposit (and all interest  
31 earned thereon) shall be promptly refunded and the parties shall  
32 have no further rights or responsibilities hereunder except those  
33 expressly stated to survive. In such event, the City shall receive from  
34 Developer any and all third party due diligence materials (with  
35 reliance rights) which are undertaken by Developer with respect to  
36 the Property or the Project, in electronic format (AutoCADD, if  
37 applicable) or other format requested by the City.

38  
39                    **Title Due Diligence – Special Provisions.** Developer performed a  
40 title examination of the Property, and is reasonably satisfied that title  
41 to the Property is good, marketable and insurable, and not otherwise  
42 subject to any Liens, encumbrances, covenants or other restrictions  
43 which would prevent Developer from using the Property for  
44 Developer's Project ("Title Defects"). At the Closing, good and clear,  
45 record and marketable leasehold title to the Property shall be  
46 conveyed to Developer subject only to the deed granted by the GSA,

1 the Preservation Restrictions, the Ground Lease, and such  
2 encumbrances, covenants or other restrictions that existed of record  
3 prior to [*insert effective date of Developer's title insurance*  
4 *commitment prior to execution*], 2019 ("Permitted Encumbrances").  
5 It shall be a condition to Closing that Developer be able to obtain a  
6 customary leasehold title insurance policy with appropriate coverage  
7 insuring leasehold title to the Property in Developer, subject only to  
8 the Permitted Encumbrances and with the standard exceptions  
9 (including the exceptions for mechanic's liens and parties in  
10 possession) deleted (the "Title Insurance Policy"). In the event that  
11 the City is unable or otherwise unwilling to provide good, marketable  
12 and insurable title, or Developer is unable to obtain the Title  
13 Insurance Policy, then Developer, at its sole option, may proceed  
14 with any of the following options:  
15

- 16 i. Afford the City additional time to cure said title defects;
- 17
- 18 ii. Terminate this Agreement and receive a full refund of its  
19 Deposit (and all interest earned thereon); or,  
20
- 21 iii. The Parties may renegotiate the Ground Rent to  
22 appropriately account for the condition of title to the  
23 Property, and then proceed to Closing.  
24

25 **Environmental Due Diligence – Special Provisions.**

26 Developer conducted such studies and investigations as it  
27 deemed necessary with respect to the environmental condition of  
28 the Property and any environmental contamination or hazardous  
29 material related thereto. In connection therewith, Developer  
30 obtained for the following environment reports, studies and  
31 assessments with respect to the Property (the "Environmental  
32 Reports"): Phase I Environmental Site Assessment – Sanborn  
33 Head; Geotechnical Due Diligence Summary Memorandum –  
34 Sanborn Head; Hazardous Buildings Materials Survey – AXIOM  
35 Partners; Property Condition Assessment – Simpson Gumpertz  
36 & Heger, Inc.; and Land Survey – Tighe & Bond. All  
37 environmental due diligence shall comply with the EPA's All  
38 Appropriate Inquiry Rule and ASTM E1527-13 Standard.  
39

40 Developer performed these tasks at its own risk and at its own  
41 expense. Developer accepts full responsibility for the use of the  
42 Property during its inspections and due diligence, and  
43 acknowledges that such access is subject to the indemnity  
44 provisions of Section 1.5.  
45

1 If prior to Closing Developer discovers environmental  
2 contamination or hazardous materials on or impacting the  
3 Property or the development thereof that were not identified in the  
4 Environmental Reports (whether such matters be pre-existing  
5 conditions or caused by a new spill), and the remediation of such  
6 environmental contamination or hazardous materials would  
7 materially increase the Project Budget, substantially delay the  
8 Development Schedule or materially limit the permitted uses of  
9 the Property, Developer shall have the following options, as  
10 follows:

- 11
- 12 i. Terminate this Agreement and receive a full refund of its  
13 Deposit (and all interest earned thereon); or,
- 14
- 15 ii. Accept the Property in its “as is condition” and proceed to  
16 Closing, subject to other contingencies as set forth within  
17 this Agreement. If Developer proceeds to Closing,  
18 Developer shall accept full responsibility for the Property in  
19 its “as is, where is” environmental condition with respect to  
20 the potential presence of hazardous waste or other buried  
21 materials regardless whether such waste or other materials  
22 were identified by said due diligence, tests, studies, or  
23 investigations.
- 24

25 2.2.2. **Development Approvals and Permits.** This Agreement is  
26 contingent upon Developer, at its sole cost and expense, obtaining  
27 any and all required Development Permits and Approvals from  
28 applicable governmental agencies (including without limitation the  
29 full building permit necessary for construction of the Project), upon  
30 such terms and conditions as are satisfactory to Developer in its  
31 reasonable discretion, for the Project. A preliminary list of anticipated  
32 permits and approvals is attached hereto as Exhibit D.

33

34 Developer agrees to use good faith, diligent efforts to apply for and  
35 obtain all required development permits and approvals. Prior to  
36 applying for any development permits and approvals, Developer  
37 shall provide the City with copies of proposed draft plans and  
38 applications for the City’s review and approval (such approval not to  
39 be unreasonably withheld, conditioned or delayed) pursuant to  
40 Section 2.1.18, and, in the case of applications, the City’s execution  
41 as a co-applicant to the extent required or if the City so elects.

42

43 The City shall cooperate in the prosecution of such Development  
44 Permits and Approvals, including the execution of any and all letters,  
45 consents and permit applications, the attendance by City Staff at all  
46 hearings, and the submission of oral and written testimony in support

1 of Developer's Project to the applicable land use boards or agencies,  
2 to permit Developer to seek and obtain all development permits and  
3 approvals. All Development Permits and Approvals, including any  
4 conditions affecting the same, must be satisfactory to Developer and  
5 the City in their reasonable discretion (provided that the City shall not  
6 object to any such approvals that do not materially differ from the  
7 RFP or the Application). Developer shall diligently endeavor to  
8 receive such development permits and approvals within the time  
9 frames established by the Development Schedule set forth in Exhibit  
10 C of this Agreement. In the event that Developer, despite good faith  
11 efforts, has not received all required Development Permits and  
12 Approvals by the Outside Closing Date (as defined below),  
13 Developer may extend the Outside Closing Date by up to six (6)  
14 months, provided that Developer continues to actively prosecute  
15 such Development Permits and Approvals.

16  
17 Developer shall provide the City with regular status updates about  
18 information concerning the prosecution of Development Permits and  
19 Approvals.  
20

21 The following terms and conditions shall govern Developer's Deposit  
22 in relation to securing permits and approvals for Developer's Project:  
23

24 a) In the event the City denies any of Developer's applications  
25 for permits and approvals, then Developer may terminate this  
26 Agreement and shall receive a full refund of the Deposit, including  
27 interest earnings, following which this Agreement shall be null and  
28 void, and of no further force or effect.  
29

30 b) In the event any other governmental entity, other than the City  
31 of Portsmouth, denies any of Developer's applications for permits  
32 and approvals, then Developer may terminate this Agreement and  
33 shall receive a full refund of the Deposit, including all interest  
34 earnings, following which this Agreement shall be null and void, and  
35 of no further force or effect.  
36

37 c) In the event an aggrieved individual appeals any permits or  
38 approvals issued for Developer's Project, and the aggrieved  
39 individual's appeal prevails, then Developer may terminate this  
40 Agreement and shall receive a full refund of the Deposit, including all  
41 interest earnings, following which this Agreement shall be null and  
42 void, and of no further force or effect.  
43

44 d) In the event an aggrieved individual appeals any permits or  
45 approvals issued for Developer's Project and Developer elects not to  
46 contest or defend such appeal, then Developer may terminate this

1 Agreement and shall receive a full refund of the Deposit, including all  
2 interest earnings, following which this Agreement shall be null and  
3 void, and of no further force or effect.  
4

5 e) During the period after the National Park Service approves the  
6 Application, but prior to satisfying the Closing Contingencies, to  
7 expedite progress on development of the Project, if Developer  
8 requests that the Closing be advanced prior to satisfaction of the  
9 Closing Contingencies, then the City shall take steps to acquire the  
10 Property and if the City does in fact acquire the Property, then the  
11 City and the Developer will execute the Ground Lease with an  
12 Addendum which will cover the interim period between execution of  
13 the Ground Lease and the date all Closing Contingencies have been  
14 satisfied. During that interim period: (i) the Developer will be  
15 responsible for all obligations owed to the National Park Service  
16 pursuant to the Application or the Deed and for securing, maintaining  
17 and insuring the Property, (ii) subject to the terms of the Ground  
18 Lease, the Developer will be allowed to enter leases, including,  
19 without limitation, any space in the existing building on the Property  
20 in compliance with any required environmental remediation and/or  
21 asbestos removal, and to operate or lease the parking areas on the  
22 Property, all in accordance with all applicable laws, regulations, and  
23 building and health and life safety codes, (iii) except as may be  
24 required by the National Park Service, no improvements to the  
25 Property shall be made other than improvements to the existing  
26 building and other appropriate repairs and maintenance,  
27 environmental remediation and/or asbestos removal, and (iv) the  
28 Developer will be required to pay real estate taxes on the Property,  
29 but not base rent. Once all Closing Contingencies have been  
30 satisfied, the Addendum will terminate and the Ground Lease will  
31 commence within a 75 year term, etc. If the interim period lasts for  
32 more than 12 months then (i) Developer shall provide an accounting  
33 of operating expenses, taxes, insurance expenses, debt service  
34 payments, other expenses and income and (ii) twenty five percent  
35 (25%) of Developer's actual income in excess of such expenses  
36 incurred (but in no event more than \$49,650 annually) will be paid by  
37 Developer to the City.  
38

39 f) In the event Developer fails to apply for permits and approvals  
40 following the foregoing review and comment process with the City,  
41 or otherwise fails to diligently pursue such permits and approvals,  
42 and does not cure such failure within thirty (30) days of Developer's  
43 receipt of notice from the City of default under this paragraph, then  
44 the City may terminate this Agreement and Developer shall forfeit its  
45 Deposit, including interest earnings, following which this Agreement  
46 shall be null and void, and of no further force or effect.

1  
2 2.2.3. **Financing.** This Agreement is specifically contingent upon  
3 Developer obtaining financing (debt and equity) in sufficient amounts  
4 and from sources that are satisfactory to Developer and the City to  
5 fund the total costs of development and construction of the Project  
6 (the “Approved Financing”). The City’s review and approval of such  
7 proposed financing shall primarily focus on verifying that (i) the  
8 proposed financing contains sufficient amounts of debt and equity to  
9 fund the total costs of development and construction of the Project  
10 as set forth in the Project Budget, and (ii) any equity investors are  
11 Eligible Investors. Prior to the submission of the Application to the  
12 National Park Service, the Developer shall provide the City with  
13 written expressions of interest from at least one prospective lender  
14 and at least one prospective equity investor as evidence of their  
15 interest in providing debt and equity to fund the development of the  
16 Project subject to the City’s review and approval, not to be  
17 unreasonably withheld, conditioned or delayed. If Developer is not  
18 able to obtain the Approved Financing on or before the Outside  
19 Closing Date, then either party may elect to terminate this  
20 Agreement, in which case Developer shall forfeit its Deposit,  
21 including interest earnings.  
22

23 2.2.4. **Approval of Application by National Park Service.** This  
24 Agreement is specifically contingent upon approval of the Application  
25 by the National Park Service, such approval not to contain any  
26 unanticipated material conditions, limitations, obligations or  
27 restrictions (including the terms of the required Preservation  
28 Restrictions) not set forth in the Application that would materially  
29 increase the Development Budget, substantially delay the Project  
30 Schedule, substantially increase the cost to operate the Project, or  
31 materially limit the uses allowed on the Property and the revenue  
32 producing activities contemplated by Developer. If the Application is  
33 not approved, or if the approval or the Preservation Restrictions  
34 contain such material conditions, limitations, obligations or  
35 restrictions not set forth in the Application, then Developer may  
36 terminate this Agreement and shall receive a full refund of the  
37 Deposit, including all interest earnings, following which this  
38 Agreement shall be null and void, and of no further force or effect  
39

40 2.2.5. **City’s Responsibilities.** This Agreement is specifically contingent  
41 upon the City completing its responsibilities as set forth within  
42 Section 3.1 and otherwise pursuant to this Agreement. If the City fails  
43 to fulfill any of its material responsibilities or otherwise is in material  
44 breach of this Agreement after notice and opportunity to cure as  
45 provided herein, then the City shall be in default under this

1 Agreement and Developer shall have the remedies set forth in  
2 Section 7.2 hereof.

3  
4 **3. CITY'S RESPONSIBILITIES, AGREEMENTS, COVENANTS AND**  
5 **CONTINGENCIES**

6  
7 3.1. **City's Responsibilities.**

8  
9 3.1.1. **Public Input.** The City has coordinated a process for additional  
10 public review and input on the Project. The Developer and the City  
11 shall give due consideration to all such public input when preparing  
12 the Application. Notwithstanding the foregoing, such understanding  
13 shall not limit each party's right to review and approve the final form  
14 and contents of the Application.

15  
16 3.1.2. **City Council Approval.** Developer recognizes that this Agreement,  
17 the Application and the form of Ground Lease, is subject to review  
18 and approval by the City Council.

19  
20 3.1.3. **National Park Service Application.** The City shall cooperate with  
21 the Developer in preparing the National Park Service "Application to  
22 Obtain Real Property for Historical Monument Purposes" to be  
23 submitted by the City to the NPS and as further described in Section  
24 2.1.6.

25  
26 3.1.4. **Acquisition of Property from GSA.** The City shall use good faith  
27 diligent efforts, in consultation and cooperation with Developer, to  
28 acquire the Property from the GSA in accordance with the terms and  
29 conditions of the Application and/or such other terms and conditions  
30 as may be acceptable to the City.

31  
32 3.1.5. **Ground Lease.** During the Application Period, the City shall  
33 negotiate in good faith with the Developer the terms and conditions  
34 of the Ground Lease. The Ground Lease will contain the terms and  
35 conditions described in Section 2.1.8 and Exhibit F, as well as other  
36 applicable terms and provisions. If the Parties are unable to reach  
37 agreement on the Ground Lease prior to end of the Application  
38 Period, then either party may terminate this Agreement in which  
39 event the Deposit shall be promptly refunded and the parties shall  
40 have no further rights or responsibilities hereunder except those  
41 expressly stated to survive.

42  
43 3.2. **City's Contingencies.** In addition to the contingencies set forth in Section  
44 3.1 of this Agreement, the City's obligation to execute the Ground Lease of  
45 the Property shall be subject to the following additional contingencies, the  
46

1 failure to satisfy any one of which shall give the City any of the options set  
2 forth below and, in addition, the right to withdraw from this Agreement after  
3 which the City shall have no further obligation to Developer.  
4

5 3.2.1. **Developer's Financing.** This Agreement is specifically contingent  
6 upon Developer obtaining the Approved Financing, as more  
7 particularly set forth in Section 2.2.3 above.  
8

9 3.2.2. **Developer's Development Permits and Approvals.** This  
10 Agreement is specifically contingent upon Developer, at its sole cost  
11 and expense, obtaining any and all required Development Approvals  
12 and Permits (but with cooperation from the City as provided herein)  
13 from applicable governmental agencies (including without limitation  
14 the full building permit for the Project). Developer's application for  
15 Development Approvals and Permits shall be subject to the City's  
16 review and, if applicable, approval pursuant to Section 2.1.18 hereof.  
17 If Developer delivers notice to the City that Developer is unable to  
18 secure said approvals and permits prior to the Closing, the City may  
19 elect to terminate this Agreement, in which event Developer's  
20 Deposit shall be handled as set forth within Section 2.2.2 of this  
21 Agreement.  
22

23 3.2.3. **Infrastructure Improvements.** This Agreement is specifically  
24 contingent upon Developer being solely responsible for any and all  
25 infrastructure improvements that might be required for Developer's  
26 Project, as more particularly set forth in and limited by Section 2.1.2  
27 above.  
28

29 3.2.4 **No Adverse Change.** This Agreement is specifically contingent on  
30 there being no material adverse change between now and the time  
31 for Closing in the Developer or its ability to construct and manage the  
32 Project that is not reasonably addressed by Developer within thirty  
33 (30) days of receipt of written notice from the City of change (or such  
34 longer period as may be reasonable under the circumstances).  
35

36 3.2.5. **Developer's Responsibilities.** This Agreement is specifically  
37 contingent upon Developer completing its responsibilities as set forth  
38 within Section 2.1 and otherwise pursuant to this Agreement. If  
39 Developer fails to fulfill any of its responsibilities or otherwise is in  
40 breach of this Agreement after notice and opportunity to cure as  
41 provided herein, then Developer shall be in default under this  
42 Agreement and the City shall have the remedies set forth in Section  
43 7.1 hereof.  
44

45 **4. DESCRIPTION OF PROPERTY AND GROUND LEASE TRANSACTION**  
46

1 4.1. **Deposit.** Upon execution of this Agreement, Developer shall provide a  
2 deposit in the amount of Four Hundred Thousand Dollars (\$400,000.00). The  
3 deposit shall be held by Hinckley Allen as Escrow Agent, in an interest-  
4 bearing account in accordance with Section 8.19. If either party elects to  
5 terminate this Agreement in accordance with its terms, the Deposit shall be  
6 handled as provided herein. In the event Developer elects to proceed to  
7 Closing, the Deposit, together with interest earnings, shall be applied as set  
8 forth in the Ground Lease. If Developer terminates this Agreement (other than  
9 pursuant to a default by the City) or defaults under this Agreement, then  
10 Developer shall in all instances assign to the City (i) any and all third party  
11 due diligence materials (with reliance rights) which are undertaken by  
12 Developer with respect to the Property or the Project, in electronic format or  
13 other format requested by the City, (ii) Developer's rights under the  
14 Development Permits and Approvals, and (iii) Developer's rights to any and  
15 all plans and specifications prepared for the Project.  
16

17 4.2. **Access to Property.** The City, to the fullest extent practical, shall assist  
18 Developer, its employees, representatives, consultants, and agents in  
19 obtaining access to enter the Property during the term of this Agreement for  
20 the purpose of completing due diligence and for all other purposes necessary  
21 to carry out the terms of this Agreement. The Developer understands and  
22 recognizes that the City does not own the Property and that access will need  
23 to be coordinated with the GSA. Notwithstanding the foregoing, the Developer  
24 shall be afforded an opportunity prior to Closing to visually inspect the entirety  
25 of the Property (including the FBI Space) after all tenants and occupants have  
26 vacated.  
27

28 Developer shall defend, indemnify and hold harmless the City and its officials,  
29 agents and employees (collectively, the "*Indemnified Parties*"), from and  
30 against all loss, damage, expense, liability and other claims, including court  
31 costs and reasonable attorneys' fees (collectively, "*Liabilities*") resulting from  
32 any third party action relating to this paragraph regarding Developer's  
33 inspection of the Property and from injury to or death of persons, and damage  
34 to or loss of property to the extent caused by or arising out of the negligent  
35 acts or omissions of, or the willful misconduct of, Developer (or its contractors,  
36 agents or employees) in connection with this paragraph; provided, however,  
37 that nothing herein shall require Developer to indemnify the Indemnified  
38 Parties for any Liabilities to the extent caused by or arising out of the negligent  
39 acts or omissions of, or the willful misconduct of the City. Additionally, to the  
40 fullest extent permitted by law, no official, employee, agent, direct or indirect  
41 owner, member, manager, officer, beneficiary or representative of the City or  
42 Developer shall be individually or personally liable for any obligation or liability  
43 of Developer under this paragraph. This paragraph shall survive any  
44 termination of this Agreement. During Developer's inspection of the Property,  
45 Developer shall have in force, general liability insurance, naming the City as  
46 an additional insured, by written endorsement without a waiver of

1 subrogation, with respect to commercial general liability, as it pertains to this  
2 paragraph, in an amount not less than the amount of \$2 million in the  
3 aggregate and \$1 million per incident or occurrence. Developer shall also  
4 require that any and all contractors who it retains for the purpose of  
5 completing due diligence or for any other purpose necessary to carry out the  
6 terms of this paragraph, and who access the Property, to obtain a certificate  
7 of insurance in the amount of \$1 million in the aggregate, \$1 million per  
8 occurrence naming the City as an additional insured by written endorsement  
9 without a waiver of subrogation, with respect to commercial general liability,  
10 as it pertains to this paragraph.

11  
12 4.3. **Closing.** For purposes of this Development Agreement, the “Closing” shall  
13 mean the execution and delivery by both Parties of the Ground Lease.  
14 Closing may occur at any time once the foregoing conditions and  
15 contingencies have been achieved and all occupants have completely  
16 vacated the Property. The parties have established February 25, 2020 as the  
17 target date for the Closing, as set forth within the Development Schedule  
18 included as Exhibit C within this Agreement. However, in no event shall the  
19 Closing occur later than the date that is twelve (12) months after the date  
20 Developer has obtained the Development Permits and Approvals (the  
21 “Outside Closing Date”). Notwithstanding the preceding sentence, the  
22 Closing shall be extended in the event of certain delays as set forth within  
23 Section 2.2.2 and Section 5.2 of this Agreement, or in the event it takes  
24 additional time to acquire the Property from the GSA free of all occupants.

25  
26 The Parties agree that all Closing documents, including the Ground Lease  
27 and other Closing documents, shall not become effective unless and until  
28 they are executed and delivered by the parties, which shall not occur until all  
29 of Developer’s and the City’s respective responsibilities and contingencies  
30 within Articles 2 and 3, respectively, and elsewhere in this Agreement have  
31 been achieved, satisfied, or otherwise waived in writing.

32  
33 In the event that any Closing conditions or contingencies have not been  
34 satisfied on or before the Outside Closing Date, then, except as may  
35 otherwise be provided in this Agreement, either party may terminate this  
36 Agreement, in which event the Deposit and all interest earned thereon shall  
37 be forthwith returned to Developer, this Agreement shall be null and void and  
38 the Parties shall have no further rights or obligations herein.

39  
40 4.4. **Title and Deed Restrictions.** The City shall lease the Property to Developer  
41 pursuant to the Ground Lease. In addition to the terms and conditions set  
42 forth within this Agreement, the Ground Lease shall provide Developer with  
43 good, marketable and insurable leasehold title to the Property as referenced  
44 in Section 2.2 of this Agreement subject to the Preservation Restrictions and  
45 provisions in the deed of the Property to the City.

1 4.5. **City's Affidavits and Certificates.** To the extent applicable and if requested  
2 to do so by Developer, the City, at the Closing, shall deliver such affidavits (in  
3 customary form) as may be required by Developer or Developer's title  
4 insurance company with respect to: (1) Parties in possession of the Property,  
5 (2) rights of third Parties and title claims in or to the Property, (3) mechanic's  
6 and materialmen's liens affecting the Property, (4) authority of the City, and  
7 all signatories for the City, to enter the Ground Lease and otherwise  
8 consummate this transaction, and (5) such other matters as are customarily  
9 required by the grantor of the real property interest being insured. All such  
10 requested affidavits and certificates shall be provided to the City at least five  
11 (5) business days in advance of the closing.  
12

13 4.6. **Ground Lease.** The Ground Lease shall be negotiated and finalized by the  
14 Parties during the Application Period. The Parties shall enter into a long-term  
15 ground lease of the Property at Closing. The basic terms of the Ground Lease  
16 are set forth in Exhibit F attached hereto. The Ground Lease shall contain  
17 without limitation, the following terms and provisions: (i) the scope of the  
18 Developer's initial construction and rehab obligations; (ii) environmental; (iii)  
19 construction schedule; (iv) Developer financing rights and obligations; (v)  
20 form of security and guarantees for completion of Developer's construction  
21 work; (vi) the approved plan for Developer's rehabilitation, restoration,  
22 maintenance and operation of the Property; (vii) events of default and  
23 remedies; (viii) definition of the Developer's "reasonable profit" under  
24 applicable federal law; etc.; (ix) term; (x) base rent; (xi) additional rent; (xii)  
25 maintenance and operation requirements; (xiii) insurance requirements; (xiv)  
26 events of default and remedies; (xv) use restrictions and covenants; (xvi) end  
27 of term rights and responsibilities; (xvii) transfer restrictions; (xviii) assumption  
28 by tenant of all obligations under the Federal Historic Monument Program  
29 with respect to the Property including the rehabilitation, operation,  
30 management and maintenance of the Property. The Ground Lease shall  
31 contain the agreed-upon methodology for calculating the various components  
32 of all income to be paid to the City together with examples of such  
33 calculations. If the Parties in the Ground Lease are unable to reach  
34 agreement, then either party may terminate this Agreement, in which event  
35 the Deposit shall be promptly refunded to Developer and the Parties shall  
36 have no further rights or obligations hereunder except those expressly stated  
37 to survive.  
38

39 Upon acquisition of the Property from the GSA, the City shall ground lease  
40 the Property to Developer subject of the terms and conditions of the Ground  
41 Lease. The Ground Lease must be approved by the National Park Service  
42 under the Historic Surplus Property Program. Neither the City nor Developer  
43 shall be obligated to execute the Ground Lease until such time as all Closing  
44 conditions and contingencies have been satisfied and Developer informs the  
45 City in writing that Developer has:  
46

- 1 • Completed all due diligence for Developer's Project and  
2 determined that the results of such diligence are favorable for  
3 development of Developer's Project;
- 4
- 5 • Secured all Development Permits and Approvals for Developer's  
6 Project;
- 7
- 8 • Secured the Approved Financing; and
- 9
- 10 • Secured estimates from qualified Construction Managers or  
11 General Contractors for Developer's Project which are within  
12 Developer's budget for Developer's Project.
- 13
- 14

15 During the term of the Ground Lease, Developer will be responsible for all  
16 financial aspects of renovating the Property, including such repairs and  
17 other work as necessary to effect restoration thereof in accordance with the  
18 Secretary of the Interior's Standards, this Agreement, and the Ground  
19 Lease, and shall be responsible for any other repairs, maintenance or  
20 improvements.

21

22 During the term of the Ground Lease, and except as provided in the Ground  
23 Lease, Developer shall be responsible for all aspects of operation of the  
24 Property, including, without limitation, leasing, marketing, maintenance,  
25 utilities and upkeep.

26

27 The Preservation Restrictions and the Deed to the City will contain a  
28 requirement that, if the Property is used for income-producing activities,  
29 certain auditing and reporting requirements apply with respect to the activity.  
30 The Parties acknowledge that these auditing and reporting requirements are  
31 binding on the City, and that Developer, its successors and assigns, will  
32 likewise be bound under the Ground Lease. Developer shall fulfill these  
33 auditing and reporting requirements, as required by all applicable laws and  
34 regulations. Where applicable laws and regulations require the City to fulfill  
35 said auditing and reporting requirements, Developer agrees to assist the  
36 City in so doing. Developer agrees to make its financial books and records  
37 available for inspection by the City from time to time as may be necessary to  
38 ensure compliance with the financial aspects of the Preservation  
39 Restrictions, as shall be more specifically set forth in the Ground Lease.

40

41 4.7. **Delivery of Property.** The City shall deliver possession of the Property to  
42 Developer at the commencement of the Ground Lease in its "as is, where is"  
43 condition, in accordance with the terms of this Agreement.

44

45 4.8. **Real Estate Broker's Fees & Commissions.** The City represents to  
46 Developer, and Developer represents to the City, that it has not engaged a

1 broker, and no commission or other such fee is due to any party, in connection  
2 with the Closing of this transaction.

3  
4 4.9. **City's Disclosures.** The City makes no warranties or representations  
5 regarding environmental contamination or sub-surface environmental or  
6 geotechnical conditions at the Property. The Developer agrees that leasehold  
7 title to the Property will be conveyed in "as is" condition.

8  
9 4.10. **Casualty.** In the event that the Property, prior to Closing, is damaged by fire,  
10 flood, collapse, or other casualty, Developer may, within thirty days after  
11 receiving written notice of the occurrence of such damage or casualty, elect  
12 to terminate this Agreement, in which event all other obligations of the Parties  
13 hereunder shall cease, the Developer's Deposit shall be returned to  
14 Developer in full, including interest earnings therewith, and the Parties shall  
15 have no further rights or obligations hereunder except those expressly stated  
16 to survive.

## 17 18 5. **DEVELOPMENT SCHEDULE**

19  
20 5.1. **General.** Attached to this Agreement is a Development Schedule (Exhibit C)  
21 showing the anticipated date and sequence of various elements of the Project  
22 to be completed by Developer and the City. The Parties acknowledge that the  
23 Development Schedule is a complex schedule requiring the coordinated  
24 efforts of multiple Parties and dependent in many instances on the actions or  
25 approvals of third Parties, and accordingly is expected to evolve during the  
26 parties' pursuit of the Project. The parties shall update the Development  
27 Schedule from time to time, each acting reasonably and in good faith. The  
28 Parties agree to use diligent efforts and to cooperate with each other in  
29 undertaking their respective responsibilities under this Agreement, including,  
30 but not limited to, those events listed in Exhibit C. The Parties agree that time  
31 is of the essence in performance of their respective obligations under this  
32 Agreement. Developer and the City acknowledge that the completion of the  
33 Development Schedule is dependent on events to be determined following  
34 the approval of this Agreement by the City Council. The City Council hereby  
35 gives the Deputy City Manager the sole authority to negotiate the final  
36 elements, terms, conditions, milestones, and timeframes for Exhibit C.

37  
38 5.2. **Force Majeure / Excusable Delays.** For purposes of this Agreement, Force  
39 Majeure Delays shall mean occurrences whereby Developer shall not be  
40 considered in breach of or default in its obligations under this Agreement in  
41 the event of unavoidable delay in the performance of such obligations due to  
42 causes beyond its control and without its fault or negligence, including but not  
43 limited to, acts of God, or of the public enemy, acts of the other party, fires,  
44 floods, or other casualties, epidemics, quarantine restrictions, litigation,  
45 delays stemming from unusually severe weather, or delays in obtaining any  
46 Development Permits and Approvals; it being the purpose and intent of this

1 provision that in the event of the occurrence of any such enforced delay, the  
2 time for commencement of construction and for performance of the  
3 obligations thereunder by Developer shall be extended for the period of the  
4 enforced delay, provided, that Developer, within thirty (30) days after the  
5 beginning of any such enforced delay, has notified the City in writing stating  
6 the cause or causes thereof and requesting an extension for the period of the  
7 enforced delay.  
8  
9

10 **6. REPRESENTATIONS AND WARRANTIES**  
11

12 6.1. **Representations and Warranties of the City.** The City hereby represents  
13 and warrants to the best of its knowledge and belief that:

14  
15 6.1.1. The execution and delivery of this Agreement and the performance  
16 of the City's obligations hereunder have been duly authorized by  
17 such municipal action as necessary, and this Agreement constitutes  
18 the legal, valid and binding agreement of the City, enforceable  
19 against the City in accordance with its terms subject only to the  
20 conditions set out in this Agreement.  
21

22 6.1.2. Subject to the conditions set out in this Agreement, neither the  
23 execution or delivery by the City of this Agreement, the performance  
24 by the City of its obligations in connection with the transactions  
25 contemplated hereby, nor the fulfillment by the City of the terms or  
26 conditions hereof conflicts with, violates or results in a breach of any  
27 constitution, law or governmental regulation applicable to the City, or  
28 conflicts with, violates or results in a breach of any term or condition  
29 of any judgment or decree, or any agreement or instrument, to which  
30 the City is a party or by which the City or any of its properties or  
31 assets are bound, or constitutes a default thereunder.  
32

33 6.1.3. There is no action, suit or proceeding, at law or in equity, or official  
34 investigation before or by any court or Governmental Authority,  
35 pending or threatened against the City, or to the City's knowledge  
36 with respect to the Property, wherein an unfavorable decision, ruling  
37 or finding would materially adversely affect the performance by the  
38 City of its obligations hereunder or the performance by the City of its  
39 obligations under the transactions contemplated hereby, or which, in  
40 any way, questions or may adversely materially affect the validity or  
41 enforceability of this Agreement, or any other agreement or  
42 instrument entered into by the City in connection with the  
43 transactions contemplated hereby.  
44

45 6.2. **Representations and Warranties of Developer.** Developer hereby  
46 represents and warrants to the best of its knowledge and belief that:

1  
2 6.2.1. Developer has the power and authority to execute, deliver and carry  
3 out the terms and provisions of this Agreement and all necessary  
4 action has been taken to authorize the execution, delivery and  
5 performance by it of this Agreement. This Agreement will, upon  
6 execution and delivery thereof by Developer, constitute valid, legal  
7 and binding obligations of Developer enforceable against Developer  
8 in accordance with the respective terms thereof.  
9

10 6.2.2. Neither the execution or delivery by Developer of this Agreement, the  
11 performance by Developer of its obligations in connection with the  
12 transactions contemplated hereby, nor the fulfillment by Developer  
13 of the terms or conditions hereof conflicts with, violates or results in  
14 a breach of any constitution, law or governmental regulation  
15 applicable to Developer, or conflicts with, violates or results in a  
16 breach of any term or condition of any judgment or decree, or any  
17 agreement or instrument, to which Developer is a party or by which  
18 Developer or any of its properties or assets are bound, or constitutes  
19 a default there under.  
20

21 6.2.3. [Intentionally Omitted].  
22

23 6.2.4. There is no action, suit or proceeding, at law or in equity, or official  
24 investigation before or by any court or Governmental Authority,  
25 pending or threatened against Developer, its principal(s), affiliate(s),  
26 or entities controlled by its principal(s), wherein an unfavorable  
27 decision, ruling or finding would materially adversely affect the  
28 performance by Developer of its obligations hereunder or the  
29 performance by Developer of its obligations under the transactions  
30 contemplated hereby, or which, in any way, questions or may  
31 adversely materially affect the validity or enforceability of this  
32 Agreement or any other agreement or instrument entered into by  
33 Developer in connection with the transactions contemplated hereby.  
34

## 35 **7. DEFAULT AND REMEDIES**

### 36 7.1. **Default by Developer.**

37  
38  
39 7.1.1. **Default by Developer before Closing.** If Developer shall fail to fulfill its  
40 obligations hereunder prior to the Closing and such failure continues for thirty  
41 (30) days after written notice from City (or such additional time as may be  
42 reasonably required if such failure cannot be cured within said thirty (30) day  
43 period provided that Developer is diligently pursuing said cure), then the  
44 City's remedy shall be limited to its rights and remedies as set forth within the  
45 specific Article, Section, or Sub-Section of this Agreement for which default  
46 has occurred. However, if no rights or remedies are expressly defined within

1 the specific Article, Section, or Sub-Section in which the default occurred,  
2 then the City shall have the right to terminate this Agreement and retain  
3 Developer's Deposit including interest earnings related thereto which shall be  
4 City's sole and exclusive remedy at law or in equity. In all instances involving  
5 a default by the Developer, the Developer shall assign to the City (i) any and  
6 all third party due diligence materials (with reliance rights) which are  
7 undertaken by Developer with respect to the Property or the Project, in  
8 electronic format (AutoCADD if applicable) or other format requested by the  
9 City, (ii) Developer's rights under the Development Permits and Approvals,  
10 and (iii) Developer's rights to any and all plans and specifications prepared  
11 for the Project. The parties agree that the damages that will be suffered by  
12 the City from a default by Developer hereunder will be difficult or impossible  
13 to ascertain and that the Deposit together with receipt by the City of the above  
14 described due diligence materials, permits and approvals and plans and  
15 specifications is a reasonable estimate of the amount of such damages and  
16 shall constitute the full, agreed and liquidated damages of the City for such  
17 default.

18  
19 7.1.2. **Default by Developer after Closing.** If Developer shall fail to fulfill  
20 its obligations hereunder after the Closing, then the City's remedies  
21 shall be as set forth in the Ground Lease.

22  
23 7.2. **Default by City.** If the City shall fail to fulfill its obligations hereunder, and  
24 such failure continues for thirty (30) days after written notice from Developer  
25 (or such additional time as may be reasonable required if such failure cannot  
26 be cured within said thirty (30) day period provided that City is diligently  
27 pursuing said cure) then Developer's remedy shall be limited to its rights and  
28 remedies as set forth within the specific Article, Section, or Sub-Section of  
29 this Agreement for which default has occurred. However, if no rights or  
30 remedies are expressly defined within the specific Article, Section, or Sub-  
31 Section in which default occurred, then Developer shall have the right option  
32 to (a) waive the default and proceed to Closing; or (b) give notice that it is  
33 terminating this Agreement, in which event the Deposit and any interest shall  
34 be immediately refunded to Developer, upon which neither party shall have  
35 any further rights against the other under this Agreement; and/or (c) pursue  
36 any and all rights it may have at law and in equity to address any such breach.  
37 The remedies stated herein shall be cumulative.

## 38 39 **8. GENERAL PROVISIONS**

40  
41 8.1. **Cooperation.** Developer and the City agree to cooperate with each other,  
42 and to act reasonably and in good faith, in order to achieve the purposes of  
43 this Agreement and, in connection therewith, to take such further actions and  
44 to execute such further documents as may reasonably be requested by the  
45 City, Developer, or their representatives, agents, consultants and any  
46 prospective or actual lenders, investors or tenants.

- 1  
2 8.2. **Entire Agreement; Amendments.** This Agreement embodies the entire  
3 agreement and understanding between the Parties hereto relating to the  
4 subject matter herein and supersedes all prior agreements and  
5 understandings between the Parties (including without limitation the RFP and  
6 the McIntyre Project Negotiating Principles). This Agreement may not be  
7 changed, modified, waived, discharged or terminated orally, but only by an  
8 instrument in writing signed by each of the Parties hereto or by the party  
9 against which enforcement is sought. Any change, modification or  
10 amendment, which requires the consent or approval of a Governmental  
11 Authority, shall be effective only upon receipt of such approval.  
12
- 13 8.3. **Binding Effect; Successors and Assignors.** The terms and provisions of  
14 this Agreement and the respective rights and obligations of the Parties  
15 hereunder shall be binding upon, and inure to the benefit of, their respective  
16 heirs, successors, assigns, and nominees. The Developer shall not have the  
17 right to assign this Agreement without the prior written consent of the City  
18 which may be withheld in the City's sole discretion.  
19
- 20 8.4. **Headings.** The headings to the sections and subsections of this Agreement  
21 have been inserted for convenience of reference only and shall not modify,  
22 define, limit or expand the express provisions of this Agreement.  
23
- 24 8.5. **Exhibits.** All exhibits referred to in this Agreement are hereby incorporated  
25 by reference and expressly made a part hereof.  
26
- 27 8.6. **Governing Law.** This Agreement shall in all respects be governed by, and  
28 construed and enforced in accordance with, the laws of the State of New  
29 Hampshire.  
30
- 31 8.7. **Enforceability and Severability.** Any provision of this Agreement that is  
32 determined to be illegal or unenforceable by a court of competent jurisdiction,  
33 shall be ineffective to the extent of such prohibition or unenforceability without  
34 invalidating the remaining provisions hereof.  
35
- 36 8.8. **Consent to Jurisdiction and Venue.** Developer and City submit to the  
37 jurisdiction of the courts of the State of New Hampshire and the courts from  
38 which an appeal from such trial venue may be taken or other relief may be  
39 sought for purposes of any action or proceeding arising out of this Agreement  
40 or any related agreement. All legal actions taken by the Parties shall be  
41 commenced in Rockingham County New Hampshire Superior Court. Both  
42 Parties hereby waive their right to a jury trial.  
43
- 44 8.9. **Independent Parties.** Developer and City are independent Parties under  
45 this Agreement, and nothing in this Agreement shall be deemed or construed  
46 for any purpose to establish between any of them or among them a

1 relationship of principal and agent, employment, partnership, joint venture, or  
2 any other relationship other than independent Parties.

3  
4 8.10. **Survival of Agreement.** The agreements, covenants, indemnities,  
5 representations and warranties contained herein shall survive the execution  
6 and delivery of this Agreement, but not the Closing. Upon entering the Ground  
7 Lease at Closing, this Agreement shall be superseded in all respects by the  
8 Ground Lease and thereafter this Agreement shall have no further force or  
9 effect and the Parties shall have no further rights or obligations hereunder.

10  
11 8.11. **Waivers.** Failure on the part of any party to complain of any action or non-  
12 action on the part of the other party, no matter how long the same may  
13 continue, shall not be deemed to be a waiver of any such party's rights  
14 hereunder. No waiver at any time of any provision hereof by any party shall  
15 be construed as a waiver of any other provision hereof or a waiver at any  
16 subsequent time of the same provision.

17  
18 8.12. **No Rights Conferred Upon Others.** Except as expressly set out herein,  
19 nothing in this Agreement shall be construed as giving any individual,  
20 corporation, limited liability company, partnership, joint venture, association,  
21 joint stock company, trust, unincorporated organization or government, other  
22 than the Parties hereto, their successors and permitted assigns, any right,  
23 remedy or claim under or in respect of this Agreement or any provision hereof.

24  
25 8.13. **Preservation of Rights.** Nothing herein or in any related agreement shall  
26 limit or be construed to limit in any way rights or remedies the City may have  
27 for the collection of real property taxes under law, unless expressly set forth  
28 herein.

29  
30 8.14. **Time of the Essence.** The Parties agree that time is of the essence in  
31 performance of their respective obligations under this Agreement.

32  
33 8.15. **Good Faith and Fair Dealing.** Unless expressly stated otherwise in this  
34 Agreement, whenever a party's consent or approval is required under this  
35 Agreement, or whenever a party shall have the right to give an instruction or  
36 request another party to act or to refrain from acting under this Agreement, or  
37 whenever a party must act or perform before another party may act or perform  
38 under this Agreement, such consent, approval, or instruction, request, act or  
39 performance shall be reasonably made or done, or shall not be unreasonably  
40 withheld, delayed, or conditioned, as the case may be.

41  
42 8.16. **Municipal Approvals.** The execution of this Agreement does not preempt  
43 or supersede the legally required review process or powers of any city or  
44 other governmental board, committee, commission, or department, or excuse  
45 the Parties from the requirement to apply for and receive all necessary

1 permits and approvals from all applicable governmental boards, committees,  
2 commissions or departments.

3  
4 8.17. **Warranties and Representations.** Developer and City each acknowledge  
5 that they have not been influenced to enter into this transaction or relied upon  
6 any warranties or representations not specifically set forth or incorporated into  
7 this Agreement.

8  
9 8.18. **Saving Clause.** In the event that any of the terms or provisions of this  
10 Agreement are declared invalid or unenforceable by any court of competent  
11 jurisdiction or any Federal or State Government Agency having jurisdiction  
12 over the subject matter of this Agreement, the remaining terms and provisions  
13 that are not effected thereby shall remain in full force and effect.

14  
15 8.19. **Escrow.**

16  
17 a. The Deposit shall be held by Hinckley Allen as Escrow Agent in a  
18 federally insured, interest-bearing money market account and shall be duly accounted for  
19 at the Closing. In the event that City or Developer sends notice to Escrow Agent certifying  
20 to Escrow Agent that it is entitled to receive the Deposit pursuant to the terms of this  
21 Agreement (other than at the Closing), Escrow Agent shall forward a copy of such  
22 certification to the other party. If Escrow Agent does not receive an objection from such  
23 party to such certification within fifteen (15) days after the date of such notice, Escrow  
24 Agent may disburse all such amounts to the certifying party. If Escrow Agent receives an  
25 objection or receives conflicting demands, Escrow Agent shall have the right to do either  
26 of the following: (i) interplead the funds into a court of competent jurisdiction in  
27 Rockingham County, New Hampshire (the cost of doing so to be deducted from the funds  
28 but shared equally between the parties) and the parties shall thereafter be free to pursue  
29 their rights at law or in equity with respect to the disbursement of the funds and the Escrow  
30 Agent shall be fully released and discharged from its duties and obligations under this  
31 Agreement; or (ii) resign and transfer the funds to a replacement escrow agent reasonably  
32 satisfactory to City and Developer. Upon the transfer of funds to such replacement  
33 escrow agent, the Escrow Agent shall thereupon be fully released and discharged from  
34 all obligations to further perform any and all duties or obligations imposed upon it by this  
35 Agreement.

36  
37 b. The Escrow Agent shall incur no liability hereunder whatsoever  
38 except in the event of its willful misconduct or negligence. The other parties hereto, jointly  
39 and severally, agree to defend and indemnify the Escrow Agent against all reasonable  
40 costs, obligations and liabilities suffered by it for which it may be claimed to be liable  
41 hereunder, except for that occasioned by its willful misconduct or negligence. The  
42 indemnity provided in the preceding sentence shall survive any termination of this  
43 Agreement. The fees of the Escrow Agent and costs incurred by it in performing its duties  
44 hereunder shall be shared equally by the parties, except that Developer shall not be liable  
45 for any costs or expenses of the Escrow Agent incurred in connection with its  
46 representation of City.

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c. The Developer acknowledges and understands that the Escrow Agent is City’s attorney in this transaction. In the event of any dispute between the City or the Developer arising out of this Agreement, the Developer agrees that the Escrow Agent may represent the City in connection with that dispute provided that Escrow Agent also proceeds in accordance with (i) or (ii) of Paragraph (a), above. The Developer agrees that in the event of any such dispute and provided that the Escrow Agent proceeds in accordance with (i) or (ii) of Paragraph (a) above, it will not object to the Escrow Agent's representation of the City in such dispute because of any potential or actual conflict of interest arising due to the Escrow Agent's role as Escrow Agent under the terms of this Agreement.

**[The remainder of this page left blank intentionally]**

**LIST OF EXHIBITS**

- Exhibit A     Preliminary Conceptual Building Elevations and Site Plans for Project [Add names of plans, engineer and date?]**
- Exhibit B     Project Budget**
- Exhibit C     Development Schedule**
- Exhibit D     List of Anticipated Permits and Approvals**
- Exhibit E     Basic Terms of Ground Lease**

**[The remainder of this page left blank intentionally]**

Executed as a sealed instrument this 29 day of August, 2019.

**CITY OF PORTSMOUTH**

By:  Date: 8-29-19  
John P. Bohenko, City Manager  
Duly Authorized

**STATE OF NEW HAMPSHIRE  
COUNTY OF ROCKINGHAM**

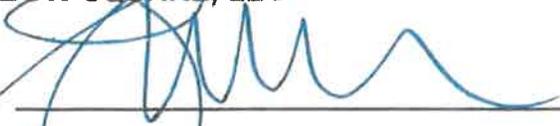
In Portsmouth, on the 29<sup>th</sup> day of August, 2019, before me, personally appeared **John P. Bohenko**, City Manager of the City of Portsmouth, known to me or proved to be the person named in and who executed the foregoing instrument, and being first duly sworn, such person acknowledged that he executed said instrument for the purposes therein contained as his free and voluntary act and deed.

  
Justice of the Peace/Notary Public

**SUSAN M. GOODENOUGH, Notary Public  
State of New Hampshire  
My Commission Expires April 11, 2023**

**DEVELOPER**

**SOBOW SQUARE, LLC**

By:  Date: 8/29/19

Michael Kane  
Duly Authorized

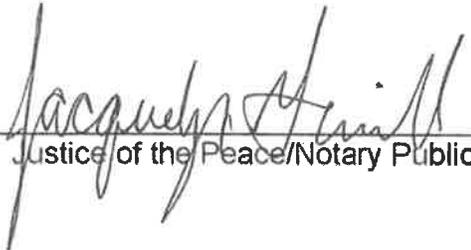
By:  Date: 8/29/19

Ralph Cox  
Duly Authorized

STATE OF NEW HAMPSHIRE  
COUNTY OF ROCKINGHAM

*Ralph Cox*

In \_\_\_\_\_, on the 29<sup>th</sup> day of August, 2019, before me, personally appeared **Michael Kane and Steve Borden** of Sobow Square, LLC, known to me or proved to be the persons named in and who executed the foregoing instrument, and being first duly sworn, such persons acknowledged that they executed said instrument for the purposes therein contained as their free and voluntary act and deed.

  
Justice of the Peace/Notary Public

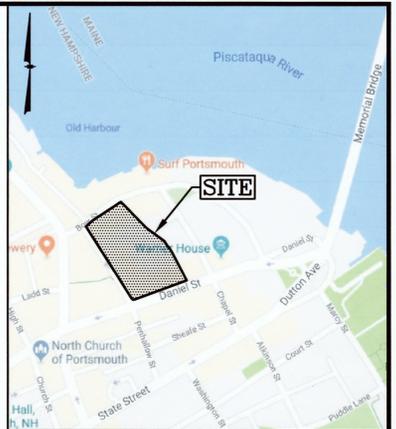
**JACQUELYN N. GRINNELL**  
Notary Public - New Hampshire  
My Commission Expires May 1, 2024

**Exhibit A**

**Preliminary Conceptual Building Elevations and Site Plans for Project**

**NOTES:**

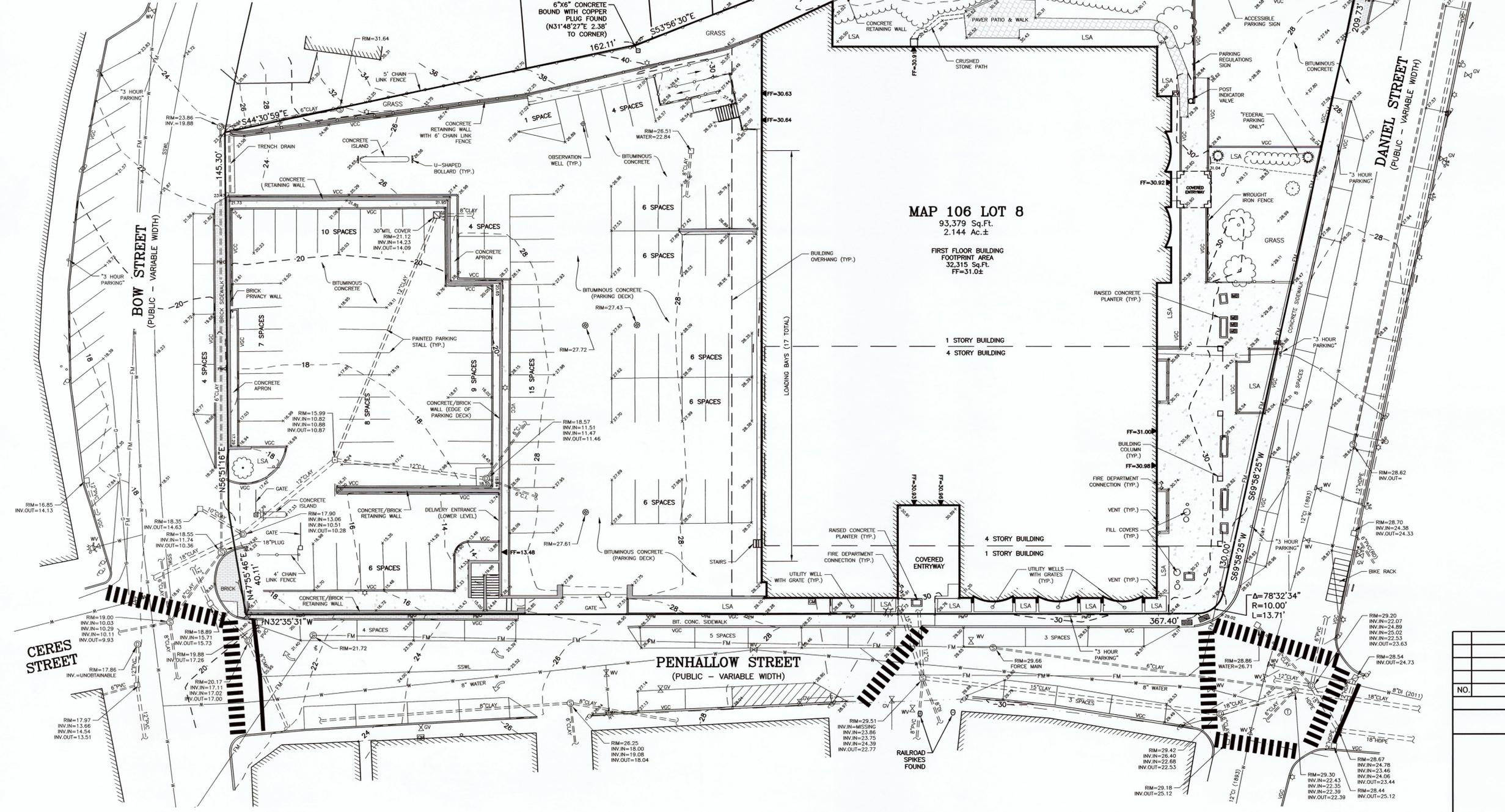
- 1) ZONE: CHARACTER DISTRICT 4 (CD4) & CHARACTER DISTRICT 5 (CD5)  
REFER TO THE CITY OF PORTSMOUTH ZONING ORDINANCE FOR RESTRICTIONS AND PERMITTED USES. A ZONING REPORT OR LETTER WAS NOT PROVIDED AT THE TIME OF THIS SURVEY.
- 2) THIS PLAN IS THE RESULT OF AN ON-THE-GROUND FIELD SURVEY PERFORMED BY THIS OFFICE IN MAY & JUNE 2018.
- 3) BEARINGS SHOWN HEREON ARE BASED ON NAD83 PER GPS OBSERVATIONS PERFORMED BY THIS OFFICE ON JUNE 6, 2018.
- 4) ELEVATIONS SHOWN HEREON ARE BASED ON NGVD29 PER GPS OBSERVATIONS PERFORMED BY THIS OFFICE ON JUNE 6, 2018 (ADJUSTED UTILIZING VERTCON).
- 5) LOCATION OF UNDERGROUND UTILITIES IS APPROXIMATE ONLY. ADDITIONAL UNDERGROUND UTILITIES OTHER THAN THOSE SHOWN MAY BE ENCOUNTERED.
- 6) THE SURVEY TRACT IS NOT LOCATED IN A SPECIAL FLOOD HAZARD AREA PER FLOOD INSURANCE RATE MAP NUMBER 33015C0259E, WITH AN EFFECTIVE DATE OF MAY 17, 2005.



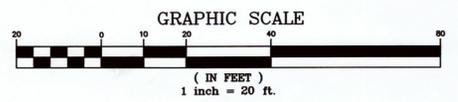
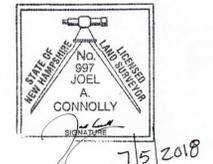
**LOCATION MAP**  
(NOT TO SCALE)

**LEGEND**

- SSC SLOPED GRANITE CURB
- VSC VERTICAL GRANITE CURB
- SCC SLOPED CONCRETE CURB
- VCC VERTICAL CONCRETE CURB
- CCB CAPE COD BERM
- DSLY DOUBLE SOLID LINE YELLOW
- DDLY DOUBLE DASHED LINE YELLOW
- SDLY SINGLE DASHED LINE YELLOW
- SSLY SINGLE SOLID LINE YELLOW
- SDLW SINGLE SOLID LINE WHITE
- SDLW SINGLE DASHED LINE WHITE
- G LINE GAS LINE
- T UNDERGROUND TELEPHONE
- W WATER LINE
- E UNDERGROUND ELECTRIC
- CLF CHAIN LINK FENCE
- STF STOCKADE FENCE
- PRF POST & RAIL FENCE
- WF WIRE FENCE
- 90 CONTOUR ELEVATION
- TREE TREE
- UP UTILITY POLE
- GW GUY WIRE
- OW OVERHEAD WIRE
- TR TREELINE
- PB PULL BOX
- SN SIGN
- SE SPOT ELEVATION
- DM DRAIN MANHOLE
- CB CATCH BASIN
- SM SEWER MANHOLE
- TM TELEPHONE MANHOLE
- EM ELECTRIC MANHOLE
- WM WATER MANHOLE
- MH MANHOLE
- GV GAS VALVE
- WV WATER VALVE
- WS WATER SHUT OFF
- FH FIRE HYDRANT
- BOLL BOLLARD
- GM GAS METER
- EMR ELECTRIC METER
- MW MONITORING WELL
- LP LIGHT POLE



**CERTIFICATION:**  
I CERTIFY THAT THIS SURVEY AND PLAN WAS PREPARED BY ME OR THOSE UNDER MY DIRECT SUPERVISION AND THAT THIS PLAN IS THE RESULT OF AN ACTUAL SURVEY PERFORMED ON THE GROUND IN MAY & JUNE 2018 AND HAS AN ERROR OF CLOSURE OF NOT MORE THAN ONE PART IN TEN THOUSAND.



**PLAN REFERENCES:**

- 1) ROCKINGHAM COUNTY REGISTRY OF DEEDS (R.C.R.D) PLAN 00555.
- 2) R.C.R.D. PLAN 176.
- 3) R.C.R.D. PLAN 476.
- 4) R.C.R.D. PLAN 19045.
- 5) R.C.R.D. PLAN 37569.

**OWNER OF RECORD:**

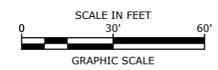
**MAP 106 LOT 8**  
UNITED STATES OF AMERICA  
1600 PENNSYLVANIA AVENUE  
WASHINGTON, DC 20004  
BOOK 1708 PAGE 428  
BOOK 1710 PAGE 422  
BOOK 1693 PAGE 470  
BOOK 1719 PAGE 326  
BOOK 1706 PAGE 462  
BOOK 1706 PAGE 464  
BOOK 1708 PAGE 66

NO.	DESCRIPTION	BY	DATE
EXISTING CONDITIONS PLAN			
ASSESSORS MAP 106 LOT 8 62 DANIEL STREET PORTSMOUTH, NH 03801 PREPARED FOR: <b>SoBow SQUARE</b> c/o REDGATE 265 FRANKLIN STREET BOSTON, MA 02110			
44 Siles Road, Suite One Salem, New Hampshire 03079 (603) 893-0720 ENGINEERS • PLANNERS • SURVEYORS www.mhfdesign.com			
SCALE: 1"=20'	DATE: JULY 5, 2018	DRAWING NO. 4420TWS.DWG	
DRAWN BY: AKC	CHECKED BY: JAC	PROJECT NO. 442018	SHEET NO. 1 OF 1

F:\Projects\040\442018\4420TWS.dwg ECP 24x36 7/05/18 4:10pm jcs



**PRELIMINARY**



**McIntyre  
Building  
Federal  
Property**

SoBow Square,  
LLC

80 Daniel Street  
Portsmouth, NH

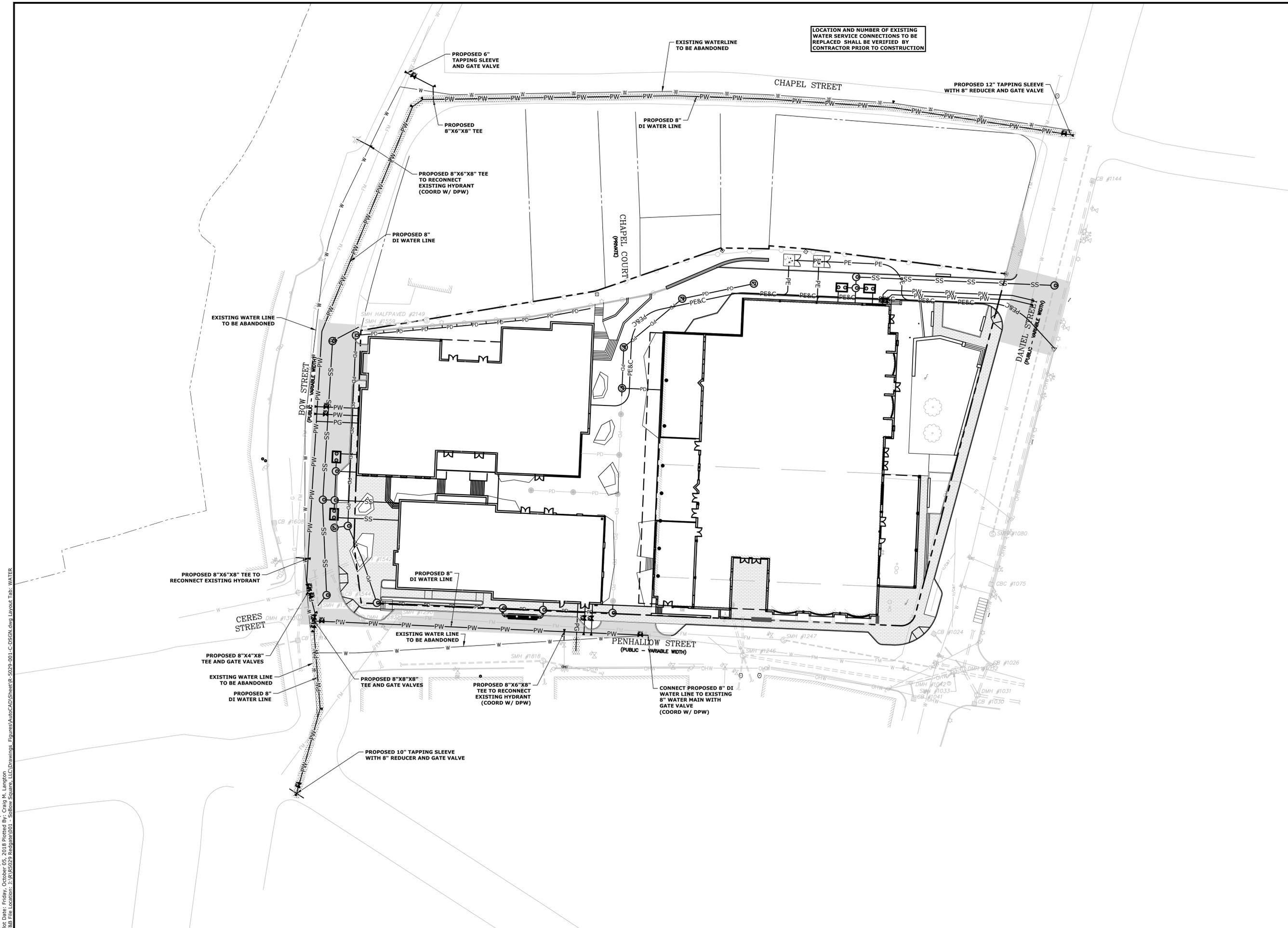
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PROJECT NO: RS029-001  
DATE: 10/5/2018  
FILE: R-5029-001-C-DSGN.DWG  
DRAWN BY: CML  
CHECKED: PMC  
APPROVED: BLM

**WATER MAIN REPLACEMENT  
PLAN**

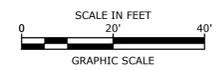
SCALE: AS SHOWN

**C-104.1**



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 Plot Date: Friday, October 05, 2018 Plotted By: Craig M. Langston  
 P&E File Location: J:\Projects\2018\29 SoBow Square, LLC Drawings - Figures\AutoCAD\Sheet\RS029-001-C-DSGN.dwg Layout Tab: WATER

**PRELIMINARY**



**McIntyre Building  
Federal Property**

SoBow Square, LLC

80 Daniel Street  
Portsmouth, NH

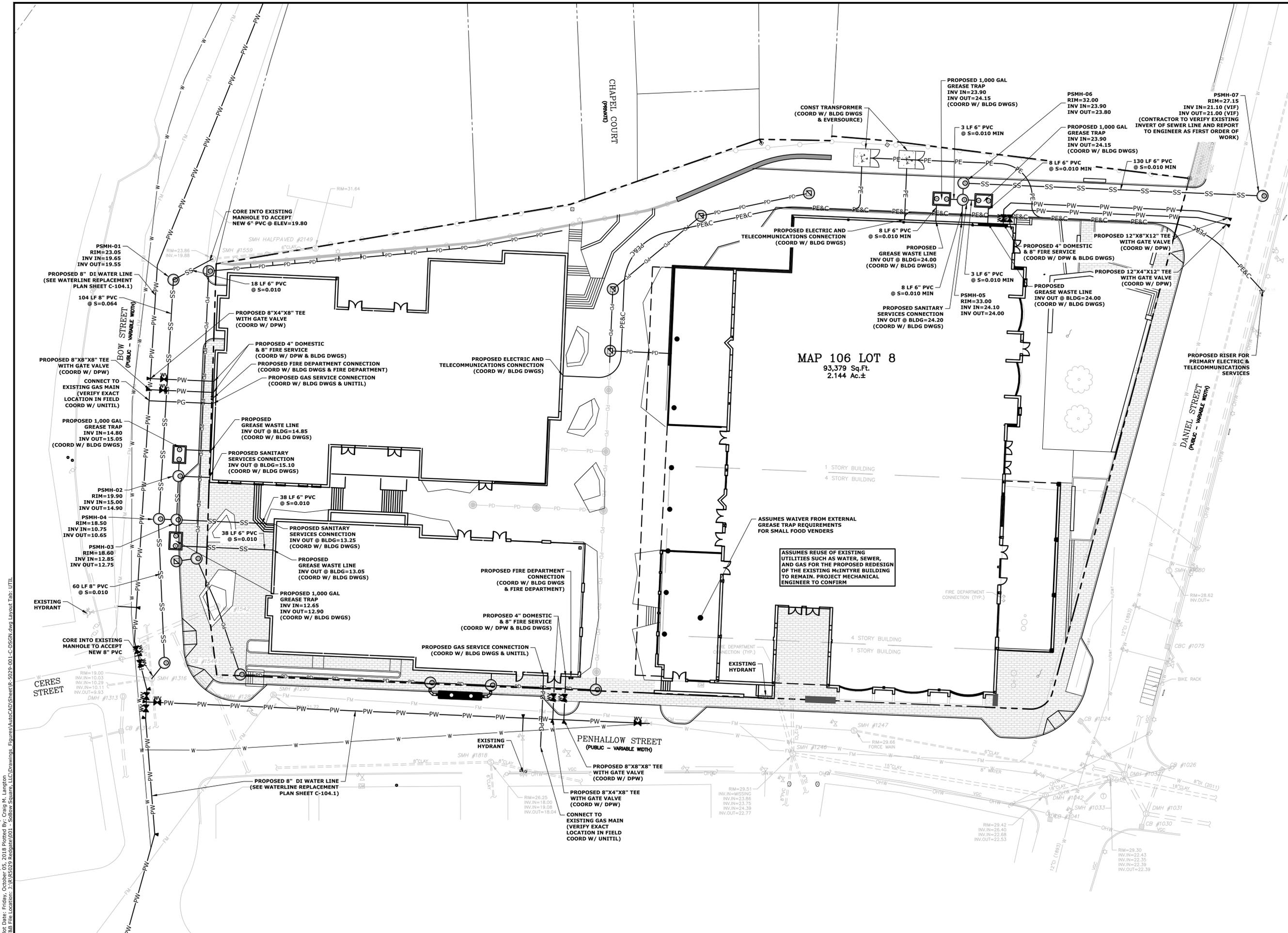
MARK	DATE	DESCRIPTION
A	10/5/2018	For Preliminary Pricing

PROJECT NO:	RS029-001
DATE:	10/5/2018
FILE:	R-5029-001-C-DSGN.DWG
DRAWN BY:	CML
CHECKED:	PMC
APPROVED:	BLM

UTILITIES PLAN

SCALE: AS SHOWN

**C-104**

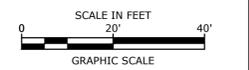
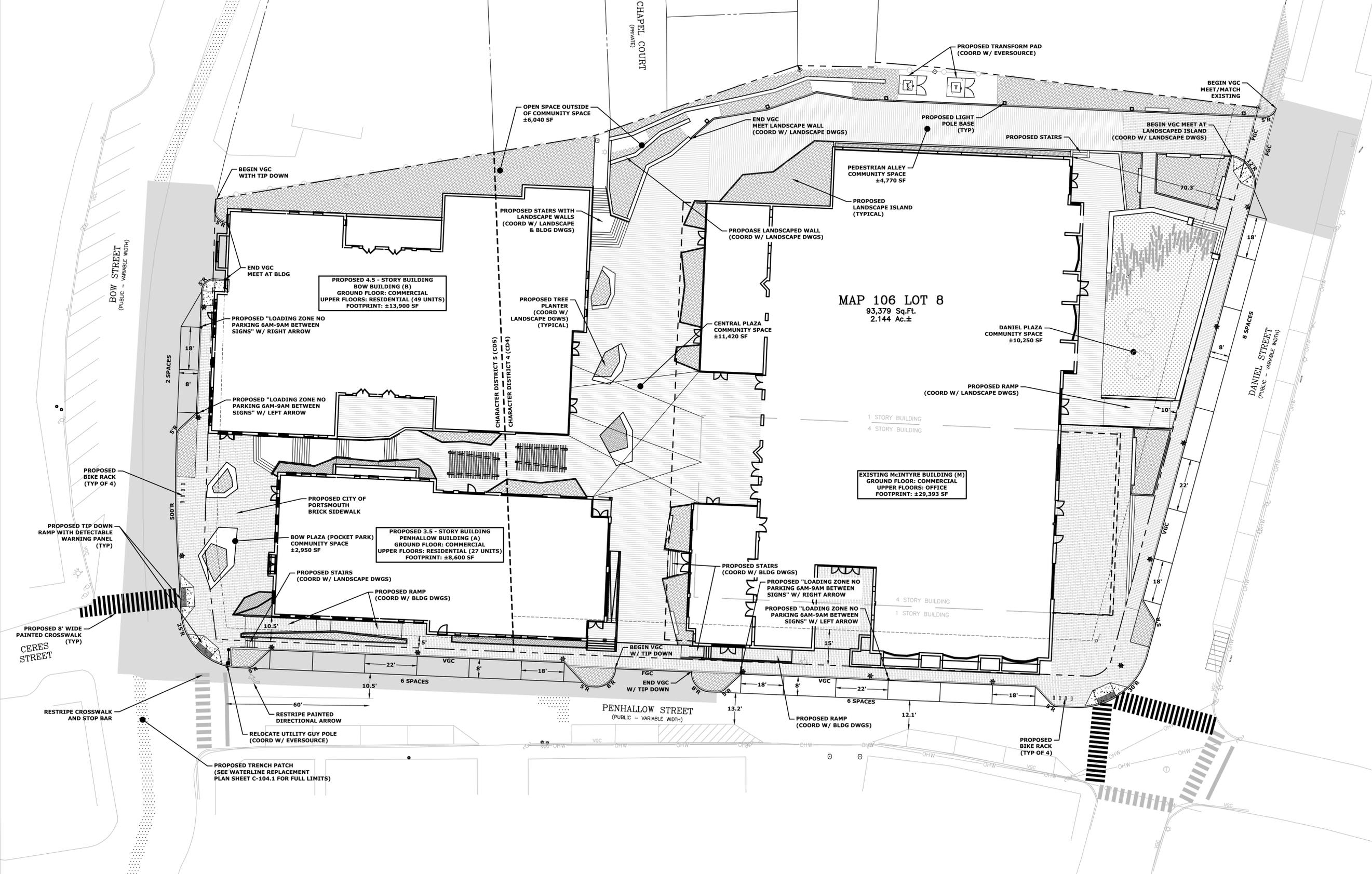


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 P&E File Location: J:\Projects\2018\29\Subow Square, LLC Drawings - Figures\AutoCAD\Sheet\RS-5029-001-C-DSGN.dwg Layout Tab: UTIL





**CITY OF PORTSMOUTH RECORDING NOTES:**  
1. THIS SITE PLAN SHALL BE RECORDED IN THE ROCKINGHAM COUNTY REGISTRY OF DEEDS.  
2. ALL IMPROVEMENTS SHOWN ON THIS SITE PLAN SHALL BE CONSTRUCTED AND MAINTAINED IN ACCORDANCE WITH THE PLAN BY THE PROPERTY OWNER AND ALL FUTURE PROPERTY OWNERS. NO CHANGES SHALL BE MADE TO THIS SITE PLAN WITHOUT THE EXPRESS APPROVAL OF THE PORTSMOUTH PLANNING DIRECTOR.



**McIntyre Building  
Federal Property  
Redevelopment**

SoBow Square, LLC

62 Daniel Street  
Portsmouth, NH

MARK	DATE	DESCRIPTION
A		TAC Submission
PROJECT NO:	R5029-001	
DATE:		
FILE:	R-5029-001-C-DSGN.DWG	
DRAWN BY:	CML	
CHECKED:	PMC	
APPROVED:	BLM	

SITE PLAN

SCALE: AS SHOWN

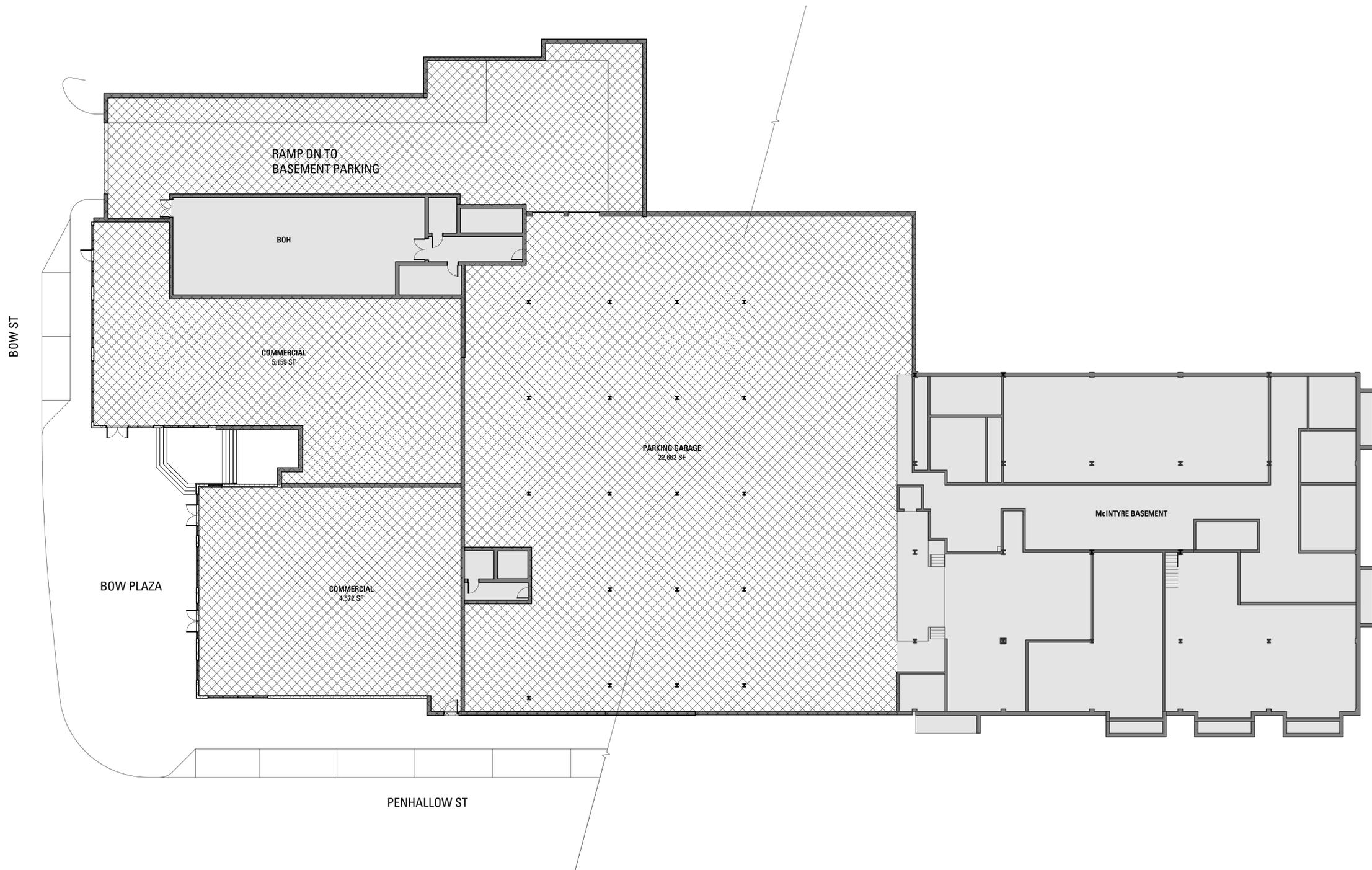
C-102

**CITY OF PORTSMOUTH NOTES:**  
1. ALL CONDITIONS ON THIS PLAN SHALL REMAIN IN EFFECT IN PERPETUITY PURSUANT TO THE REQUIREMENTS OF THE SITE PLAN REVIEW REGULATIONS.

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 Plot File Location: J:\R5029\restripe\001 - SoBow Square, LLC Drawings - Figures\AutoCAD\SheetR-5029-001-C-DSGN.dwg Layout Tab: SITE



IF THIS SHEET IS NOT 22" x 34", IT HAS BEEN REDUCED OR ENLARGED.



**1** OVERALL GROUND FLOOR PLAN  
 SCALE: 1/16" = 1'-0"

**USE PLAN LEGEND**

-  REVENUE PRODUCING
-  NON REVENUE PRODUCING
-  NO PUBLIC ACCESS

IF THIS SHEET IS NOT 22" x 34", IT HAS BEEN REDUCED OR ENLARGED.

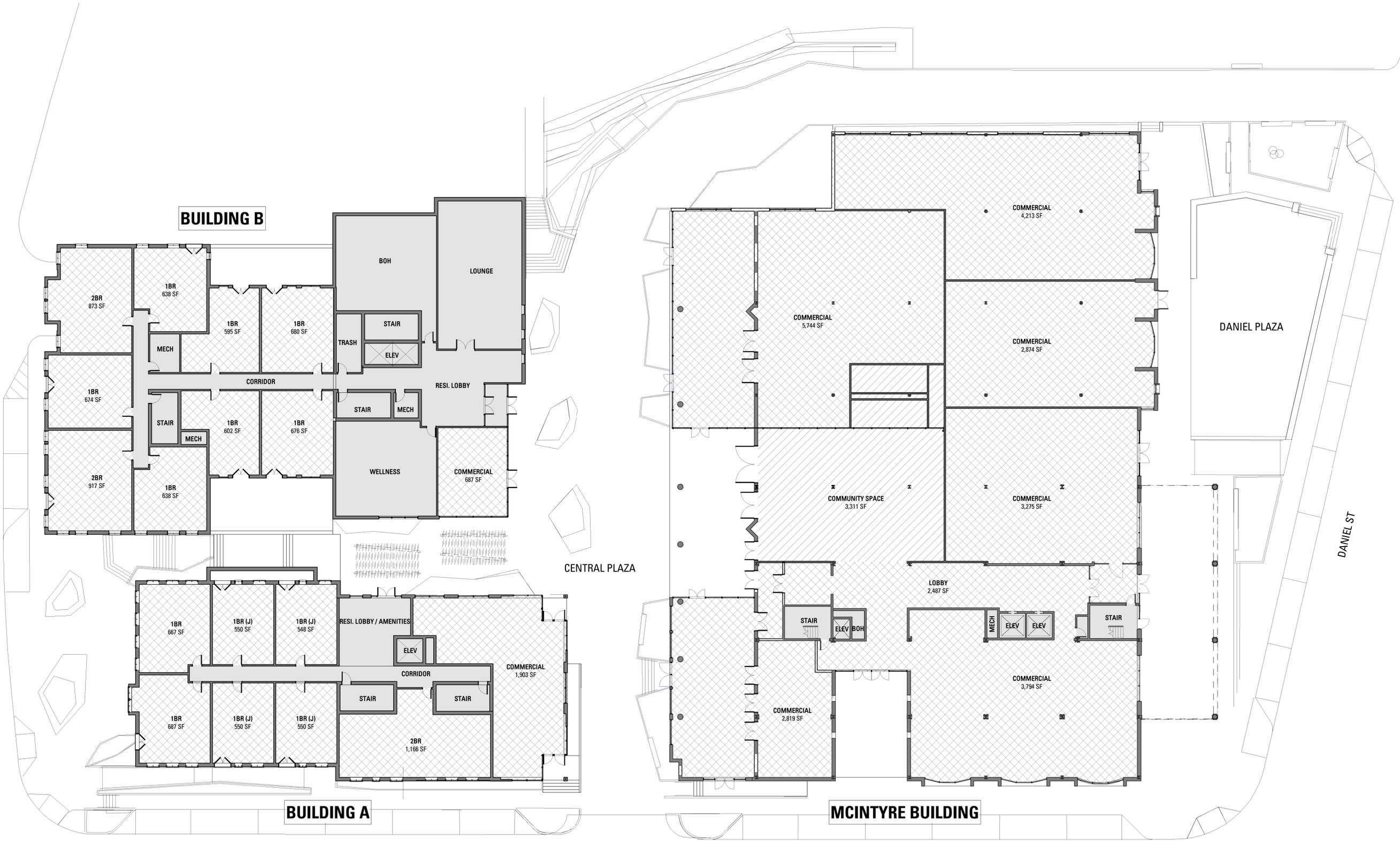
BOW ST

DANIEL ST

**BUILDING B**

**BUILDING A**

**MCINTYRE BUILDING**



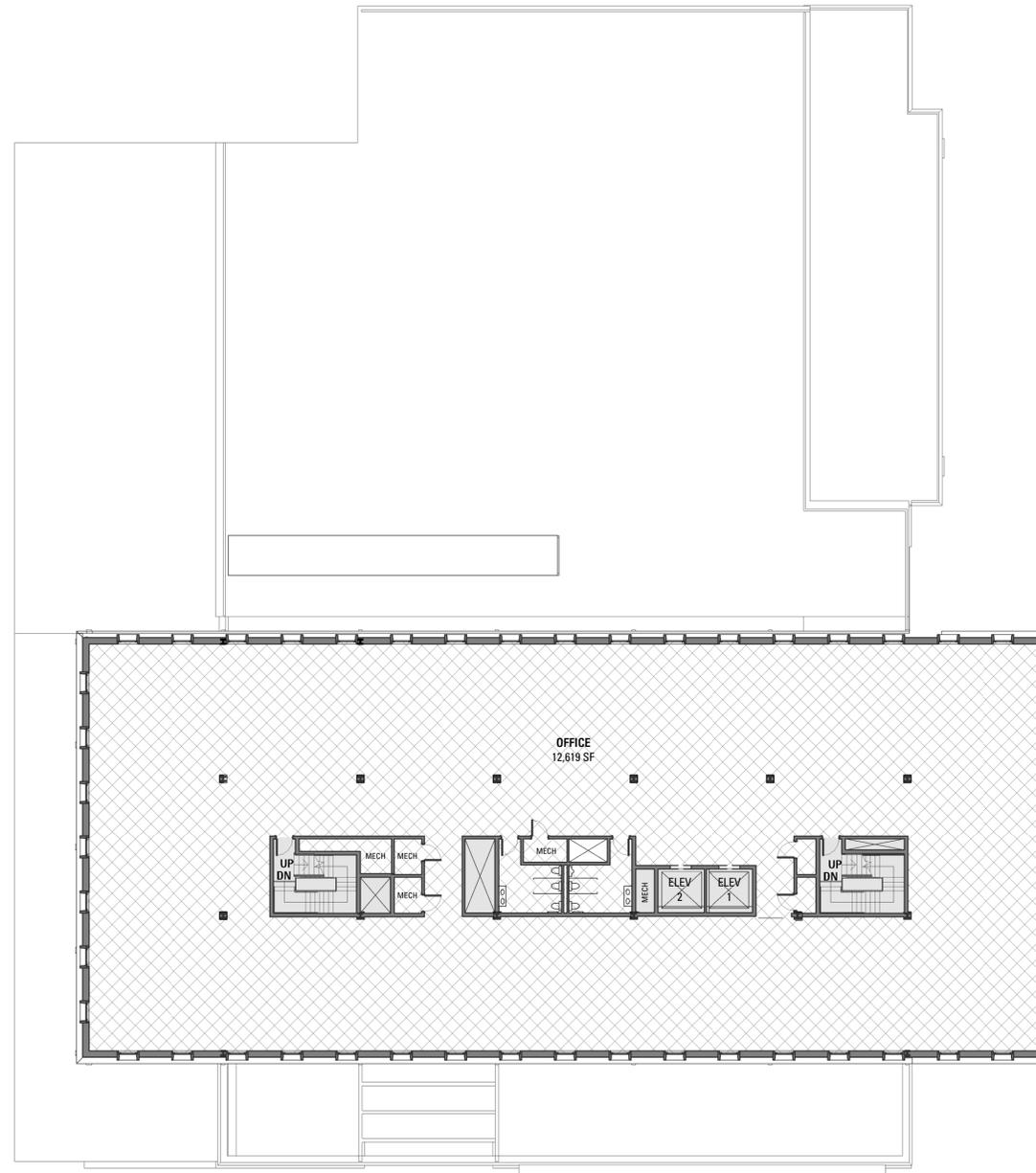
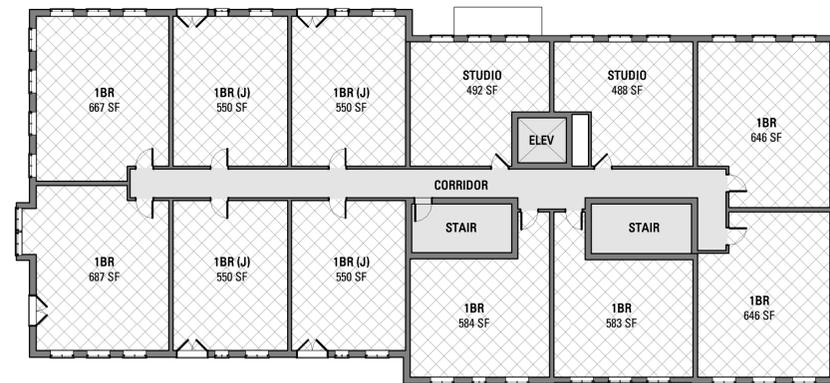
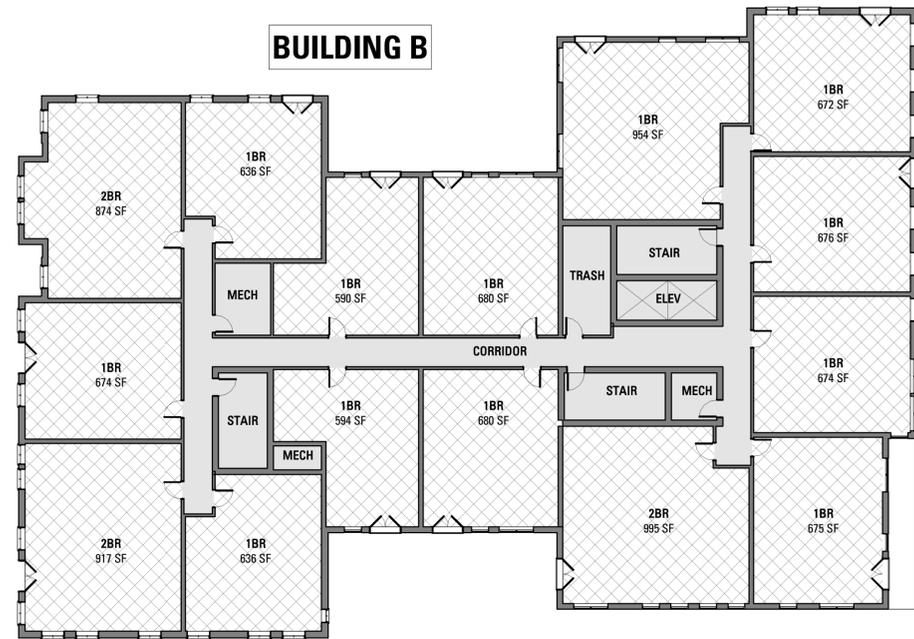
**1 OVERALL 1ST FLOOR PLAN**

SCALE: 1/16" = 1'-0"

**USE PLAN LEGEND**

-  REVENUE PRODUCING
-  NON REVENUE PRODUCING
-  NO PUBLIC ACCESS

**OVERALL USE PLAN - 1ST FLOOR**

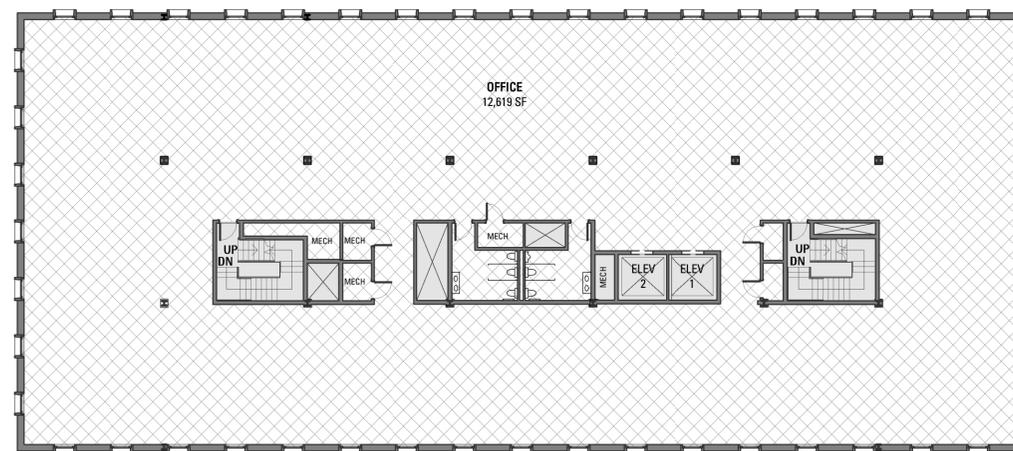
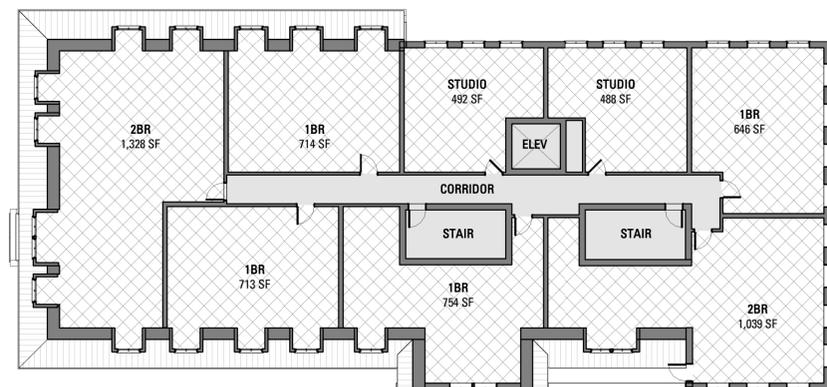
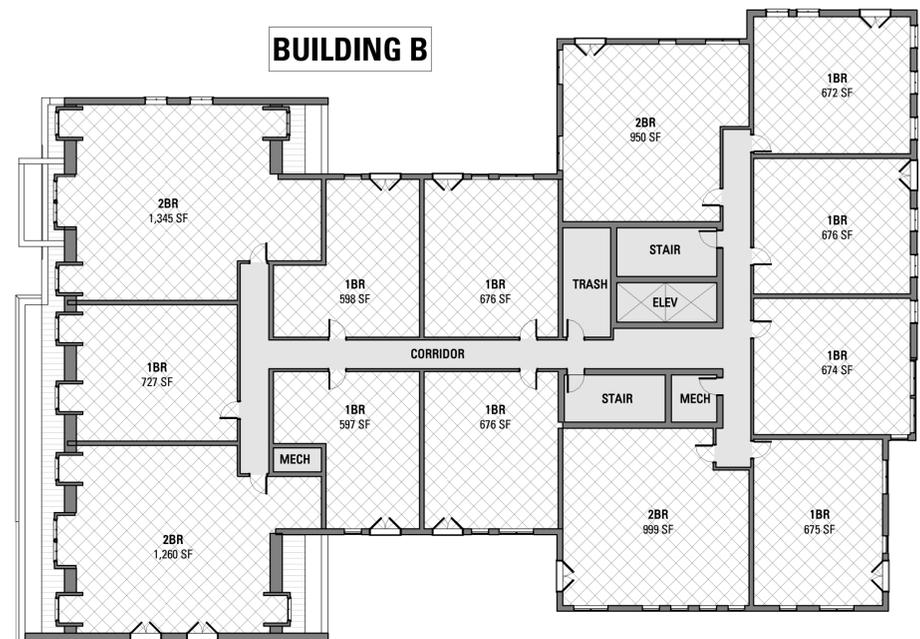


**1 OVERALL 2ND FLOOR PLAN**  
SCALE: 1/16" = 1'-0"

**USE PLAN LEGEND**

-  REVENUE PRODUCING
-  NON REVENUE PRODUCING
-  NO PUBLIC ACCESS

**OVERALL USE PLAN - 2ND FLOOR**

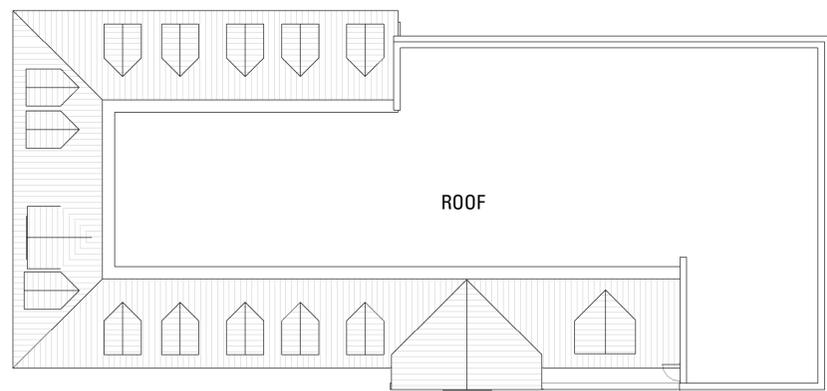
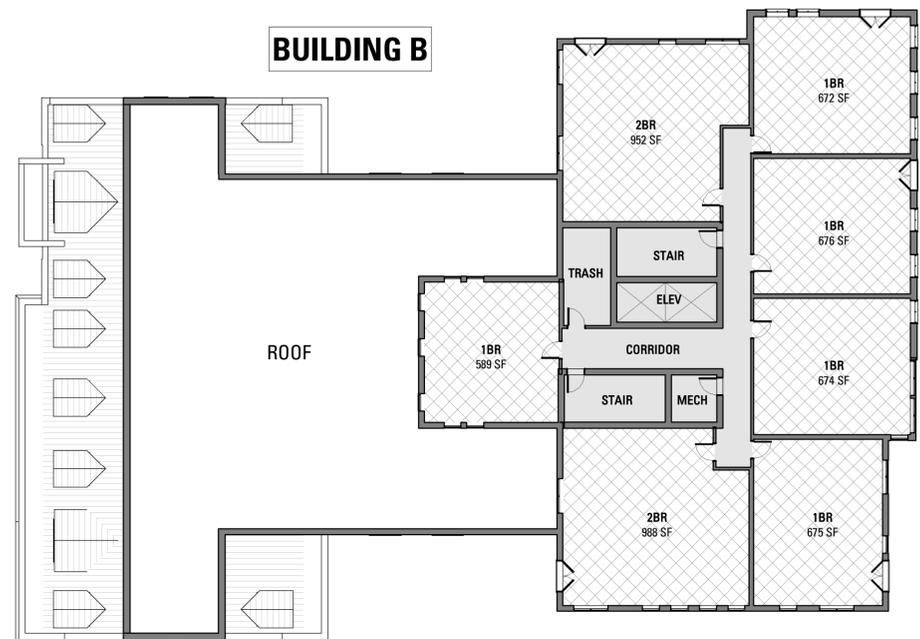


**1 OVERALL 3RD FLOOR PLAN**  
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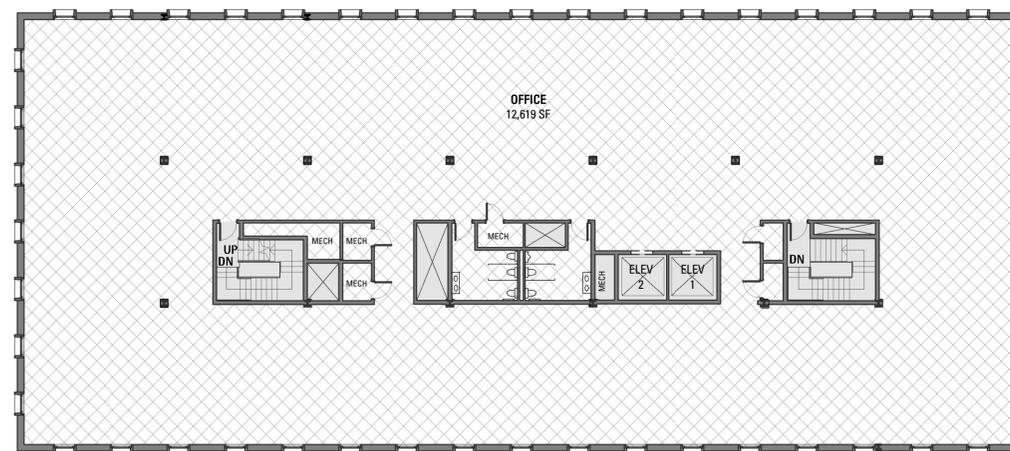
**USE PLAN LEGEND**

-  REVENUE PRODUCING
-  NON REVENUE PRODUCING
-  NO PUBLIC ACCESS

**OVERALL USE PLAN - 3RD FLOOR**



**BUILDING A**



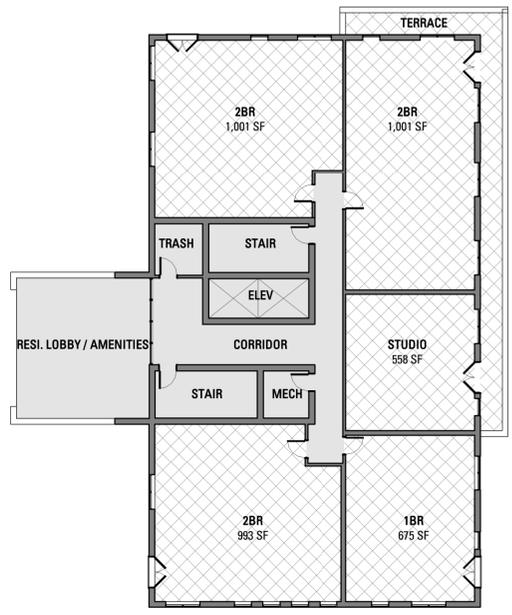
**MCINTYRE BUILDING**

**1 OVERALL 4TH FLOOR PLAN**  
SCALE: 1/16" = 1'-0"

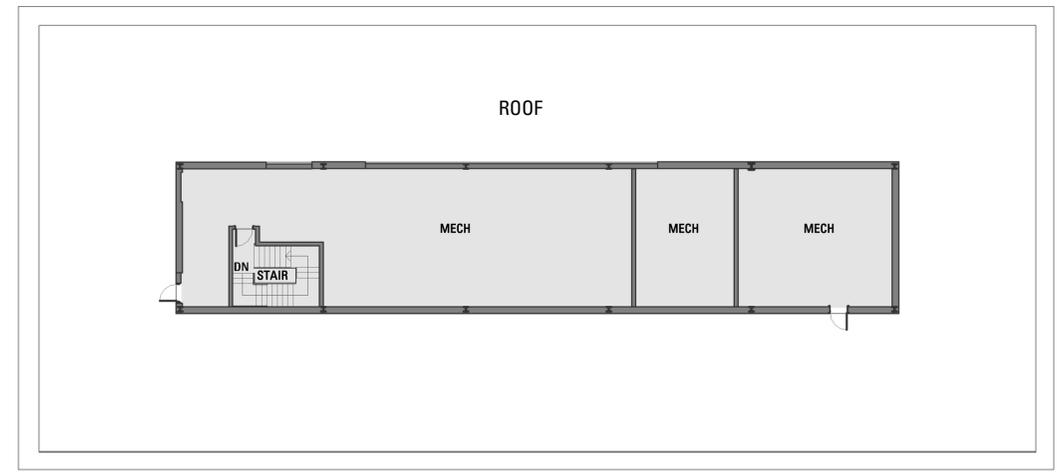
**USE PLAN LEGEND**

-  REVENUE PRODUCING
-  NON REVENUE PRODUCING
-  NO PUBLIC ACCESS

**OVERALL USE PLAN - 4TH FLOOR**



**BUILDING B**



**MCINTYRE BUILDING**

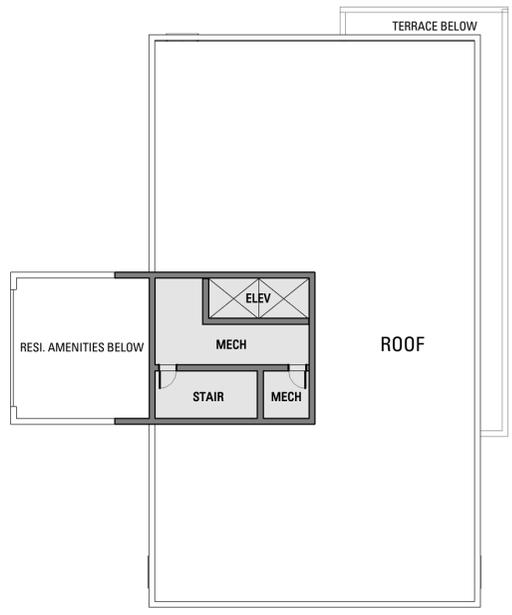
**1 OVERALL 5TH FLOOR PLAN**  
SCALE: 1/16" = 1'-0"

**USE PLAN LEGEND**

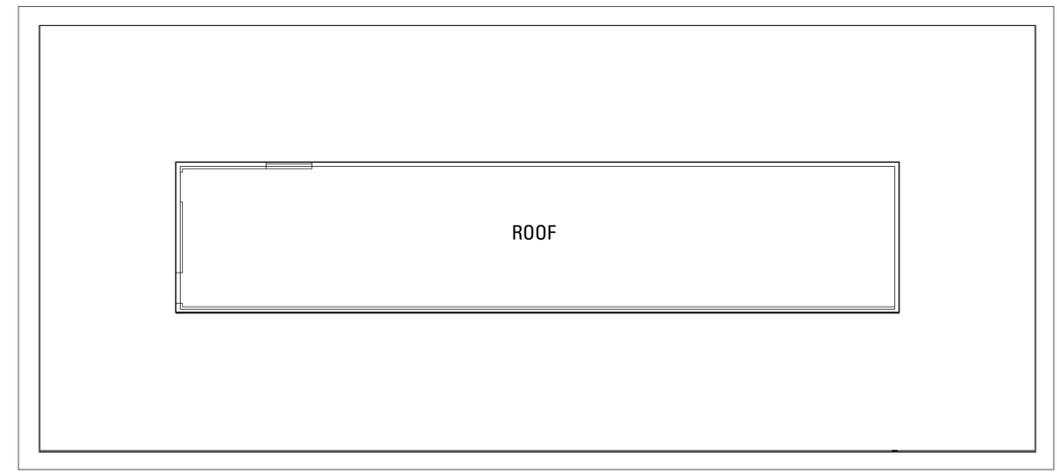
-  REVENUE PRODUCING
-  NON REVENUE PRODUCING
-  NO PUBLIC ACCESS

**OVERALL USE PLAN - 5TH FLOOR**

IF THIS SHEET IS NOT 22" x 34", IT HAS BEEN REDUCED OR ENLARGED.



**BUILDING B**



**MCINTYRE BUILDING**

**1 OVERALL 6TH FLOOR PLAN**  
SCALE: 1/16" = 1'-0"

**USE PLAN LEGEND**

-  REVENUE PRODUCING
-  NON REVENUE PRODUCING
-  NO PUBLIC ACCESS

**OVERALL USE PLAN - 6TH FLOOR**

IF THIS SHEET IS NOT 22" x 34", IT HAS BEEN REDUCED OR ENLARGED.





**Exhibit B**  
**Project Budget**

# Exhibit B - Budget

## **Portsmouth McIntyre**

**Portsmouth, NH**

June 28, 2019

### **CAPITAL BUDGET**

Gross Square Feet:	88,657 GSF	69,758 GSF
Net Square Feet (Res):	67,340 NSF	66,413 NSF
Unit Count:	76 Units	0 Units

	<b>TOTAL BUDGET</b>	<b>New Construction</b>	<b>McIntyre Building</b>
<b>Total Land Costs</b>	\$ 248,781	\$ 125,252	\$ 123,528
<b>Subtotal Legal</b>	\$ 475,000	\$ 265,834	\$ 209,166
<b>Subtotal Design Costs</b>	\$ 2,817,390	\$ 1,576,753	\$ 1,240,637
<b>Subtotal Marketing Costs</b>	\$ 1,679,895	\$ 582,325	\$ 1,097,570
<b>Subtotal Permits &amp; Fees</b>	\$ 693,376	\$ 388,048	\$ 305,328
<b>Subtotal Financing, Fees &amp; Operations</b>	\$ 4,860,653	\$ 3,105,537	\$ 1,755,116
<b>Total Soft Costs</b>	\$ 10,526,314	\$ 5,918,497	\$ 4,607,817
<b>Total Hard Costs</b>	\$ 50,310,775	\$ 32,721,546	\$ 17,589,230
<b>Total Project Cost</b>	\$ 61,085,869	\$ 38,765,295	\$ 22,320,575

## **Exhibit C**

### **Development Schedule**

# Exhibit C - Schedule

## McIntyre Schedule

4/12/2019

Milestone	Date	Comments
NPS Approval	Jul '19	
Predevelopment		
Land Use Boards	Jul '19 - Aug '19	Assumes Design Development is concurrent with Land Use Boards
Design and Contracts	Jul '19 - Dec '19	
Ground Lease Closing	Jan '20	
Construction		
Groundbreaking	Jan '20	
Phase I: McIntyre Office/Retail Core & Shell Delivery	Dec '20	12 Months
Phase II: Residential and Retail	Jul '21	18 Months

## **Exhibit D**

### **List of Anticipated Permits and Approvals**

## Exhibit D - Anticipated Permits

<b><u>Federal Permits:</u></b>	Description
EPA NPDES permit	The project will exceed one (1) acre of disturbance. We will file the Notice of Intent (NOI) with EPA for coverage under the Construction General Permit (CGP) in order to discharge stormwater during construction activities. The NOI requires that a Stormwater Pollution Prevention Plan (SWPPP) be prepared and implemented
EPA Dewatering General Permit	The EPA has promulgated a general permit for the qualifying discharges of non-processed dewatering and dewatering-related activities into "waters of the United States." Will be required for utility corridors as well.
NPS Approval of the Application for Obtaining Real Property for Historic Monument Purposes	National Park Service to review and approve City's application in concert with the General Services Administration: Application and exhibits, development agreement and ground lease document.
Section 106	GSA to conduct.
<b><u>State Permits:</u></b>	Description
NHDES Sewer Connection Permit	The project is anticipated to exceed an additional 5,000 GPD of average daily sewer flow. Requires Sign Off from City prior
NHDES Shoreland Protection Permit	The project is located within 250 feet of the Piscataqua River.
NHDES Alteration of Terrain Permit	Tighe & Bond created an exhibit and performed consultations with NHDES to work around having to submit for this project. Need NHDES letter confirming the aforementioned.
<b><u>Local Permits:</u></b>	Description
Historic District Commission	Certificate of Approval
Planning Board	Technical Advisory Committee Recommendation + Planning Board Site Plan Approval
Building Permit	Project document approval by Inspectional Services Department
Driveway Permit	Department of Public Works
Flammable Storage License (Garage Permit)	Fire Department
City Roads & Public Street Permits	Street Encumbrance Permit Approval from City Manager's Office
Food Service Permit	Approval from Health Department for Restaurant Core/Shell

## Exhibit E

### Basic Terms of Ground Lease

#### McIntyre Project Ground Lease Summary

<b>Property Name: Address:</b>	<b>McIntyre Redevelopment Project 80 Daniel Street Portsmouth, NH</b>
<b>Owner / Landlord</b>	City of Portsmouth, New Hampshire
<b>Tenant</b>	Sobow Square, LLC
<b>Guarantors</b>	Redgate and Kane Companies
<b>Subordination</b>	Ground Lease not Subordinate to Project Financing
<b>Leased Premises</b>	Approximately 2.1 Acres of Land and Improvements Thereon
<b>Lease Term</b>	75 Years
<b>Lease Commencement Date</b>	To Be Determined
<b>Base Rent Commencement Date</b>	On the 18th Month After Issuance of a Building Permit
<b>Additional Option Period and Terms</b>	None
<b>Base Rent</b>	100,000 Annually Payable Monthly at 8,333.33
<b>Base Rent Escalators</b>	2.5% Annually Beginning 12 Months After Base Rent Commencement
<b>Revenue Sharing</b>	In Addition to Base Rent, Tenant Will Pay to Landlord 1% of Annual Revenues Beginning in Year 11
<b>Capital Expense Reserve</b>	\$25,000 Annually First 5 Years after Capital Reserve Commencement Date, \$75,000 Annually Years 6-10
<b>Capital Reserve Payment Commencement Date</b>	30th Month After Issuance of a Building Permit
<b>Security Deposit</b>	None Initial \$400,000 Deposit to be Released at Ground Lease Closing
<b>Option to Purchase</b>	None
<b>Landlord Expense Responsibility</b>	None
<b>Tenant Expense Responsibility</b>	All Operating Expenses of Every Kind
<b>Public Spaces</b>	Tenant to Construct and Maintain at its Sole Expense All Indoor and Outdoor Public Spaces as Illustrated on Approved Site Plan
<b>Historic Tax Credit Sharing</b>	50/50 Sharing of Net Proceeds After Costs of Application and Administration
<b>Refinance Proceeds Sharing</b>	7.5% of Net Financing Proceeds for 1st Refinancing Event and 10% of Net Financing Proceeds for all Subsequent Refinancing Events will be Paid to Landlord as Additional Rent
<b>Profit Sharing</b>	Upon A Leasehold Sale Landlord Will Share in 20% of Project Profit In Excess of an 18% Internal Rate of Return

**GROUND LEASE**

for

APPROXIMATELY 2.1 ACRE PARCEL OF LAND AND IMPROVEMENTS  
THEREON

80 DANIEL STREET, PORTSMOUTH, NEW HAMPSHIRE

between

**CITY OF PORTSMOUTH, NEW HAMPSHIRE**

as Landlord

and

**SOBOW SQUARE, LLC**

as Tenant

Dated as of \_\_\_\_\_, 2019

**GROUND LEASE**  
**TABLE OF CONTENTS**

	<b>Page</b>
<b>ARTICLE 1 DEFINITIONS .....</b>	<b>2</b>
1.1    Definitions .....	2
<b>ARTICLE 2 PREMISES .....</b>	<b>12</b>
2.1    Lease of Premises .....	12
2.2    Condition of the Premises .....	13
2.3    Title .....	14
<b>ARTICLE 3 TERM.....</b>	<b>14</b>
3.1    Term .....	14
3.2    Construction as a Lease .....	14
<b>ARTICLE 4 TENANT'S IMPROVEMENTS .....</b>	<b>14</b>
4.1    Tenant's Improvements.....	14
4.2    LEED Certifiability .....	15
4.3    Conditions Precedent to Commencement of Construction .....	15
4.4    Approved Construction Schedule.....	17
4.5    Development Schedule; Diligent Efforts.....	17
4.6    City's Right to Review .....	18
4.7    No Obligation of the City .....	18
4.8    Final Plans and Specifications.....	18
4.9    The City's Right to Use Final Plans and Specifications .....	19
4.10   Construction Representatives .....	19
4.11   Required Approvals.....	19
4.12   Reserved .....	20
4.13   Construction Period Security.....	20
4.14   Tenant's Contractor and Architect/Engineer .....	20
4.15   Ownership .....	21
4.16   Force Majeure.....	21
4.17   Notice of Force Majeure Event. ....	21
4.18   Extension of Outside Completion Date.....	21
4.19   Electronic Drawings .....	22

4.20	Tenant's Responsibility to Discharge Liens .....	22
4.21	No Consent.....	23
4.22	City's Right to Notice, Access and Review .....	23
4.23	Construction Management Plan .....	24
4.24	[Consent/Approval Process] .....	25
<b>ARTICLE 5 RENT.....</b>		<b>24</b>
5.1	Base Rent.....	24
5.2	Distribution of Refinancing Proceeds .....	24
5.3	Distribution of Sales Proceeds.....	26
5.4	Additional Rent .....	25
5.5	Occupancy By Tenant or Affiliates.....	25
5.6	Percentage Rent.....	25
5.7	Books and Records; Audit Rights; Statements.....	25
5.8	The City's Right To Perform Tenant's Covenants .....	28
5.9	Net Lease.....	29
5.10	Payments; Late Charges .....	29
5.11	No Partnership or Joint Venture .....	29
<b>ARTICLE 6 IMPOSITIONS AND UTILITIES.....</b>		<b>29</b>
6.1	Impositions .....	30
6.2	Receipts .....	30
6.3	Utilities .....	30
6.4	No Liability of the City .....	30
<b>ARTICLE 7 MAINTENANCE AND ALTERATIONS .....</b>		<b>31</b>
7.1	Repair and Maintenance.....	31
7.2	Cleaning; Landscaping; Snow Removal .....	32
7.3	Excavation and Shoring.....	32
7.4	Alterations .....	32
7.5	Waste Disposal.....	34
7.6	Signs .....	34
7.7	Lighting and Other Fixtures .....	34
7.8	Noise Mitigation.....	34
7.9	Capital Expenditures and Maintenance Reserve Fund.....	35
<b>ARTICLE 8 INSURANCE AND INDEMNITY.....</b>		<b>35</b>
8.1	Casualty Insurance .....	35

8.2	Liability Insurance.....	36
8.3	Construction Insurance Requirements.....	37
8.4	Supplemental Insurance.....	37
8.5	Commercial Subtenant Insurance .....	37
8.6	Insurance Carriers, Policies.....	38
8.7	No Separate Insurance.....	38
8.8	Adjustment. ....	38
8.9	Non-cancellation .....	39
8.10	Insurance Trustee .....	39
8.11	Waiver of Subrogation.....	40
8.12	Indemnification .....	40
8.13	The City's Insurance.....	41
<b>ARTICLE 9 USE OF PREMISES.....</b>		<b>41</b>
9.1	Use.....	41
9.2	Operation of the Premises .....	42
9.3	No Waste .....	43
9.4	Legal Requirements.....	43
9.5	Revenue-Producing Activities.....	44
9.6	Liens .....	44
9.7	Contests .....	44
9.8	Compliance with Insurance Requirements.....	45
9.9	Historic Monument Requirements .....	45
9.10	Public Use and Amenities .....	45
<b>ARTICLE 10 ENVIRONMENTAL MATTERS.....</b>		<b>45</b>
10.1	Tenant's Initial Obligations .....	45
10.2	Compliance with Environmental Laws .....	45
10.3	Environmental Covenants, Representations and Warranties.....	46
10.4	Environmental Notices .....	47
10.5	Environmental Indemnity.....	48
10.6	The City's Right to Inspect .....	48
<b>ARTICLE 11 DAMAGE OR DESTRUCTION .....</b>		<b>49</b>
11.1	Casualty; Restoration Required.....	49
11.2	Restoration Procedures.....	49
11.3	No Surrender or Abatement. ....	50

11.4	Insufficiency of Insurance Proceeds.....	51
11.5	Failure to Commence Repairs .....	51
<b>ARTICLE 12 TAKING .....</b>		<b>51</b>
12.1	Award.....	51
12.2	Termination .....	51
12.3	Intentionally Omitted .....	53
12.4	Partial Taking .....	53
12.5	Temporary Taking.....	54
12.6	The City's Power of Eminent Domain.....	55
12.7	Certain Takings to Have No Effect on Tenant's Leasehold .....	55
<b>ARTICLE 13 TRANSFERS OF TENANT'S INTEREST .....</b>		<b>56</b>
13.1	Transfers Generally.....	56
13.2	Subleases .....	58
13.3	No Advance Payments .....	60
13.4	Non-Disturbance .....	60
13.5	Prohibited Transfers .....	60
13.6	Further Consent.....	61
13.7	Deemed Approval.....	67
<b>ARTICLE 14 PERMITTED LEASEHOLD MORTGAGEES.....</b>		<b>62</b>
14.1	Permitted Leasehold Mortgage.....	62
14.2	Rights of Permitted and First Permitted Leasehold Mortgagees .....	62
14.3	Undertakings of Permitted Leasehold Mortgagee .....	64
<b>ARTICLE 15 TERMINATION AND DEFAULT .....</b>		<b>65</b>
15.1	Surrender .....	65
15.2	Events of Default.....	65
15.3	Relet.....	67
15.4	Remedies .....	67
15.5	No Waiver .....	68
15.6	Injunctive Relief .....	68
15.7	Remedies Cumulative .....	68
15.8	Termination Preserving Permitted Leasehold Mortgage.....	69
15.9	No Termination on Dissolution of the City.....	69
15.10	The City's Default.....	69
<b>ARTICLE 16 NONDISCRIMINATION AND EQUAL OPPORTUNITY</b>		

<b>COVENANTS.....</b>	<b>70</b>
16.1    Nondiscrimination .....	70
16.2    Noncompliance.....	70
16.3    Employment of Portsmouth Residents .....	70
<b>ARTICLE 17 DETERMINATION OF FAIR MARKET RENT .....</b>	<b>70</b>
17.1    Determination of Fair Market Rent. ....	70
<b>ARTICLE 18 MISCELLANEOUS.....</b>	<b>71</b>
18.1    Quiet Enjoyment.....	71
18.2    Entry on Premises by the City .....	72
18.3    Notices.....	72
18.4    Severability.....	73
18.5    Estoppel Certificates.....	73
18.6    Waiver .....	74
18.7    Waiver of Claims.....	74
18.8    No Brokers .....	74
18.9    Legal Fees.....	74
18.10   Consents .....	74
18.11   Accord and Satisfaction.....	75
18.12   Integration .....	75
18.13   Bind and Inure .....	75
18.14   Notice of Lease.....	75
18.15   Limitation of Liability .....	75
18.16   Authority of Tenant. ....	75
18.17   No Merger .....	76
18.18   Captions.....	76
18.19   Table of Contents .....	76
18.20   New Hampshire Law Governs .....	76
18.21   Time of the Essence .....	76
18.22   Holding Over .....	76
18.23   Confidentiality.....	76
18.24   City’s Right of Self-Help .....	76
18.25   No Advertisement.....	77
18.26   When Lease Becomes Binding.....	77
18.27   Limitations on Damages.....	77

18.28	City Employees .....	77
18.29	No Waiver of the City's Defenses .....	77
18.30	Security Deposit .....	77
18.31	National Historic Monument Program.....	78
18.32	Transportation Demand Management (TDM) Plan .....	78
18.33	Historic Tax Credits .....	78

EXHIBITS

Exhibit A – Premises Plan

Exhibit B – Reserved Rights

Exhibit C – Development Plan

Exhibit D – Project Budget

Exhibit E – Required Approvals

Exhibit F - Construction Schedule

Exhibit G – Completion Guaranty

Exhibit H – Non-Disturbance Agreement

Exhibit I – Estoppel Certificate Form

Exhibit J – Construction Management Plan

Exhibit K – Environmental Indemnification Agreement

## GROUND LEASE

This **GROUND LEASE** (this "**Lease**") is entered into as of this \_\_\_\_\_ day of \_\_\_\_\_, 2019 (the "**Effective Date**"), by and between the **CITY OF PORTSMOUTH**, a New Hampshire municipal corporation with a principal place of business at 1 Junkins Avenue, Portsmouth, New Hampshire 03801 (hereinafter, with its successors and assigns, the "**City**" or the "**Landlord**") and **SOBOW SQUARE, LLC**, a \_\_\_\_\_ limited liability company with a principal place of business at \_\_\_\_\_ (the "**Tenant**"). The City and Tenant shall hereinafter be referred to individually as a "**Party**" or collectively as the "**Parties**".

## INTRODUCTION

This Agreement relates to the redevelopment and leasing of certain real estate known as the "McIntyre Property" located at 80 Daniel Street, Portsmouth, New Hampshire (the "Property").

Reference is made to the following facts.

- I. The Property was formerly owned by the United States of America.
- II. The City was invited to submit an "Application for Obtaining Real Property for Historic Monument Purposes" (the "Application") to the National Parks Service of the Department of the Interior ("NPS") to acquire the Property from the General Services Administration ("GSA") under the Federal Historic Monument Program (Title 40 U.S.C. 550 (h)) pursuant to which the Property would be conveyed to the City for no cash consideration but with a deed restriction/preservation covenant requiring that the Property be preserved and used as a Historic Monument.
- III. In August of 2017, the City issued a Request for Proposals (the "RFP") seeking a private real estate developer to enter into a public private partnership with the City pursuant to which the City would acquire the Property from the GSA under the Federal Historic Monument Program and then lease the Property to a private developer pursuant to a long-term ground lease. Under the ground lease the developer would be obligated to redevelop, reuse and operate the Property as a Historic Monument as generally described and detailed in the RFP.
- IV. On or about November 6, 2017, in response to the RFP, several real estate developers, including Tenant, submitted proposals to ground lease and redevelop the Property. In its response to the RFP, Tenant proposed to redevelop the Property as a mixed-use project with office, retail, and residential uses and related parking, amenities, infrastructure and public

spaces (collectively, the "Project").

- V. On January 16, 2018, the Portsmouth City Council voted to select Tenant as its potential development partner.
- VI. On \_\_\_\_\_, 2019, City and Tenant entered into a Development Agreement and Agreement to Lease ("Development Agreement") with respect to the Project.
- VII. On \_\_\_\_\_, 2019, the City and Tenant submitted an "Application for Obtaining Real Property for Historic Monument Services" (the Application") to the NPS for the acquisition of the Property at no cost pursuant to the Federal Historic Monument Program. The Application, among other things, included a proposed "Preservation Plan, a proposed "Use Plan" and a proposed "Financial Plan."
- VIII. On \_\_\_\_\_, 2019, the NPS recommended approval of the Application [subject to certain modifications thereto].
- IX. On \_\_\_\_\_, 2019, the GSA accepted and concurred with the recommendation of the NPS.
- X. By deed dated \_\_\_\_\_, 20\_\_ and recorded in the Rockingham County Registry of Deeds at Book \_\_, Page \_\_ (the "Deed"), the GSA conveyed the Property to the City for no cost.
- XI. The Deed contains certain restrictions and covenants requiring the Property to be rehabilitated, preserved and operated as a Historic Monument ("Preservation Covenants") under the Federal Historic Monument Program.
- XII. In furtherance of the above, the City will ground lease the Property to Tenant and the Tenant will rehabilitate, use, operate, and maintain the Property in accordance with the Deed, the Preservation Covenants, the approved Application (including, without limitation, the approved Preservation Plan, Use Plan and Financial Plan) and all other applicable requirements under the Federal Historic Monument Program (all of the above requirements and obligations are collectively referred to as the "Historic Monument Program Requirements").

NOW THEREFORE, in consideration of the foregoing and the mutual covenants and agreements contained herein, the City and Tenant agree as follows:

## **ARTICLE 1 DEFINITIONS**

1.1 **Definitions.** In addition to other capitalized terms defined elsewhere in this Lease, the following capitalized terms used in this Lease shall have the meaning set forth or referenced in this Section:

"Additional Rent" shall have the meaning set forth therefor in **Section 5.4**.

"Affiliate" shall mean, with respect to any Person, (i) in the case of any such Person which is an Entity, any partner, shareholder, member or other owner of such Entity, provided that such partner, shareholder, member or other owner owns more than fifty percent (50%) of the Equity Interests of such Entity, and (ii) any other Person which is a Parent, a Subsidiary, or a Subsidiary of a Parent with respect to such Person or with respect to one or more of the Persons referred to in the preceding clause (i).

"Alterations" shall have the meaning set forth therefor in **Section 7.4**.

"Application Approval" shall mean the approval of the Application by the National Parks Service and the GSA.

"Approved Application" shall mean the application for obtaining real property for Historic Monument purposes submitted by the City and Tenant to the National Parks Service with respect to the Project and approved by the National Parks Service and the GSA.

"Approvals" shall mean, collectively, all environmental, land use, building, construction, curb cut, parking, occupancy and related permits, and any other permits, licenses and approvals necessary to enable Tenant to construct and use Tenant's Improvements or any portion thereof or to perform any Alterations. A list of all required approvals is attached hereto as **Exhibit E**.

"Approved Debt" shall mean, at any time, either (i) the initial construction financing for the construction of Tenant's Improvements, which amount shall not be more than sixty-five percent (65%) of the Approved Development Costs, (ii) the initial permanent financing following the construction of Tenant's Improvements, which amount shall not be more than sixty-five percent (65%) of the fair market value of Tenant's Leasehold Interest at the time of such financing, or (iii) the amount of any other debt secured by Permitted Leasehold Mortgage(s), the original principal amount of which other financing(s), in the aggregate, shall total no more than seventy-five percent (75%) of the fair market value of Tenant's Leasehold Interest at the time of such financing(s) as determined by such Permitted Leasehold Mortgagee.

"Approved Development Plan" shall mean, collectively, the development plan and related plans and descriptive materials for the construction of Tenant's Improvements, including such information as to the size, location and use of all such proposed Tenant's Improvements, and all modifications thereto or substitutions therefor, initially as approved by the City and attached hereto as **Exhibit C**, and thereafter as modified from time to time subject to approval by: (a) the City, which approval shall not be unreasonably withheld, conditioned or delayed pursuant to **Section 4.24**, and (b) the National Parks Service to the extent required under the Federal Historic Monument Program.

"Approved Development Costs" shall mean the total cost of the development of Tenant's Improvements as reasonably estimated by Tenant, including, without limitation, construction costs, permitting and development costs, architectural and engineering fees, legal fees, Rent and other payments due or expenses to be incurred pursuant to this Lease, the Approvals or the Historic Monument Program Requirements, or financing fees, and interest expenses, all as evidenced by a certificate of Tenant supported by appropriate documentation (including, without limitation, Tenant's final itemized budget for Tenant's Improvements and the guaranteed maximum price or stipulated sum Construction Contract entered into by Tenant and its Contractor for Tenant's Improvements), and as

set forth in the Project Budget, as the same may be updated by Tenant and reasonably approved by the City from time to time.

"Appurtenant Rights" shall have the meaning set forth therefor in **Section 2.1**.

"Architect/Engineer" shall mean each architect or engineer engaged by or on behalf of Tenant to design any portion of Tenant's Improvements or a Major Alteration. Tenant's initial Architect/Engineer is \_\_\_\_\_.

"Architect/Engineer's Contracts" shall mean all agreements between Tenant and an Architect/Engineer with respect to Tenant's Improvements or a Major Alteration or any portion thereof.

"Assignment of Development Documents" shall have the meaning set forth therefor in **Section 4.3(h)**.

"Award" shall have the meaning set forth therefor in **Section 12.1**.

"Base Rent" shall have the meaning set forth therefor in **Section 5.1**.

"Books and Records" shall have the meaning set forth therefor in **Section 5.7.1(a)**.

"Building" shall have the meaning set forth therefor in **Section 4.1(b)**.

"Business Day" shall mean any Monday through Friday, inclusive, other than a day on which the offices of The State of New Hampshire are closed for the conduct of normal business.

"Calendar Year" shall mean the period from January 1st to December 31st during each year of the Term of this Lease.

"Casualty" shall mean any damage to or destruction of Tenant's Improvements or any part thereof or other property installed or used in, on, or about Tenant's Improvements or any part thereof or any other improvements or any portion thereof on the Premises by fire or otherwise.

"City" shall have the meaning set forth therefor in the Preamble to this Lease.

"City's Construction Representative" shall have the meaning set forth therefor in **Section 4.10**.

"Commercial Subtenant" shall have the meaning set forth therefor in **Section 8.5**.

"Completion Guaranty" shall have the meaning set forth therefor in **Section 4.13(b)**.

"Construction Commencement Date" shall have the meaning set forth therefor in **Section 4.1**.

"Construction Contract" shall mean all agreements between Tenant and a Contractor with respect to construction of Tenant's Improvements or any Major Alteration or any portion thereof.

"Construction Financing" shall mean that certain financing for the construction of Tenant's

Improvements comprised of a first priority leasehold construction loan, Tenant's equity investment, and, if applicable, historic tax credits.

"Construction Management Plan" shall mean the plan developed by Tenant and approved by the City of Portsmouth concerning the delivery of materials, staging and laydown areas, parking, proposed flow of vehicular traffic to and from the Premises during the construction of any portion of Tenant's Improvements or any Major Alteration, and measures to be taken to mitigate the effects of construction on land, buildings, businesses and roadways in the vicinity of the Premises.

"Contractor" shall mean Tenant's general contractor or construction manager for the construction of Tenant's Improvements or any Major Alteration or any portion thereof. Tenant's initial Contractor is \_\_\_\_\_.

"Deed" shall mean the deed of the Property from the GSA to the City dated \_\_\_\_\_ and recorded in the Rockingham County Registry of Deeds at Book \_\_\_\_\_, Page \_\_\_\_\_.

"Default Rate" shall mean a rate of interest equal to eighteen percent (18%) per annum (but in no event higher than the maximum rate of interest permitted by applicable law) payable by Tenant in the event of Tenant's default in the due and punctual payment of Rent or other sums due and payable under this Lease.

"Development Documents" shall mean, collectively, all Construction Contracts, Architect/Engineer's Contracts, and other agreements related to the design, development or construction of Tenant's Improvements or any Major Alteration, which have been executed by Tenant, including all amendments and modifications thereto.

"Development Schedule" shall have the meaning set forth therefor in **Section 4.5**.

"Effective Date" shall have the meaning set forth therefor in the Preamble to this Lease.

"Entity" shall mean any general partnership, limited partnership, limited liability company, limited liability partnership, corporation, joint venture, trust, business trust, cooperative or association.

"Environmental Indemnification Agreement" shall mean a written agreement by and between the Indemnitor and the City pursuant to which the Indemnitor indemnifies the City with respect to the matters set forth in **Section 10.5** below, the form of which is attached hereto as **Exhibit K**.

"Environmental Laws" shall mean, collectively, all applicable federal, state or local statutes, laws, rules, regulations, codes, ordinances, directives, orders or decrees (whether now existing or hereafter enacted, promulgated or issued), respecting the existence, assessment, remediation, removal or disposal of Hazardous Materials including, without limitation, those identified in the definition of "Hazardous Materials," and the regulations promulgated under each of such statutes or laws, all as amended from time to time.

"Equity Interest" shall mean with respect to any Entity, (i) the legal (other than as a nominee) or beneficial ownership of outstanding voting or non-voting stock of such Entity if such Entity is a

business corporation, a real estate investment trust or a similar entity, (ii) the legal (other than as a nominee) or beneficial ownership of any partnership, membership or other voting or non-voting ownership interest in a partnership, joint venture, limited liability company or similar entity, (iii) a legal (other than as a nominee) or beneficial voting or non-voting interest in a trust if such Entity is a trust and (iv) any other voting or nonvoting interest that is the functional equivalent of any of the foregoing.

"Events of Default" shall have the meaning set forth therefor in **Section 15.2**.

"Excess Income" shall mean all cash Income otherwise actually available for distribution to owners and investors by the Tenant exceeding Tenant's actual costs to lease, occupy, repair, rehabilitate, restore, manage and maintain the Premises including without limitation contributions to reserves, debt service and other debt and equity financing costs and a "reasonable profit" as defined and calculated in the final Approved Application. By way of more specific example of Excess Income and the "reasonable profit" approved pursuant to the final Approved Application, see Schedule 1 attached hereto. [NOTE: TO BE MADE CONSISTENT WITH FINAL APPLICATION]

"FAA" shall mean the Federal Aviation Administration, or any agency, City, board, or other governmental authority that hereafter succeeds to the jurisdiction of the FAA with respect to regulating heights of buildings or structures in the vicinity of an airport.

"Field Changes" shall mean changes in the following categories: (a) up to \$100,000 for any individual change necessary to correct minor or technical mistakes or inconsistencies in the Final Plans and Specifications; (b) to the extent necessary to respond to an emergency or to correct building code violations; or (c) to the extent necessary to respond to other governmental orders or directives concerning the Project which unless otherwise promptly addressed would result in a default under the Lease or Approvals.

"Final Completion" shall have the meaning set forth therefor in **Section 4.1**.

"Final Completion Date" shall mean the date upon which Final Completion of Tenant's Improvements occurs.

"Final Plans and Specifications" shall mean the final plans and specifications for the construction of Tenant's Improvements which have been reviewed and approved by the City, a description of which are attached hereto as **Exhibit C**.

"Final Restoration Plans" shall mean the final construction plans and specifications for the restoration of Tenant's Improvements in the event of a Casualty, as approved by the City.

"Financial Plan" shall mean the Tenant's plan for financing the repair, rehabilitation, restoration and maintenance of the Premises as approved by the NPS, the GSA and the City.

"First Permitted Leasehold Mortgage" shall mean a Permitted Leasehold Mortgage which, at the time in question, is a first lien on Tenant's Leasehold Interest.

"First Permitted Leasehold Mortgagee" shall mean a Permitted Leasehold Mortgagee holding

a First Permitted Leasehold Mortgage.

"Force Majeure Event" shall have the meaning set forth therefor in **Section 4.16**.

"GAAP" shall mean generally accepted accounting principles.

"Governmental Agency" shall mean each board, bureau, commission, department, or other branch or office of any municipal, county, state, federal or other governmental body now or hereafter having or acquiring jurisdiction over the Land or any improvements thereon, Tenant's Improvements, the Premises and/or the development, construction, or use thereof.

"Guarantors" shall mean the [Kane Company and Redgate Holdings, LLC] [insert names of guarantors determined in accordance with the Development Agreement] and substitutes therefore as approved by the City in accordance with the provisions of **Section 4.13(b)**.

"Guaranties" shall mean the guaranty of Section 18.31 of this Lease, the Environmental Indemnification Agreement and the Completion Guaranty given by the Guarantors.

"Hazardous Materials" shall mean, collectively, all substances defined or classified as a "hazardous substance," "hazardous material," "hazardous waste," "pollutant," or otherwise denominated as a regulated or hazardous substance, waste or material, toxic or pollutant in any of the following: (i) the federal Comprehensive Environmental Response, Compensation and Liability Act of 1980; (ii) the federal Hazardous Materials Transportation Uniform Safety Act of 1990; (iii) the federal Toxic Substances Control Act; (iv) the federal Resource Conservation and Recovery Act; (v) New Hampshire General Laws, Chapter 21D; (vi) New Hampshire General Laws, Chapter 21E; (vii) New Hampshire General Laws, Chapter 21C; (viii) New Hampshire General Laws, Chapter 21I; (ix) any other federal, state or local law addressing itself to environmental contamination, waste or health and safety; or (x) any regulations promulgated under any of the foregoing; as any of the foregoing may be promulgated or amended from time to time. "Hazardous Materials" shall specifically include, but not be limited to, oil, asbestos, explosives, polychlorinated biphenyls, petroleum and petroleum-based derivatives, and urea formaldehyde.

"Impositions" shall have the meaning set forth therefor in **Section 6.1**.

"Income" shall mean, with respect to any Rent Year, without duplication, an amount equal to all gross income and revenue in cash actually received by Tenant from or with respect to the Premises and all facilities operated in connection therewith, all determined on a cash basis, including, without limitation, any rental, lease or other income received by Tenant with respect to Subleases, sub-subleases, concessions, licenses or any other occupancy agreements, as well as any receipts paid with respect to such items on account of business or rental interruption insurance maintained by Tenant. Income shall not include brokerage and management fees and commissions, or other compensation derived by Tenant or an Affiliate of Tenant under any leasing agreement, brokerage agreement, or similar agreement regarding the leasing or management of the residential units located on the Premises. Income shall not include (a) security deposits or last month's rent paid in advance to Tenant by Subtenants, or other amounts subject to refund, unless and until they are applied to rental or other charges owed to Tenant; (b) amounts paid by Subtenants to Tenant on account of pass-throughs to Subtenants of costs incurred and paid by Tenant, such as Impositions, operating expenses or common

area maintenance charges; (c) proceeds of casualty insurance (other than business or rental interruption insurance) or eminent domain awards; (d) free, abated or discounted rent, (e) withdrawals from the Reserve Fund or any other reserve accounts, and (f) Sale Proceeds or Refinancing Proceeds.

"Incurable Lease Defaults" shall have the meaning set forth therefor in **Section 14.2(c)**.

"Indemnitor" shall mean, as of the Effective Date, \_\_\_\_\_, and, thereafter, any Person executing and delivering the Environmental Indemnification Agreement to the City in accordance with the provisions of **Section 10.5**.

"Index" shall mean the Consumer Price Index for all Urban Consumers, U.S. City Average (CPI-U), All Items (1982 - 1984 = 100), published by the Bureau of Labor Statistics, U.S. Department of Labor. If the Bureau of Labor Statistics should cease to publish the Index in its present form and calculated on the present basis, a comparable index or an index reflecting changes in prices determined in a similar manner shall reasonably be designated by the City in substitution therefor. The Index for any month relevant to the application of this definition shall be that published by the Bureau of Labor Statistics for such month if computed for such month, or otherwise for the most recent month immediately preceding the month as of which the application is to be made. Since an Index relevant to the application of this definition may not be available as of the date on which a determination of the applicability is to be made, necessary adjustments between the City and Tenant shall be made retroactively, within a reasonable time after required computations can readily be completed.

"Institutional Lender" shall have the meaning set forth therefor in the definition of Permitted Leasehold Mortgagee.

"Insurance Trustee" shall have the meaning set forth therefor in **Section 8.10(a)**.

"Investor Member" shall mean \_\_\_\_\_, LLC, a Delaware limited liability company, and its successors and assigns, upon the admittance of such member to Borrower.

"IRC" shall have the meaning set forth therefor in **Section 2.1**.

"Lease Year" shall mean a twelve (12) month period during the Term of this Lease except that the first "Lease Year" shall commence on the Effective Date and shall include the first twelve (12) full calendar months after the Effective Date, and each successive Lease Year shall be comprised of succeeding periods of twelve (12) calendar months.

"Legal Requirements" shall have the meaning set forth therefor in **Section 9.4**.

"Major Alteration" shall mean any Alteration which either (i) results in the creation of a new building or structure on the Premises with a footprint greater than 1,000 square feet, or (ii) involves the addition to a building or structure on the Land of more than 5,000 square feet of gross floor area, or (iii) is reasonably anticipated to cost more than \$2,500,000.00 to design and construct (either as an individual Alteration or a series of related Alterations), or (iv) is otherwise inconsistent with the Final Approvals, the Development Plan or the Final Plans and Specifications except to the extent modifications to the Final Approvals, the Development Plan or the Final Plans and Specifications have been previously approved.

“Material Change Order” shall have the meaning set forth therefor in **Section 14.4**.

“National Historic Monument Program” (a/k/a the Historic Surplus Property Program) shall mean 40 U.S.C. 550 (h) and all applicable regulations issued thereunder including, without limitation, the Secretary of the Interior’s Standards for Rehabilitation.

"Net Award" shall have the meaning set forth therefor in **Section 12.1**.

"Non-Disturbance Agreement" shall have the meaning set forth therefor in **Section 13.4**.

"Off-Site Improvements" shall have the meaning set forth therefor in **Section 4.1(b)**.

"Operating Agreement" shall mean that certain Amended and Restated Operating Agreement of Tenant dated on or about the Effective Date, as the same may be amended or modified from time to time.

"Outside Completion Date" shall have the meaning set forth therefor in **Section 4.1**.

"Parent" shall mean, with respect to any Subsidiary, any Person which owns directly or indirectly through one or more Subsidiaries the entire Equity Interest in such Subsidiary.

"Party" shall have the meaning set forth therefor in the Preamble to this Lease.

"Payment and Performance Bonds" shall have the meaning set forth therefor in **Section 4.13(a)**.

“Percentage Rent” shall have the meaning set forth in **Section 5.6**.

"Permitted Leasehold Mortgage" shall mean, collectively, a mortgage (or conditional assignment or other security interest) on Tenant's Leasehold Interest now or hereafter securing Approved Debt and, where the context permits, the obligations secured thereby, and meeting all of the following requirements:

- (i) A copy of such mortgage has been delivered to the City, accompanied by appropriate recording data and the name and address of the holder thereof (a "**Permitted Leasehold Mortgage**" and, together with all other Permitted Leasehold Mortgagees, collectively referred to as the "**Permitted Leasehold Mortgagees**"), which holder shall be a bank, trust company, savings and loan association, real estate investment trust, lender acting as an originator with respect to a conduit type securitized loan (including a real estate mortgage investment conduit or a financial asset securitization investment trust), an employee benefit pension or retirement plan or fund endowment or insurance company or a governmental authority empowered to make loans or issue bonds, a commercial credit corporation, investment bank or any other institutional lender engaged in the making of loans or equity investments, or any combination of the foregoing acting as a trustee in connection with the issuance of any bonds or other debt instrument financing, provided that in any case such entity (A) is not an Affiliate of Tenant and which has, together with its Affiliates in the aggregate,

not less than One Hundred Million Dollars (\$100,000,000) in assets, or (B) has been otherwise approved by the City in writing in advance, which approval shall not be unreasonably withheld, conditioned or delayed (an "**Institutional Lender**"). Any assignee of the Permitted Leasehold Mortgage must be an Institutional Lender. For purposes hereof, the word "assignee" shall be deemed to include any person or entity which succeeds to the rights of a Permitted Leasehold Mortgagee in the Permitted Leasehold Mortgage, whether by voluntary assignment involuntary assignment, merger, consolidation, or otherwise [NOTE: City to review and approve initial construction financing pursuant to Section 2.1.11 of Development Agreement];

(ii) Unless the City shall otherwise have consented, such mortgage, at the time in question, is a first lien on Tenant's Leasehold Interest;

(iii) Such mortgage secures an original principal amount of debt which, when added to the then principal balance of all other debts secured by mortgages on Tenant's Leasehold Interest or any portion thereof does not exceed (a) with respect to the initial construction financing for the construction of Tenant's Improvements, sixty-five percent (65%) of the Approved Development Costs, (b) with respect to the initial permanent financing following the construction of Tenant's Improvements, which amount shall not be more than sixty-five percent (65%) of the fair market value of Tenant's Leasehold Interest at the time of such financing, and (c) with respect to any other debt secured by a Permitted Leasehold Mortgage(s), seventy-five percent (75%) of the fair market value of Tenant's Leasehold Interest as of the date of the financing;

(iv) Such mortgage is held by a holder who has delivered to the City a recordable written undertaking to be bound by and comply with the provisions of Section 14.3, and has not failed to comply with such undertaking;

(v) Such mortgage becomes due prior to the expiration of the Term, and does not contain or secure obligations unrelated to the Premises;

(vi) Such mortgage does not require any so-called "equity participation" or "kicker" payment, unless approved by the City;

(vii) Such mortgage is not a so-called "blanket mortgage" ("blanket mortgage" meaning a mortgage which covers more than Tenant's Leasehold Interest or debt which is not Approved Debt);

(viii) Such mortgage permits the disbursement of casualty insurance proceeds and payments made in connection with partial eminent domain takings, or conveyances under threat thereof, on the terms and conditions set forth in this Lease or any Recognition Agreement entered into between the City and such Permitted Leasehold Mortgagee;

(ix) For the initial construction financing, such mortgage is pursuant to documentation reviewed and approved by Landlord, such approval not to be unreasonably withheld, conditioned or delayed, and which review shall be limited to confirming consistency with the terms of this Ground Lease and the financing terms previously approved by Landlord; and

(x) The City agrees to provide Tenant within thirty (30) days of Tenant's request a written confirmation that a leasehold mortgagee or prospective leasehold mortgage qualifies as a Permitted Leasehold Mortgage hereunder.

"Permitted Leasehold Mortgagee" shall have the meaning set forth therefor in the definition of Permitted Leasehold Mortgage.

"Permitted Property Manager" shall have the meaning set forth therefor in **Section 9.2(c)**.

"Permitted Uses" shall have the meaning set forth therefor in **Section 9.1(a)**.

"Person" shall mean any individual or Entity, and the heirs, executors, administrators, legal representatives, successors and assigns of such Person where the context so admits.

"Program of Preservation and Utilization" shall mean the Program of Preservation and Utilization included in the Application and approved by the NPS and the GSA including, without limitation, the preservation plan, the use plan and the financial plan.

"Prohibited Uses" shall have the meaning set forth therefor in **Section 9.1(b)(i)**.

"Project Budget" shall mean the budget for the Project, initially as approved by the City and attached hereto as **Exhibit D**.

"Personal Property" shall have the meaning set forth therefor in **Section 2.1**.

"Premises" shall have the meaning set forth therefor in **Section 2.1**. The Premises shall be deemed to include all Tenant's Improvements for all purposes of this Lease unless otherwise expressly provided herein.

"Preservation Covenants" shall mean the covenants and restrictions contained in the Deed.

"Property Management Agreement" shall have the meaning set forth therefor in **Section 9.2(c)**.

"Reasonable Profit" shall mean the phrase "reasonable profit" as used in the National Historic Monument Program and as further described for purposes of this Lease in Schedule 1 attached hereto.

"Refinancing Proceeds" shall mean the gross proceeds of a Refinancing Transaction, regardless of the time at which the same are disbursed to or on behalf of Tenant.

"Refinancing Transaction" shall mean any direct or indirect debt or equity, financing, refinancing or recapitalization of Tenant's Leasehold Interest or other interest in the Premises, or any portion thereof (including, without limitation, any mortgage financing or refinancing, sale-leaseback, or other transaction of a similar nature), with the exception of the initial financing for construction of Tenant's Improvements entered into on or about the Effective Date and the initial permanent debt financing replacing such initial financing for construction of Tenant's Improvements. Notwithstanding the foregoing, the transfer of any membership interests within Tenant or Investor Member (following Investor Member's admittance to Tenant as Tenant's investor member) that are permitted under the

Operating Agreement shall not be considered a "Refinancing Transaction" for the purposes of this Lease. In addition, notwithstanding the foregoing, any exercise of rights by a Permitted Leasehold Mortgagee, including without limitation, foreclosure or deed or assignment in lieu thereof, including without limitation a purchase of Tenant's interest in a foreclosure sale or the first sale or refinancing to occur after a Permitted Leasehold Mortgagee exercises any such rights, shall not be considered a "Refinancing Transaction" for the purposes of this Lease.

"Remedial Work" shall mean investigations, assessments, containment monitoring, response actions, removal actions, remedial actions or interim cleanup actions relating to known or suspected Hazardous Materials and any ongoing operations as required by applicable Environmental Laws.

"Rent" shall mean, collectively, Base Rent, Additional Rent, Percentage Rent and all other amounts due and payable under this Lease to the City or otherwise designated as Additional Rent.

"Rent Year" shall mean the twelve (12) month period commencing on January 1st of each year and each succeeding 12-month period (or portion thereof) commencing on an anniversary of such date and included within the Term; provided, however, that the initial Rent Year shall commence on the Base Rent Commencement Date and expire on December 31st of such year.

"Reserved Rights" shall have the meaning set forth therefor in **Section 2.1**.

"Reserve Fund" shall mean the Capital Expenditures and Maintenance Reserve Fund required by and described under **Section 7.9**.

"Revenue Producing Activities" shall mean "revenue producing activities" as used in the Federal Historic Monument Program including all actions, uses, services, amenities, and contracts with respect to the Property which produce income for the benefit of the Tenant or all Affiliates.

"Sale Proceeds" shall mean the gross proceeds of any sale or assignment of Tenant's Leasehold Interest or other interest in the Premises, or any portion thereof.

"Sign" shall have the meaning set forth therefor in **Section 7.6**.

"Standards for Rehabilitation" shall mean the Secretary of the Interior's Standards for the Treatment of Historic Property, as the same may be amended from time to time.

"Sublease" shall mean, collectively, all subleases, tenancies at will, concessions, licenses, operating agreements, or other occupancy arrangements of any nature whatsoever (whether written or oral) between Tenant and a Subtenant providing for the use, occupancy or operation of any portion of the Premises.

"Subsidiary" shall mean, with respect to any Parent, any Entity in which a Person owns, directly or indirectly through one or more Subsidiaries, the entire Equity Interest in such Subsidiary.

"Substantial Completion" shall mean substantial completion of the Project (excluding subtenant improvements), in accordance with the Final Plans and Specifications and the provisions of this Lease, as evidenced by delivery of a certificate by the architect of record for the Project.

"Subtenant" shall mean each party to a Sublease with Tenant.

"Taking" shall have the meaning set forth therefor in **Section 12.1**.

"Tenant's Construction Representative" shall have the meaning set forth therefor in **Section 4.10**.

"Tenant's Improvements" shall have the meaning set forth therefor in **Section 4.1**.

"Tenant's Leasehold Interest" shall mean Tenant's interest under this Lease for the Term in (i) Tenant's Improvements and the rents, issues and profits therefrom and (ii) the Premises.

"Term" shall have the meaning set forth therefor in **Section 3.1**.

"Threshold Amount" shall have the meaning set forth therefor in **Section 8.8**.

"Unaffiliated Person" shall mean, with respect to any Person, a Person who is not an Affiliate as to such Person.

## ARTICLE 2

### PREMISES

2.1. Lease of Premises. The City, for and in consideration of the covenants and agreements hereinafter contained on the part of Tenant to be paid, kept and performed, hereby leases to Tenant, and Tenant hereby leases from the City, for the Term, upon the terms and conditions set forth herein, the following described premises (hereinafter called the "Premises"):

The Premises shall consist of the Land in Portsmouth, NH, as more particularly described and shown in **Exhibit A** attached hereto, together with the improvements located thereon and thereunder as of the Effective Date and certain improvements to be constructed on and under the Premises by Tenant (as described in **Article 4**). The Premises are leased together with the benefits of the appurtenant rights and easements (sometimes referred to herein as the "**Appurtenant Rights**") set forth in **Exhibit A** and all matters of record to the extent in force and applicable. The Premises are leased subject to: (a) any facts that an accurate survey or personal inspection of the Premises would show; (b) easements, covenants and restrictions of record including without limitation those set forth in the Deed and in **Exhibit B** hereto; (c) the exclusions, encumbrances and rights reserved by the City as set forth in **Exhibit B** (the "**Reserved Rights**") and non-record matters identified in **Exhibit B**; (d) any applicable Legal Requirements; (e) violations of Legal Requirements, whether or not recorded or noted, against or affecting the Premises as the same may exist on the Effective Date; (f) all taxes, duties, assessments, special assessments, water charges and sewer rents and any other impositions by a Governmental Agency, fixed or not fixed, accruing from and after the Effective Date; and (g) the condition and state of repair of the Premises as the same may be on the Effective Date.

Notwithstanding anything to the contrary set forth in this Lease, during the Term of this Lease, (A) Tenant is and shall be deemed to be the sole owner of (i) Tenant's Improvements; and (ii) all

attachments, appliances, equipment, machinery and other articles used in connection with the Premises or Tenant's Improvements (the "**Personal Property**"); and (B) Tenant shall be the sole party entitled to all of the tax attributes of ownership of Tenant's Improvements and Personal Property including, without limitation, the right to claim deductions for depreciation or cost of recovery thereof and the right to claim any federal historic tax credits described in Section 47 of the U.S. Internal Revenue Code, as amended (the "**IRC**"), and the right to claim any state historic tax credits under New Hampshire General Laws c. 62, § 6J and c. 63, § 38R, and the right to amortize capital costs and to claim any other federal and state tax benefits attributed to Tenant's Improvements and the Premises.

For the avoidance of doubt, this Lease is intended to convey to Tenant all the benefits and burdens of ownership of the Premises and to cause Tenant to be treated as the owner of the Premises for federal income tax purposes. The parties agree to treat this Lease in a manner consistent with this intention, including filing all federal income tax returns and other reports consistently with such treatment. Landlord will not claim tax credits, depreciation or any other federal or state income tax benefits with respect to the Premises, or take any action which is inconsistent with this provision. Any and all depreciation, amortization and tax credits for federal, state or local tax purposes relating to the Premises and any and all additions thereto, substitutions therefor, fixtures therein and other property relating thereto shall be deducted or credited exclusively by Tenant during the Term and for the tax years during the Term. Any building and improvements that are on or part of the Premises and all alterations, additions, equipment and fixtures built, made or installed by the Tenant in, on, under or to the Premises shall be the sole property of the Tenant until the expiration of the Term or other termination of this Lease.

2.2 Condition of the Premises. Tenant acknowledges that Tenant has leased the Premises and has agreed to construct Tenant's Improvements, after a full and complete examination of the Premises, in their present "AS IS" "WHERE IS" condition, including, without limitation, subsurface conditions, existing improvements thereon, the presence of any Hazardous Materials located on the Premises or within such improvements, legal title, their present uses and non-uses, and Legal Requirements affecting the same, and accepts the Premises in the same condition in which they or any part thereof now are, and to have assumed all risks in connection therewith, without any representation or warranty, express or implied, in fact or by law, on the part of the City, and without recourse to the City. Tenant acknowledges and accepts the Premises subject to the Historic Monument Requirements. Tenant agrees to assume full responsibility for the Historic Monument Requirements during the term of this Lease.

2.3 Title. Tenant acknowledges that it has obtained a commitment for a leasehold owner's title insurance policy with respect to the Premises and that Tenant is solely responsible for curing any title defects identified by such title insurance commitment which may be necessary for the financing, development, completion, use or occupancy of the Premises by Tenant.

### **ARTICLE 3**

#### **TERM**

3.1 Term. The term of this Lease (the "Term") shall begin on the Effective Date and end at 11:59 p.m. on the day before the seventy-fifth (75th) anniversary of the Effective Date, subject to all of the terms and conditions of this Lease, unless earlier terminated as provided herein.

3.2 Construction as a Lease. The City and Tenant do not intend this Lease or any related agreements to be construed as a sale. In the event that it should be determined by a final adjudication of a court of competent jurisdiction, or otherwise, in a binding manner on the Parties hereto, that this Lease is to be construed as a sale, the Parties agree that the provisions of **Section 3.1** shall be null and void and of no further effect without affecting the validity and enforceability of any other provisions in this Lease; *provided, however*, that a substitute Term shall be deemed, without further action by the City and Tenant, to have been immediately substituted by amendment to this **Article 3**, providing Tenant with the maximum Term consistent with any such judicial determination, up to the maximum Term contemplated by this **Article 3**. The length of such a substitute Term shall be determined by the City and, subject to the rights of any First Permitted Leasehold Mortgagee, Tenant in their reasonable judgment exercised in the light of such judicial determination.

#### **ARTICLE 4**

#### **TENANT'S IMPROVEMENTS**

4.1 Tenant's Improvements. Tenant shall, at its sole cost and expense, perform the following:

- (a) the construction of any related improvements and site work on the Premises described in the Final Plans and Specifications, including, without limitation, utility lines; access ways and driveways; sidewalks; stormwater management systems; loading facilities and site lighting.
- (b) the construction of related improvements located wholly or partially outside of the Premises, if any, including, without limitation, a stormwater management system; roadway connections; utility lines and utility connections; and all other infrastructure improvements, repairs, relocations and upgrades as necessary to develop the Premises for the Permitted Uses to the extent shown on the Final Plans and Specifications (collectively, the "**Off-Site Improvements**"); and
- (c) the performance of all mitigation measures, including without limitation any off-site mitigation measures required by any Governmental Agency issuing any Approvals or any other permits or approvals required in conjunction with the construction of Tenant's Improvements.

For the purposes of this Lease, the term "**Tenant's Improvements**" shall mean and include (i) the buildings and improvements described in clauses (a) - (c) of this **Section 4.1**, (ii) all buildings or structures hereafter erected on the Premises from time to time, and (iii) all expansions, alterations, additions, improvements and other modifications to any Tenant's Improvements.

Subject to delays due to Force Majeure Events to the extent provided in **Section 4.16** below, Tenant shall commence construction of Tenant's Improvements on or before the date that is ninety (90) days from and after the Effective Date, and shall diligently and continuously prosecute such improvements to Final Completion. Tenant shall achieve Substantial Completion of Tenant's Improvements substantially in accordance with the Final Plans and Specifications in no event occur later than \_\_\_\_\_ (\_\_\_) months after the estimated date of Substantial Completion set forth in the Construction Schedule, which date shall be extend for delays due to Force Majeure and/or caused by the City, its employees or agents (the "**Outside Completion Date**").

For the purposes of this Lease, construction of Tenant's Improvements shall be deemed to have "commenced" upon the commencement of actual physical work (including, without limitation, demolition or site work) on the Premises or any portion thereof pursuant to a building permit (which may be a demolition, foundation or partial building permit) for the construction of Tenant's Improvements, and the date on which such commencement occurs shall be referred to herein as the "**Construction Commencement Date.**" For the purposes of this Lease, "**Final Completion**" of all Tenant's Improvements will be deemed to have occurred upon the date of final completion, as determined by the City in its reasonable discretion, of Tenant's Improvements in accordance with the Final Plans and Specifications, and shall require the issuance of a permanent Certificate(s) of Occupancy for \_\_\_\_\_.

Tenant's Improvements (except for the Off-Site Improvements) shall be constructed wholly within the lot lines of the Premises or within appurtenant easements. Tenant's Improvements shall be constructed in accordance with this **Article 4**, the Approved Development Plan, and the Final Plans and Specifications (it being agreed by Tenant that any Material Change Orders to the Final Plans and Specifications other than Field Changes and changes required by applicable Legal Requirements must be approved by the City to the extent provided under this Article 4 and, to the extent required by Historic Monument Requirements, NPS in advance), in a good, first class and workmanlike manner and in compliance with all Legal Requirements, all Historic Monument Requirements. Tenant shall comply with, and shall use commercially reasonable efforts to cause all of its contractors and suppliers of every tier to comply with, the provisions of the Construction Management Plan at all times.

All provisions of this **Article 4** shall apply to the permitting, financing, design and construction of all Tenant's Improvements (including, without limitation, Major Alterations) unless otherwise expressly provided in this **Article 4**.

4.2 LEED Certifiability. It is the mutual intention of the City and Tenant that any and all building(s) on the Premises initially constructed pursuant to the Final Plans and Specifications shall, to the extent practicable (including under Legal Requirements including such requirements relating to historic rehabilitation), be certifiable in the appropriate building category under the Leadership in Energy and Environmental Design (LEED) program in accordance with the land use regulations of the City of Portsmouth as applicable and then in effect as set forth in the Approvals for the initial development of the Premises.

4.3 Conditions Precedent to Commencement of Construction. Landlord and Tenant agree that each of the following conditions precedent has been satisfied:

(a) Approved Development Plan and Final Plans and Specifications. The City has approved Tenant's Development Plan and the Final Plans and Specifications with respect to Tenant's Improvements, which are attached hereto as **Exhibit C**;

(b) Approved Construction Schedule. The City has approved a final Construction Schedule prepared and submitted by Tenant, which is attached hereto as **Exhibit E**;

(c) Status of Tenant. As of the Effective Date, Tenant has provided to the City evidence reasonably satisfactory to the City to demonstrate that Tenant is a single purpose, single-asset

entity. Tenant's provision of copies of the Certificate of Formation filed with the New Hampshire Secretary of State and its Operating Agreement evidencing the same shall be deemed reasonable evidence thereof;

(d) Financing and Equity Contributions. As of the Effective Date, Tenant has delivered to the City evidence acceptable to the City, in the City's sole but reasonable discretion, that Tenant has sufficient funds, in financing commitments and/or commitments for equity investment, to complete construction of Tenant's improvements, in accordance with the Final Plans and Specifications therefor, and to cover all other project costs (including, without limitation, Approved Development Costs) relating thereto;

(e) Approvals. Tenant has obtained and submitted to the City copies of all Approvals required by applicable Legal Requirements for the construction of Tenant's Improvements (including, without limitation, a building permit), in each case with all appeal periods with respect to such Approvals having expired without an appeal being entered (or, if any appeal has been entered, such appeal having been dismissed with prejudice or denied by a final and non-appealable judgment), other than those that are customarily obtained after, or not required for, commencement of construction and are expected to be obtained in the ordinary course of business;

(f) Construction Security. Tenant has delivered to the City (i) (A) the Payment and Performance Bonds, subcontractor default insurance [TO BE REVIEWED ONCE TENANT'S CONSTRUCTION LENDER IS KNOWN] and/or such other security in accordance with the provisions of **Section 4.13** below, and (B) the Completion Guaranty in accordance with the provisions of **Section 4.13(b)**, together with (1) evidence reasonably acceptable to the City of (x) the legal existence and good standing of the Guarantor issued by the Guarantor's jurisdiction of formation and, if Guarantor is not formed in New Hampshire, a certificate of foreign registration and good standing from the Secretary of the State of New Hampshire, and (y) the authorization, due execution and enforceability of the Completion Guaranty with respect to the Guarantor, and (2) copies of current certified financial statements of the Guarantor [CONFIDENTIALITY PROTECTIONS TO BE DISCUSSED]; or (ii) other security for the full and timely payment and performance by Tenant of all obligations with respect to the construction of such Tenant's Improvements in form, amount and substance reasonably satisfactory to the City;

(g) Construction Contracts; Architect/Engineer's Contracts. Tenant has delivered to the City the fully-executed Construction Contracts and Architect/Engineer's Contracts, in form and content approved by the City, which approval shall not be unreasonably withheld, conditioned or delayed;

(h) Assignment of Development Documents. Tenant has delivered to the City a fully executed conditional assignment of the Development Documents (the "**Assignment of Development Documents**"), in form and substance reasonably satisfactory to the City, executed by Tenant and consented to in writing by the other signatory to each such Development Document. Such Assignment of Development Documents shall, at the option of the City, be effective upon Tenant's Event of Default hereunder beyond applicable notice and cure period(s), *provided that* Tenant shall remain liable for the reasonable costs of all services performed (as well as the cost of all services requested but not yet performed) under the Development Documents prior to the date on which the City notifies the other party to such Development Document that such Assignment of Development

Documents is now effective. The City agrees that its rights under the Assignment of Development Documents shall be subject and subordinate to the rights of the First Permitted Leasehold Mortgagee(s) under any collateral assignments of the Development Documents;

(i) Agreement Regarding Use of Plans. Tenant has delivered to the City an agreement or agreements from Tenant's Architect/Engineer concerning the use by the City of all Final Plans and Specifications by the City in compliance with **Section 4.9** below;

(j) Construction Management Plan. The City has approved Tenant's Construction Management Plan, which is attached hereto as **Exhibit J**;

(k) Certificate of Approved Development Costs. As of the Effective Date, Tenant shall have delivered an updated certificate of the amount of Approved Development Costs, together with appropriate supporting documentation, and the City shall have approved the same, which approval shall not be unreasonably withheld, conditioned or delayed; and

(l) No Material Adverse Change. The City shall have received a certificate, dated within ten (10) days of the Construction Commencement Date and signed by a duly authorized officer of each of Tenant and the Guarantor (if any), confirming that no material adverse change has occurred with respect to (i) the financial condition of Tenant or the Guarantor as of the date of such certificate, or (ii) any of the reports, documents, plans or instruments delivered by Tenant or the Guarantor in accordance with the provisions of this Lease.

All submissions to be made by Tenant to the City pursuant to this **Section 4.3** shall be made sufficiently in advance of the scheduled Construction Commencement Date so as to allow the City a reasonable period to review and approve, disapprove or comment thereon prior to the scheduled commencement of construction. In no event shall any such material submission first be submitted less than thirty (30) days in advance of the scheduled Construction Commencement Date.

Notwithstanding the preceding provisions of this **Section 4.3**, in the event that any condition set forth in this **Section 4.3** has not been fulfilled on or before the Construction Commencement Date, the City, in its sole discretion, may elect to waive such condition. The City shall have no obligation to waive any such condition, it being understood that the preceding sentence is solely for the benefit of the City.

4.4 Approved Construction Schedule. Tenant's Approved Construction Schedule is attached hereto as **Exhibit C**.

4.5 Development Schedule: Diligent Efforts. The anticipated schedule (the "**Construction Schedule**") for the development of Tenant's Improvements, including, without limitation, the projected Construction Commencement Date and the Final Completion Date, is attached hereto as **Exhibit E**. Both Tenant and the City acknowledge that the Construction Schedule is of critical importance and agree to use reasonable efforts to cooperate with each other in order to maintain this schedule to the greatest extent possible.

Tenant shall keep the City's Construction Representative informed on a periodic (but not less than once every other week) basis, unless circumstances dictate the need to do so more frequently, as

to actual progress made on the construction of Tenant's Improvements. Tenant shall inform the City's Construction Representative of any deviation from the Construction Schedule which, in Tenant's good faith determination, is likely to cause a material delay in the Final Completion (as shown on the current Construction Schedule), reasonably promptly after such deviation becomes apparent.

Tenant agrees that it shall use commercially reasonable and diligent efforts to meet all of the Construction Milestone Dates set forth in the Construction Schedule. If Tenant fails to meet any such Construction Milestone Dates, it shall promptly notify Landlord and describe any impact on the Construction Schedule resulting therefrom. The parties shall discuss reasonable measures to expedite construction progress in such event.

4.6 City's Right to Review. The City shall have the right to review all aspects of any work being performed on the Premises by Tenant or its employees, agents and contractors to the extent reasonably required by the City to ensure that such work is being performed in a manner consistent with the rights and obligations of Tenant hereunder; provided, however, that, in connection with such review, the City shall not unreasonably interfere with the contractors and employees hired by Tenant to complete Tenant's Improvements.

4.7 No Obligation of the City. The City shall in no event be required to complete construction of all or any part of Tenant's Improvements or any other improvements on the Premises or elsewhere, if Tenant should fail to complete the same for any reason. The City shall in no event be required to maintain or repair or to make any alterations, rebuildings, replacements, changes, additions or improvements on or off the Premises during the Term of this Lease. Without limitation of the foregoing, the City shall not be liable for any loss, damage or injury of whatever kind caused by, resulting from, or in connection with (i) the supply or interruption of water, gas, electric current, oil, telephone service or any other utilities to the Premises, (ii) water, rain or snow which may leak or flow from any street, utility line or surface or subsurface area or from any part of the Premises, (iii) other leakage from pipes, appliances, sewer or plumbing works therein or from any other place, or (iv) for interference with air, light or other similar interests by anybody or caused by any public or quasi-public work, except to the extent that any of the foregoing is caused by the negligence or willful misconduct of the City, its employees or agents.

4.8 Final Plans and Specifications. Tenant acknowledges and agrees that all plans and specifications prepared or developed by or on behalf of Tenant in connection with Tenant's design, development, permitting and construction of all or any portion of Tenant's Improvements shall be subject to the review and approval of the City, not to be unreasonably withheld, conditioned or delayed. Tenant shall reimburse the City for all reasonable third party fees in connection with such review, which amount shall be payable as Additional Rent within ten (10) days after written demand therefor accompanied by reasonable supporting documentation. The final construction plans and specifications for Tenant's Improvements shall be developed by Tenant in accordance with the City's design review process shall, upon the approval thereof by the City, constitute the "**Final Plans and Specifications.**" If Tenant desires thereafter to modify any portion of the Final Plans and Specifications in any material respect, Tenant shall submit any such proposed modifications to the City for the City's approval. Within thirty (30) days of its receipt of the proposed modifications, the City shall notify Tenant in writing with reasonable specificity of any material inconsistencies to which the City reasonably objects between such modification and the Final Plans and Specifications previously approved by the City. Any written request to approve proposed modifications to the Final Plans and Specifications shall not be deemed

to have been received by the City unless it is sent to the attention of the City's Construction Representative in addition to those employees of the City identified in **Section 18.3** below. If the City has objected in writing to Tenant's requested modifications, Tenant shall submit to the City revised modifications to the Final Plans and Specifications to meet the City's reasonable objections (which revised modifications to the Final Plans and Specifications shall be reviewed as hereinabove provided, except that the City agrees to respond to Tenant approving or objecting with reasonable specificity within ten (10) days of Tenant's submission). Review and approval of any changes to Final Plans and Specifications shall also be subject to the review and approval of the NPS to the extent required by the Historic Monument Requirements.

4.9 The City's Right to Use Final Plans and Specifications. Prior to the Construction Commencement Date, Tenant shall deliver to the City an agreement or agreements in form and substance reasonably satisfactory to the City, executed by the Architect/Engineer(s) of record for Final Plans and Specifications, permitting the City or any party designated by the City, without additional payment (beyond that specified to be paid by Tenant in the applicable contract between Tenant and each such Architect/Engineer) to use the Final Plans and Specifications and any other plans and specifications delivered to Tenant to complete Tenant's Improvements if Tenant should fail to do so, and such failure constitutes an Event of Default beyond all applicable grace, notice and cure periods resulting in the City's termination of this Lease in accordance with **Section 15.2**. If, at any other time during the Term, Tenant engages any additional or replacement Architect/Engineer in connection with Tenant's Improvements, Tenant shall notify the City and, if the City so requests, Tenant shall furnish a similar agreement to the City prior to commencement of work by such Architect/Engineer. The City hereby agrees, for the benefit of such Architect/Engineer, by accepting such plans, that the City will use them only for completion of Tenant's Improvements. All agreements delivered by Tenant pursuant to this **Section 4.9** shall be expressly subject and subordinate to any assignments of such plans to the First Permitted Leasehold Mortgagee.

4.10 Construction Representatives. The City and Tenant shall each designate, by written notice from time to time to the other, a construction representative or representatives for the construction of Tenant's Improvements and, after notice thereof to the other and until such designation is changed or withdrawn, such construction representative shall deliver and receive all notices, approvals, communications, plans, specifications or other materials required or permitted to be delivered or received under this **Article 4**. As of the Effective Date, the construction representative designated by the City is \_\_\_\_\_, of \_\_\_\_\_ (the "**City's Construction Representative**"), and the construction representative designated by Tenant is \_\_\_\_\_, of \_\_\_\_\_ (the "**Tenant's Construction Representative**").

4.11 Required Approvals. The City and Tenant acknowledge and agree that as of the date of this Lease, all Required Approvals [except \_\_\_\_\_] have been obtained. A list of the Required Approvals is attached hereto as **Exhibit E**.

4.12 Reserved.

4.13 Construction Period Security. Tenant shall provide to the City, in form and substance satisfactory to the City, the following:

- (a) Payment and performance bond(s), including, without limitation, a blanket lien

bond ("**Payment and Performance Bonds**") of a surety company licensed to do business in New Hampshire, having an AM Best rating of A or better, and reasonably acceptable to the City, naming the City, Tenant, any First Permitted Leasehold Mortgagee, as obligees, as their respective interests may appear, in the aggregate amount of the stipulated sum(s) set forth in the applicable Construction Contract(s); provided that Tenant shall have the right to provide subcontractor default insurance for subcontractors in lieu of Payment and Performance Bonds [SUBJECT TO REVIEW ONCE TENANT'S CONSTRUCTION LENDER IS KNOWN];

(b) A completion guaranty substantially in the form attached hereto as **Exhibit G** (the "**Completion Guaranty**"), executed by the Guarantors, guaranteeing that Tenant's Improvements shall be completed in accordance with the terms of this Lease. If there is any change thereafter in the Guarantor of the First Permitted Leasehold Mortgage, Tenant shall furnish a Completion Guaranty from such replacement Guarantor.

4.14 Tenant's Contractor and Architect/Engineer. Tenant's Contractor and Architect/Engineer for the design and construction of Tenant's Improvements, as well as the Construction Contract and the Architect/Engineer's Contract, shall be subject to review and reasonable approval by the City prior to the Construction Commencement Date, such review and approval with respect to the contracts to be solely for assuring that the Architect/Engineer's Contract and Construction Contract are consistent with the requirements of, and Tenant's obligations under, this Lease (including, without limitation, Tenant's obligation to build Tenant's Improvements in accordance with such approved Final Plans and Specifications). The Construction Contract shall include a stipulated sum or guaranteed, maximum price. The Construction Contract and any contracts with subcontractors shall also include provisions with respect to insurance and suretyship reasonably satisfactory to the City for the protection of the City, laborers, suppliers, subcontractors and the public, consistent with the terms and conditions of this Lease. The City shall have the right to review and approve any proposed amendments or change orders that are inconsistent with the Approvals (a "**Material Change Order**"). The City acknowledges that change orders are customarily proposed in the middle of an active construction project, and that Tenant shall be permitted to make change orders without the City's consent (and such change order shall not be considered Material Change Orders) to comply with applicable Legal Requirements or the requirements of any Governmental Authority (including without limitation the Historic Monument Program Requirements) and to make Field Changes so long as such modifications are consistent with all applicable Legal Requirements and the requirements of any applicable Governmental Authority and do not involve both a substantial downgrade in the Tenant's Improvements and modifications to any Approvals, and the City agrees to use all reasonable efforts to review any proposed Material Change Orders promptly to enable Tenant to proceed with construction in a continuous manner. The City shall be given an opportunity to review and reasonably approve any proposed material amendment to, or any new or substituted agreement of, the Construction Contract or the Architect/Engineer's Contract. Any such review and approval by the City shall be solely for assuring that any such amendment to or new or substituted form of Construction Contract or Architect/Engineer's Contract are consistent with the requirements of, and Tenant's obligations under this Lease. Any written request to approve an amendment to or a new or substituted Construction Contract or Architect/Engineer's Contract shall not be deemed to have been received by the City unless it is sent to the attention of the City's Construction Representative in addition to those employees of the City identified in **Section 18.3** below. The City shall respond to Tenant's request for approval to such material amendment or substituted form of Construction Contract or Architect/Engineer's Contract within ten (10) business days of Tenant's submission. If Tenant desires to engage another Contractor or Architect/Engineer for Tenant's

Improvements, the same shall be subject to the City's prior written reasonable approval in accordance with the terms of this **Section 4.14**. [City approval rights with respect to Change Orders and Field Changes to be appropriately expanded once final Plans and Specifications are prepared.]

4.15 Ownership. During the Term, title to Tenant's Improvements shall be vested in Tenant, and Tenant shall be entitled to any depreciation deductions and investment tax credits thereon for federal and state income tax purposes. Subject to **Section 14.2(e)**, in the event of the expiration or earlier termination of this Lease, title to Tenant's Improvements shall immediately vest in the City and shall be surrendered at that time in accordance with **Section 15.1**.

4.16 Force Majeure. A delay in or a failure of performance by the City or Tenant in the performance of their respective obligations under this **Article 4** or under any other provision of this Lease which specifically refers to a Force Majeure Event, shall not constitute a default under this Lease to the extent that such delay or failure of performance (i) could not be prevented by such Party's exercise of reasonable diligence and (ii) results from either (a) the other Party's failure to perform its obligations under this Lease, or the gross negligence or willful misconduct of the other Party or of its employees, agents, or others for whom such other Party is legally responsible; or (b) acts of God, or of the public enemy, fire, flood or other casualty, epidemic, quarantine restrictions, war, unexpected market conditions, public disturbance and/or strikes or other labor disturbances, litigation, freight embargoes, delays stemming from unusually severe weather, unforeseen conditions or delays encountered during construction by Tenant (such as shortage of materials, fuel or labor; the bankruptcy or financial failure of a contractor, subcontractor or supplier), or delays of contractors or subcontractors due to such causes, or delays in obtaining any Approvals; or (c) other causes beyond such Party's reasonable control (a "**Force Majeure Event**"). The following shall, in no event, be deemed to be Force Majeure Events: inability to obtain financing; Tenant's financial condition; delays due to soil conditions which are known or foreseeable with the exercise of reasonable diligence; or delays of, or changes in, or cancellation of construction of roadways, transportation infrastructure and related improvements. Tenant agrees to use commercially reasonable efforts to minimize the delay and other adverse effects of any Force Majeure Event.

4.17 Notice of Force Majeure Event. Tenant and the City shall each provide the other with written notice in accordance with the provisions of **Section 18.3 as soon as reasonably practicable** of any Force Majeure Event excusing its delay or non-performance. Each Party shall keep the other Party reasonably informed of any development pertaining to such Force Majeure Event.

4.18 Extension of Outside Completion Date. Tenant shall be entitled to an extension of the Outside Completion Date to the extent that a Force Majeure Event causes a delay in the performance of Tenant's obligations under this **Article 4**; provided, however, except as set forth in the remainder of this **Section 4.18**, in no event shall the Outside Completion Date be extended more than one hundred eighty (180) days in the aggregate unless Tenant is using diligent good faith efforts to overcome the Force Majeure Event. If at the end of said 180-day period Tenant has not overcome the Force Majeure Event despite using diligent good faith efforts, Tenant may extend the Outside Completion Date by up to one additional 150 day period. [TO BE DISCUSSED ONCE FINAL CONSTRUCTION AGREEMENT IS PREPARED]

4.19 Electronic Drawings. After the Final Completion of any Tenant Improvements, within ninety (90) days after the City's written request therefor, Tenant shall prepare (or cause to be prepared)

at its expense and deliver to the City two (2) half-size paper sets and one (1) set in digital format of each of the following: (i) as-built plans showing such Tenant Improvements, and (ii) an ALTA/ACSM Survey by a State of New Hampshire registered land surveyor showing the location of such Tenant Improvements on the Premises, all in accordance with the reasonable requirements of the City for such materials as in effect from time to time.

4.20 Tenant's Responsibility to Discharge Liens. If any mechanic's, laborer's or materialman's lien shall at any time be filed against the Premises or any Tenant's Improvements, the underlying fee, or any part thereof with respect to the performance of any labor or the furnishing of any materials to, by or for Tenant or anyone claiming by, for or under Tenant, Tenant, within thirty (30) days after notice of the filing thereof, shall cause the same to be discharged of record by payment, deposit, bond, order of a court of competent jurisdiction or otherwise. If Tenant shall fail to cause such lien to be discharged within the period aforesaid, then, in addition to any other right or remedy the City may have, if such lien shall continue for fifteen (15) days after notice from the City to Tenant, the City may (subject to the rights of Permitted Leasehold Mortgagees), but shall not be obligated to, discharge the same either by paying the amount claimed to be due or by procuring the discharge of such lien by deposit or by bonding or otherwise, and in any such event the City shall be entitled, if the City so elects upon another fifteen (15) days' notice from the City to Tenant, to compel the prosecution of an action for the foreclosure of such lien by the lienor and to pay the amount of the judgment in favor of the lienor with interest, costs and allowances. Any amount so paid by the City and all reasonable third party costs and expenses incurred by the City in connection therewith, together with interest at the Default Rate from the respective dates of the City's making of the payment or incurring of the cost and expense, shall constitute Additional Rent payable by Tenant under this Lease and shall be paid by Tenant to the City within thirty (30) days following the City's written demand therefor accompanied by reasonable supporting documentation.

Notwithstanding the foregoing, Tenant may contest, in good faith by appropriate proceedings, at Tenant's sole expense, the amount or validity in whole or in part of any mechanic's, laborer's or materialman's lien, and may defer the discharge of record thereof, provided that:

(a) Tenant shall provide the City with security reasonably satisfactory to the City to assure payment of contested items, provided, however, that any security that is approved by the First Permitted Leasehold Mortgagee shall be deemed approved by the City, if requested by the City;

(b) Tenant shall immediately pay such contested item or items if the protection of the Premises or the City's interest therein, from any lien or claim shall, in the reasonable judgment of the City, require such payment;

(c) The City shall not be required to join in any proceedings referred to herein unless the provisions of any law, rule or regulation at the time in effect shall require that such proceedings be brought by or in the name of the City. The City shall not be subjected to any liability for the payment of any costs or expenses in connection with any such proceedings, and Tenant shall indemnify and save harmless the City from any such costs and expenses; and

(d) Notwithstanding the provisions of subparagraph (c) above, the City shall not be required to join in or become a party, nominal or otherwise, to any proceeding in which it will oppose the City of Portsmouth or the State of New Hampshire, or the United States of America, or any

agency, City, branch, commission, division, office or subdivision of or for the City of Portsmouth or the State of New Hampshire, or the United States of America, nor shall the City be required in connection with any such proceeding or otherwise to oppose in any way any policy established by the City nor to take any position inconsistent with a position taken and made public by the City.

Subject to the foregoing, and without cost to it, the City shall execute and deliver any appropriate papers which may be necessary to permit Tenant so to contest any such lien and shall further cooperate with Tenant in such contest, as Tenant may from time to time reasonably request.

4.21 No Consent. Nothing in this Lease shall be deemed or construed in any way as constituting the consent or request of the City, express or implied, by inference or otherwise, to any contractor, subcontractor, laborer or materialman for the performance of any labor or the furnishing of any materials for any specific improvement, alteration to, or repair of the Premises or any part thereof.

4.22 City's Right to Notice, Access and Review. Tenant agrees that the City, and its authorized representatives, shall have such rights of notice, access and review with respect to the Premises, Tenant's Improvements and the Construction Contract as is reasonably necessary to ensure compliance with the provisions of this **Section 4.22**, including, without limitation, the following (provided, however, that, in connection with the exercise by the City of its rights hereunder, the City shall not unreasonably interfere with Tenant and the contractors and subcontractors constructing Tenant's Improvements or with any Subtenant):

(a) the opportunity to observe the construction of Tenant's Improvements on the Premises upon reasonable prior notice to Tenant provided that the City's representatives shall not interfere with any work being performed at the Premises and shall comply with all safety standards and other job-site rules and regulations of Tenant and Tenant's contractors;

(b) the delivery by Tenant to the City's Construction Representative of one (1) copy of the items in clauses (ii), (iv), and (ix) below; *provided, however*, that, if an uncured Event of Default by Tenant is continuing, the City may request and Tenant shall deliver to the City copies of all other items:

(i) all agreements with contractors, subcontractors, suppliers, vendors and other persons supplying materials or services in connection with the construction of Tenant's Improvements;

(ii) all insurance certificates required by **Article 8** of this Lease (including those of Tenant, Contractor, Architect/Engineer and all contractors and subcontractors);

(iii) all contractors' and subcontractors' requisitions for payment and the Contractor's schedule of values;

(iv) monthly updates to the applicable Construction Schedule (as defined below), which updates shall show all material variances;

(v) all minutes of weekly on-site construction meetings;

(vi) any claims of any sort or nature whatsoever with respect to the applicable Construction Contract;

(vii) any claims of any sort or nature whatsoever related to Tenant's Improvements (other than those claims set forth in clause (vi) above);

(viii) any accident reports or reports related to safety incidents at the Premises during the construction of Tenant's Improvements; and

(ix) updates on the status of any ground/building settlement monitoring required by the Approvals.

4.23 Construction Management Plan. Tenant has provided to the City, and the City has approved as of the Effective Date, a Construction Management Plan for the construction of Tenant's improvements. A copy of the approved Construction Management Plan is attached hereto as **Exhibit J**. Tenant shall comply with, and shall use commercially reasonable efforts to cause all of its contractors and suppliers of every tier to comply with, the provisions of the approved Construction Management Plan at all times.

4.24 Deemed Approval. The City shall grant or withhold approval of any request by Tenant under this Article 4 within the time frames applicable to such request. The City's approval of any such request for approval shall be deemed granted as requested by Tenant if (i) Tenant's request for such consent specifically references this Section and contains in a conspicuous type on the top of the first page of such request the following language in bold and prominent print: "YOU SHALL BE DEEMED TO HAVE GRANTED TO TENANT THE APPROVAL REQUESTED HEREIN IF YOU FAIL TO RESPOND TO THIS REQUEST FOR APPROVAL WITHIN \_\_\_\_ AFTER YOUR RECEIPT OF THIS REQUEST", with the blank space in the foregoing language completed with the applicable timeframe under this Article 4, and (ii) Landlord fails to respond within such time frame. [NEED TO DISCUSS CONSENT/APPROVAL PROCESS]

## ARTICLE 5

### RENT

#### 5.1 Base Rent.

Commencing on the date that is eighteen (18) months after the date of issuance of the first building permit for the full Project (the "**Base Rent Commencement Date**"), and continuing on the first day of each and every month thereafter during the Term, Tenant shall pay the City annual base rent (the "**Base Rent**"), paid in equal monthly installments in advance without notice, demand, setoff, reduction or recoupment. The Base Rent for the first Rent Year shall be \$100,000.00, except that for the initial and last Rent Years, such Base Rent shall be apportioned for such partial period on a 365 day per year per diem basis. Base Rent shall increase by 2.5% every Rent Year throughout the Lease Term commencing on the first anniversary of the Base Rent Commencement Date and on each subsequent anniversary of the Base Rent Commencement Date.

5.2 Distribution of Refinancing Proceeds. Refinancing Proceeds shall be distributed in the following amounts and in the following priority, any such amounts to be paid simultaneously with the payment to Tenant of the applicable Refinancing Transaction:

(a) First, to Tenant up to an amount equal to all of the reasonable and actual third-party costs and other customary costs and fees paid by Tenant with respect to such Refinancing Transaction;

(b) Second, to the First Permitted Leasehold Mortgagee until all amounts of Approved Debt, if any, due and owing the First Permitted Leasehold Mortgagee under the First Permitted Leasehold Mortgage is paid to the First Permitted Leasehold Mortgagee;

(c) Third, to any other Permitted Leasehold Mortgagee until the balance of Approved Debt secured by such Permitted Leasehold Mortgage, including accrued and unpaid interest thereon, and all other amounts, if any, then due and owing such Permitted Leasehold Mortgagee under its Permitted Leasehold Mortgage at the time of such Refinancing, is paid to such Permitted Leasehold Mortgagee;

(d) Fourth, to the City 7.5% of all Net Refinancing Proceeds for the first Refinancing Transaction and 10% of all Net Refinancing Proceeds for all Refinancing Transactions thereafter (for purposes of this Section, "Net Refinancing Proceeds" shall mean gross proceeds of the Refinancing Transaction less any lender required reserves funded by Tenant at the closing of such Refinancing Transaction and less the amounts of sub-clauses (a), (b) and (c) above); and

(e) Fifth, to the Tenant the remaining balance.

5.3 Distribution of Sales Proceeds. Sales Proceeds shall be distributed in the following amounts and in the following priority, any such amounts to be paid simultaneously with the payment to Tenant of the applicable Sales Transaction:

(a) First, to Tenant up to an amount equal to all of the reasonable and actual third-party costs and other customary costs and fees paid by Tenant with respect to such Sales Transaction;

(b) Second, to the First Permitted Leasehold Mortgagee until all amounts of Approved Debt, if any, due and owing the First Permitted Leasehold Mortgagee under the First Permitted Leasehold Mortgage is paid to the First Permitted Leasehold Mortgagee;

(c) Third, to any other Permitted Leasehold Mortgagee until the balance of Approved Debt secured by such Permitted Leasehold Mortgage, including accrued and unpaid interest thereon, and all other amounts, if any, then due and owing such Permitted Leasehold Mortgagee under its Permitted Leasehold Mortgage at the time of such Sales Transaction, is paid to such Permitted Leasehold Mortgagee;

(d) Fourth, to the City 20% of Project Profit in excess of an 18% internal rate of return (calculated in accordance with Schedule 1), if any; and

(e) Fifth, to the Tenant the remaining balance.

5.4 Additional Rent. From and after the Effective Date, Tenant shall also pay, as additional rent, all sums, Impositions, costs, expenses, late charges, and payments of every kind and nature (including, without limitation, Percentage Rent) which Tenant in any of the provisions of this Lease assumes or agrees to pay, whether payable initially to the City or a third party pursuant to the terms of this Lease (collectively, "**Additional Rent**"), and, in the event of any non-payment thereof, the City shall have (in addition to all other rights and remedies) all of the rights and remedies provided for herein or by law in the case of non-payment of all other types of Rent. [NOTE: Payment of Excess Income to the City to be addressed consistent with final approved Application.]

5.5 Occupancy By Tenant or Affiliates. For purposes of computing Income for the determination of Excess Income from time to time due and payable by Tenant hereunder, any space in the Tenant's Improvements which is occupied by Tenant or any Affiliate of Tenant shall be deemed to generate rent received by Tenant on account thereof at a rate equal to the Fair Market Rent thereof, as reasonably determined by the City. Tenant shall specifically identify with each payment of Excess Income made to the City pursuant to **Section 5.5** the floor area and location of all space occupied by Tenant or any Affiliate of Tenant during the period with respect to which such Excess Income was calculated.

5.6 Percentage Rent. Beginning in the eleventh (11<sup>th</sup>) Rent Year following the Base Rent Commencement Date, in addition to Base Rent, Tenant shall pay to the City 1% of all Income from the Premises. Such amounts are sometimes referred to herein as "Percentage Rent". Percentage Rent shall be paid to the City by Tenant annually within 120 days after the end of every Rent Year. All Percentage Rent received by the City shall be used by the City for purposes authorized under the Federal Historic Monument Program.

5.7 Books and Records; Audit Rights; Statements.

5.7.1 Books and Records; Audit Rights.

(a) At all times during the Term of this Lease, Tenant shall keep and maintain accurate and complete books and records pertaining to the Premises and to the calculation of Rent, Income and Excess Income and any other amounts coming due under this Lease (such books and records being herein the "**Books and Records**"). [DISCUSS APPROPRIATE CONFIDENTIALITY PROTECTION FOR FINANCIALLY SENSITIVE DATA AND PROPRIETARY INFO.]

(b) The Books and Records and each budget, report, financial statement or other item of financial information delivered to the City shall be maintained and presented in accordance with GAAP and with generally accepted auditing standards. Tenant (and any Permitted Property Manager) shall make such Books and Records available on the Premises, at another location within the City of Portsmouth selected by Tenant, or at another mutually agreed upon location at reasonable times during Tenant's regular business hours upon reasonable notice to Tenant; provided, however, that the City shall not examine such Books and Records more than once in any 24 month period except during the continuation of a monetary Event of Default by Tenant under this Lease. Such Books and Records shall be segregated from other records of Tenant and the Permitted Property Manager relating to matters outside the scope of this Lease. In the event of a conflict between the defined terms in this

Lease and GAAP, the Lease definitions shall control.

(c) For purposes of this Lease, the Books and Records shall include, without limitation, the gross income, with respect to each Rent Year and all pertinent records that would normally be examined by an independent accountant pursuant to accepted auditing standards in performing an audit of Income and Excess Income.

The City, its agents and accountants, shall have the right, upon reasonable prior notice, to make any examination or audit of the Books and Records that the City may desire at any time during Tenant's regular business hours at the City's cost except as set forth below in this paragraph provided, however, that the City shall not examine such Books and Records more than once in any 12 month period except during the continuation of a monetary Event of Default by Tenant under this Lease. Such right of inspection and audit may be exercised at any time within three (3) years after receipt by the City of the Tenant's financial statements for the Rent Year to which such Books and Records relate, and Tenant and any Permitted Property Manager shall maintain all such Books and Records for at least such period of time and, if any dispute between the Parties has arisen and remains unresolved at the expiration of such period of time, for such further period of time until resolution of such dispute. Tenant will make such Books and Records available to the City within seven (7) Business Days of the City's request. If such audit discloses an underpayment by Tenant of Base Rent in any Rent Year, or any underpayment by Tenant of any Percentage Rent, Tenant shall promptly pay such liability, together with interest thereon at the Default Rate from the time such payment should have been made. If such audit shows Tenant overpaid any Base Rent or any Percentage Rent, the City shall promptly pay such liability, together with interest thereon at the Default Rate from the time such overpayment was made. In the case of any underpayment of Percentage Rent and Base Rent by more than five percent (5%) for such Rent Year, Tenant shall, in addition, promptly pay the reasonable third party cost of the City's audit not to exceed \$10,000.

5.7.2 Annual Statements. For each Rent Year (or portion thereof) included in the Term, Tenant shall deliver to the City without notice or demand and within 120 days after the end of each Rent Year a statement confirming all items necessary to calculate all categories of Rent due from Tenant to the City with respect to the preceding Rent Year, and setting forth the calculations of the total amount of Rent to be paid for such Rent Year in accordance with this Lease, with such annual statement to be prepared consistent with Tenant's record keeping practices and certified by an officer of tenant as correct ("**Annual Statement**"). Each Annual Statement shall include an itemization of the following:

5.7.2.1 all Income from the Premises broken down by each other source of Income, together with an itemization of amounts deducted by Tenant from gross revenue in calculating Excess Income as shown on such statement;

5.7.2.2 Rent paid or due from Tenant to the City, including separate statements of Base Rent, Percentage Rent and Additional Rent;

5.7.2.3 The amount of Refinancing Proceeds and/or Sales Proceeds (on both a gross and net basis) generated during such Lease Year and calculation of amounts owed to the City therefrom;

5.7.2.4 The then-current outstanding principal balance of Approved Debt;

5.7.2.5 The then-current amount of capital or equity invested in Tenant or in the Premises; and

5.7.2.6 The amount then on account in the Reserve Fund.

5.7.3 Year End Adjustments. Any adjustments with respect to the amount of Rent actually paid or due and owing during such prior Rent Year shall be made with respect to each Rent Year (or portion thereof) thereafter included in the Term, at the time Tenant delivers the Annual Audit to the City. Any Rent due and owing from Tenant to the City on account of such prior Rent Year as disclosed by such Annual Audit shall be delivered to the City with such Annual Audit. Any overpayment of Rent made by Tenant to the City which is disclosed by such Annual Audit shall be credited against Base Rent payable in succeeding Rent Years, commencing with the first monthly payment of Base Rent due thereafter, or if a credit against Base Rent would not fully reimburse the Tenant then the City shall refund such overpayment to Tenant within thirty (30) days of the delivery of such Annual Audit.

5.7.4 Refinancing or Sales Proceeds. In connection with any Refinancing Transaction or Sales Transaction, Tenant shall provide to City a detailed calculation of the Net Refinancing Proceeds of such Refinancing Transaction or Sales Transaction, together with a copy of the settlement statement for such Refinancing Transaction or Sales Transaction. Tenant shall also provide to the City copies of any appraisals and/or environmental reports prepared for Tenant in connection with any Refinancing Transaction or Sales Transaction during the term of the Lease simultaneously with the closing of any such transactions.

5.7.5 Tenant Financial Information. [Further appropriate disclosures to be discussed.]

5.7.6 Special Requirements for Revenue-Producing Activities. In addition to and not in substitute of the foregoing financial reporting requirements, the parties recognize that the Preservation Restriction and the Deed to the City contain a requirement that, if the Property is used for income-producing or revenue-producing activities, certain auditing and reporting requirements apply with respect to the Tenant's use of the Property. The Parties acknowledge that these auditing and reporting requirements are binding on the City, and that Tenant, its successors and assigns, during the Term of this Lease will comply with such requirements to the extent applicable to Tenant. Where applicable laws and regulations require the City to fulfill said auditing and reporting requirements, Tenant agrees to use commercially reasonable efforts to assist the City in so doing. Tenant agrees to make the Books and Records available for inspection by the City from time to time pursuant to **Section 5.7.1** as may be necessary to ensure compliance with the financial aspects of the Preservation Restriction.

5.7.7 Warranty of Information. Each delivery of monthly or annual reports or statements under this Section or financial information in regard to the Premises under this Lease shall constitute a representation and warranty by Tenant to its knowledge that such report, statement or other information is presented in compliance with this Section in all material respects.

5.8 The City's Right To Perform Tenant's Covenants.

(a) Performance by the City. If Tenant shall, at any time beyond the expiration of any applicable notice and grace period provided in this Lease, fail to pay any Imposition in accordance with the provisions of **Article 6** hereof, or to take out, pay for, maintain or deliver any of the insurance policies or certificates provided for in **Article 8** hereof, or shall fail to make any other payment or perform any other act on its part to be made or performed, then the City may, but shall be under no obligation to:

- (i) pay any Imposition payable by Tenant pursuant to the provisions of **Article 6** hereof, or
- (ii) take out, pay for and maintain any of the insurance policies provided for in **Article 8** hereof, or
- (iii) make any other payment or perform any other act on Tenant's part to be made or performed as provided herein.

In addition, the City may, subject to the terms of the Subleases and rights of Subtenants, after reasonable prior written notice to Tenant, enter upon the Premises during the continuation of an Event of Default of Tenant under this Lease and take all such actions thereon, as may be necessary to perform any such other act on Tenant's part to be performed that is the reason for the Event of Default.

(b) Reimbursement. All sums properly paid by the City under **Section 5.8(a)(i) through (iii)** and all reasonable third party costs and expenses incurred by the City, including reasonable attorneys' fees and expenses, in connection with the performance pursuant to the last sentence of **Section 5.8(a)** of any such other act together with interest at the Default Rate from the date of demand for payment by the City of such cost and expense, shall constitute Additional Rent payable by Tenant under this Lease and shall be paid by Tenant to the City within thirty (30) days after written demand by the City accompanied by reasonable supporting documentation. If the City shall exercise its rights under **Section 5.8(a)** to cure a default of Tenant, Tenant shall not be relieved from the obligation to make such payment or perform such act in the future, and the City shall be entitled to exercise any remedy it may have, contained in this Lease or otherwise, if Tenant shall fail to pay such Additional Rent to the City within five (5) days after written notice from the City that Tenant has failed to pay such amounts when due. All costs incurred by the City hereunder shall be presumed to be reasonable in the absence of a showing of bad faith, clear error, or fraud.

(c) Entry. During the progress of any work on the Premises which may, under the provisions of this **Section 5.8**, be performed by the City, the City may keep and store in the areas in which such work is being conducted all necessary materials, tools, supplies and equipment. The City shall not be liable for inconvenience, annoyance, disturbance, loss of business or other damage to Tenant or any contractor, subcontractor, Subtenant, guest, licensee or operator by reason of making such repairs or the performance of any such work, or on account of bringing materials, tools, supplies and equipment onto the Premises during the course thereof, except to the extent caused by the negligence or willful misconduct of the City, its employees or agents, and the obligations of Tenant under this Lease shall not be affected thereby.

5.9 Net Lease. It is the purpose and intent of the City and Tenant that this is a net lease and that all Rent shall, except as herein otherwise explicitly provided, be absolutely net to the City. Tenant agrees that, except as herein otherwise expressly provided, Tenant shall pay all costs, charges and expenses of every kind and nature whatsoever against or in connection with the construction, development, use and operation of the Premises as if Tenant were the owner of the Premises which may arise or become due during the Term.

5.10 Payments; Late Charges. Until Tenant shall have been given notice otherwise by the City, Tenant shall pay all Rent to the City at the following address:

City of Portsmouth  
1 Junkins Avenue  
Portsmouth, NH 03801  
Attention: Nancy Colbert Puff

Except as otherwise expressly provided in this Lease, all Rent shall be paid by Tenant to the City without notice, demand, abatement, deduction or offset under any circumstances, or for any cause or reason. Tenant's default in the due and punctual payment of Rent or other sums due and payable under this Lease, when and as the same shall become due and payable, shall obligate Tenant, upon the City's demand, to pay interest on such amounts at the Default Rate from the date such payment was due and payable.

5.11 No Partnership or Joint Venture. Nothing contained in this Lease shall be construed to create a partnership or joint venture between the City and Tenant or to make the City an associate in any way of Tenant in the conduct of Tenant's business, nor shall the City be liable for any debts incurred by Tenant in the conduct of Tenant's business, and it is understood by the Parties hereto that this relationship is and at all times shall remain that of landlord and tenant.

## **ARTICLE 6**

### **IMPOSITIONS AND UTILITIES**

6.1 Impositions. Tenant shall pay or cause to be paid as Additional Rent, before any fine, penalty, interest or cost may be added thereto for the non-payment thereof, all taxes, payments in lieu of taxes, assessments, water and sewer rents, rates and charges, levies, license and permit fees and other governmental charges, general and special, ordinary and extraordinary, foreseen and unforeseen, of any kind and nature whatsoever which at any time during the Term of this Lease may be assessed, levied, confirmed, imposed upon, or grow or become due and payable out of or in respect of, or become a lien upon, the Premises, Tenant's Improvements, or the leasehold, or any part thereof or any appurtenance thereto, whether such charges are made directly to Tenant or through or in the name of the City (all such taxes, payments in lieu of taxes, assessments, water and sewer rents, rates and charges, levies, license and permit fees and other governmental charges being hereafter referred to as "**Impositions**"). Tenant shall pay real estate taxes for the Premises, Tenant's Improvements, the leasehold and any appurtenance thereto to the extent required by applicable law (including RSA Chapter 72:23, I) as if the Tenant were the owner of fee simple title to the Premises. Pursuant to RSA

72:23, I (b), failure of Tenant to pay the duly assessed personal and real estate taxes when due shall be cause to terminate said lease or agreement by Landlord. In no event shall any such real estate taxes or payments be deducted from Base Rent payable to Landlord; *provided, however*, that

(a) If, by law, any Imposition may at the option of the taxpayer be paid in installments, Tenant may pay the same in such installments over such period as the law allows; and

(b) All Impositions for the fiscal years in which the Term of this Lease shall begin and end shall be apportioned so that Tenant shall pay only those portions thereof which correspond with the portion of said year as is within the Term hereby demised.

If, and to the extent to which, the Premises or any portion thereof constitute a separate tax parcel as to which the City, acting in its capacity as the taxing authority, is permitted to bill Tenant directly for the payment of any Impositions, Tenant shall make arrangements with the City, acting in its capacity as taxing authority, to receive such bill and shall pay all amounts due thereunder directly to City, acting in its capacity as taxing authority, before any fine, penalty, interest or cost may be added thereto for nonpayment. For purposes of this Lease the term "Additional Rent" shall include all such Impositions.

6.2 Receipts. Tenant, upon request of the City, shall furnish to the City prior to the date when any Imposition would become delinquent, official receipts of the appropriate taxing City, or other evidence reasonably satisfactory to the City, evidencing the payment thereof.

Tenant may seek a reduction in the valuation of the Premises or Tenant's Leasehold Interest assessed for tax purposes, and may contest in good faith by appropriate proceedings, at Tenant's expense, the amount or validity in whole or in part of any Imposition, and may defer payment thereof if allowed by law, provided that:

(a) Tenant shall provide the City with security reasonably satisfactory to the City to assure payment of contested items (if not advanced prior to such contest);

(b) Tenant shall immediately pay such contested item or items if the protection of the Premises or of the City's interest therein from any lien or claim shall, in the reasonable judgment of the City, require such payment; and

(c) The City shall not be required to join in any proceedings referred to herein unless the provisions of any law, rule or regulation at the time in effect shall require that such proceedings be brought by or in the name of the City. The City shall not be subjected to any liability for the payment of any costs or expenses in connection with any such proceedings, and Tenant shall indemnify and save harmless the City from any such costs and expenses; and

(d) Notwithstanding the provisions of subparagraph (c) above, the City shall not be required to join in or become a party, nominal or otherwise, to any proceeding (although it may elect to do so in its sole and absolute discretion) in which it will oppose the City of Portsmouth or the State of New Hampshire, or the United States of America, or any agency, authority, branch, commission, division, office or subdivision of or for the City of Portsmouth or the State of New Hampshire, or the United States of America, nor shall the City be required in connection with any such

proceeding or otherwise to oppose in any way any policy established by the City nor to take any position inconsistent with a position taken and made public by the City.

Subject to the foregoing, and without cost to it, the City shall execute and deliver any appropriate papers which may be necessary to permit Tenant so to contest any valuation or Imposition and shall further cooperate with Tenant in such contest, as Tenant may from time to time reasonably request.

### 6.3 Utilities.

(a) Tenant shall pay (or cause its subtenants to pay), as Additional Rent, directly to the utility provider, all charges by any public authority (including the City, as the case may be) or public utility for water, electricity, telephone, gas, sewer and other services supplied or rendered to the Premises, and service inspections made therefor, whether called charge, rate, tax, betterment, assessment, fee or otherwise and whether such charges are made directly to Tenant or through or in the name of the public authority.

(b) Tenant, at its sole cost and expense, shall install and maintain all utility infrastructure constructed by Tenant on the Premises, including, without limitation, connections and services as may be required for the operation of the Tenant's Improvements.

6.4 No Liability of the City. The City in its capacity as Landlord under this Lease shall not be required to furnish to Tenant any facilities or services of any kind whatsoever during the Term, such as, but not limited to, water, steam, heat, gas, hot water, electricity, light and power. Pursuant to this Lease, the City is granting Tenant the right and easement to tie into the existing sources of such facilities and services in their existing locations to the extent located in adjacent streets and ways owned or controlled by the City and to the extent necessary to operate Tenant's Improvements, it being understood, however, that the City makes no representation or warranty that existing sources of supply, distribution points or utilities are adequate or sufficient to supply Tenant's Improvements.

In the event that Tenant determines that the enlargement, improvement or expansion of existing sources of supply, distribution points or utilities is necessary to supply Tenant's Improvements, such enlargement, improvement or expansion shall be the obligation, and the expense, of Tenant and shall be undertaken in accordance with plans and specifications approved by the City, which approval shall not be unreasonably withheld, conditioned or delayed, it being understood that (x) the City shall cooperate with Tenant in obtaining such utilities for Tenant's Improvements as Tenant may from time to time reasonably request (which cooperation shall include, without limitation, the granting, without further expense, of easements over the City's adjoining streets in locations reasonably approved by the City, to the extent of, and as limited by, the City's interest (if any) in such streets or ways), and (y) the City shall not unreasonably withhold, delay or condition its approval of the plans and specifications for any such utilities or, provided that the location of the same will not materially and adversely impact the planned development of the Premises or any of the City's adjacent property, any easement over the City's streets required in connection therewith. The City agrees to respond to Tenant's requests for approval under this Section 6.4 within ten (10) Business Days after Tenant's request.

**ARTICLE 7**  
**MAINTENANCE AND ALTERATIONS**

7.1 Repair and Maintenance. Throughout the Term of this Lease, Tenant, at its sole cost and expense, shall take good care of the Premises, including, without limitation, all improvements now or hereafter erected thereon, (including, without limitation, all Tenant's Improvements, sidewalks, paved areas, exterior lighting, street fixtures, utility lines and facilities, drainage lines and facilities, and all other equipment and appurtenances used in the functioning of the Premises or any portion thereof) and all sidewalks, street fixtures, lights and furniture, curbs and entrance ways adjoining the same, and shall keep the same in good order, condition and repair, except for (i) reasonable wear and tear, (ii) damage from a Taking or a Casualty after the last repair, replacement, restoration or renewal required to be made by Tenant pursuant to its obligations hereunder, and (iii) damage caused by the City or its employees or contractors, and Tenant shall make all necessary repairs thereto, interior and exterior, structural and non-structural, ordinary and extraordinary, and foreseen and unforeseen. All repairs made by Tenant shall be performed in accordance with the construction standards and requirements set forth in **Article 4**, including, without limitation, delays due to Force Majeure Events as provided in **Section 4.16**, and shall be substantially equal or better in quality and class to the then-existing quality of Tenant's Improvements being repaired and shall be made in compliance with applicable Legal Requirements.

Tenant shall cause Tenant's Improvements to be inspected no less frequently than once every ten (10) years during the Term by a qualified professional engineer registered in the State of New Hampshire and approved by the City in its reasonable discretion, who shall deliver a detailed report to both Tenant and the City not later than each tenth (10th) anniversary of the Effective Date, which report shall describe in reasonable detail the condition of Tenant's Improvements and any maintenance, repairs or replacements recommended to be made thereto or performed thereon in order to maintain the same in good order, condition and repair (the "**Physical Conditions Report**"). The Physical Conditions Report shall be signed and certified by the engineer performing the inspection. If Tenant fails to obtain an inspection report when required to do so by this Section, the City may obtain such a report, at Tenant's cost. Tenant shall not commit, and shall use all reasonable efforts to prevent, waste, damage or injury to the Premises.

7.2 Cleaning: Landscaping: Snow Removal. Tenant shall put, keep and maintain all portions of the Premises, including interior parking and driving surfaces and entrance and exit ramps, and the sidewalks and curbs and landscaped areas (including, without limitation, the irrigation system therefor) adjoining the same in a clean, well-maintained, and orderly condition, reasonably free of dirt, mud, standing water, rubbish, snow, ice, obstructions and physical encumbrances, and shall properly dispose of all such dirt, rubbish, snow and ice.

7.3 Excavation and Shoring. If any excavation shall be made or contemplated to be made by any third party upon property or streets adjacent to or near the Premises, Tenant shall either (a) afford the Person causing or authorized to cause such excavation the right to enter upon the Premises for the purpose of doing such work to preserve any of the walls or structures of Tenant's Improvements from injury or damage and to support the same by proper foundations, provided that such work shall be carried out at such Person's sole cost and expense and shall be completed in accordance with plans and specifications approved by Tenant, such approval not to be unreasonably withheld, conditioned or

delayed, or (b) at such third party's sole cost and expense, do or cause to be done all such work as may be necessary to preserve any of the walls or structures of the improvements on the Premises from injury or damage and to support the same by proper foundations, provided, however, that such party (i) provides plans and specifications to Tenant for approval in connection with such excavation, which approval shall not be unreasonably withheld, conditioned or delayed, (ii) agrees to indemnify Tenant from any loss, cost, or expense suffered by Tenant in connection with such excavation (but excluding therefrom any such loss, cost or expense arising from Tenant's own gross negligence or willful misconduct), and (iii) obtains commercially reasonable liability insurance naming Tenant as an additional insured thereon. Tenant shall not, by reason of any such excavation or work, have any claim against the City for damages or indemnity or for suspension, diminution, abatement or reduction of Rent under this Lease. For purposes of this Section 7.3, Tenant shall be reasonable in withholding its approval of any plans and specifications in connection with any such excavation and shoring if Tenant reasonably determines that such plans and specifications materially and negatively impact the state or federal historic tax credits allocated to Tenant.

#### 7.4 Alterations.

(a) Following approval by the City of the Final Plans and Specifications for Tenant's Improvements, Tenant may not undertake any interior street-level work (to the extent visible from the exterior) and/or any exterior work, without the City's prior written approval ("**Alterations**"), provided that the City's prior written approval shall not be required for any Alteration that (i) does not affect the appearance of the exterior of the Tenant's Improvements in any material respects, (ii) is not located on the street level and visible from the exterior of the Tenant's Improvements, (iii) for which the total design and construction costs are less than \$1,000,000, adjusted for inflation by any increase in the Index, in the aggregate, or (iv) does not require any material modification to the Approvals and complies with the Historic Monument Program Requirements, provided further that all other requirements with respect to any such Alteration set forth in this Lease, including, without limitation, this **Section 7.4**, shall apply thereto. Tenant acknowledges and agrees any Alterations that require the City's prior written approval shall be given under the City's "Tenant Alteration Application" process (as in effect from time to time) and/or the City's Land Use Ordinances and Regulations (as in effect from time to time), as applicable. To the extent that any Alteration requires the City's prior written approval, any such Alteration shall (i) not adversely affect the roof, structural elements, or building systems of the Tenant's Improvements; (ii) not involve the construction of any new buildings; (iii) not lessen the fair market value of the Tenant's Improvements or the Premises; (iii) not materially adversely impair the use of the Tenant's Improvements for the Permitted Uses, as set forth in **Section 9.1**; (iv) not affect in any material adverse way the exterior appearance of the Tenant's Improvements, including changes in massing, materials, locations and size of windows, exterior lighting, canopies and other architectural features; (v) not materially change the locations or functionality of public entrances and exits and access to and from the Tenant's Improvements; (vi) not materially adversely change the appearance, function or quality of any exterior site improvements or any exterior public or common area space, including lighting, paving, landscaping, seating, fencing or works of art; (vii) not change the number of residential units or parking spaces located on the Premises; and (xi) be constructed in a first class and good and workmanlike manner.

(b) Tenant shall submit detailed plans and specifications showing any proposed Alterations requiring City approval under Section 7.4(a) to the City prior to commencing such Alterations. Any written request to approve proposed Alterations shall not be deemed to have been

received by the City unless it is sent to the attention of the City's Construction Representative in addition to those employees of the City identified in **Section 18.3** below. The City shall approve or object to such plans and specifications within such fifteen (15) day period, and if it objects, the City shall specify its objections to the same and Tenant shall revise such plans and specifications to address the City's objections and shall resubmit the same to the City for approval. The City shall have an additional ten (10) days to review and approve, or object to, such revised plans and specifications. If the City objects to such revised plans and specifications within such ten (10) day period, the City shall specify its objections to the same and Tenant shall revise such plans and specifications to address the City's objections and shall resubmit such the same to the City for approval, and the Parties shall continue in this fashion until the City approves such plans and specifications in accordance with this **Section 7.4**. If the City shall fail to respond to Tenant's request for approval within such 15 day (for initial plans and specifications) or 10 day (for revised plans and specification) period then Tenant shall send a follow up written notice to the City (which notice specifically references this Section and contains in a conspicuous type both on the top of the first page of such request, the following language in bold and prominent print: "**YOU SHALL BE DEEMED TO HAVE GRANTED TO TENANT THE APPROVAL REQUESTED IN THIS LETTER IF YOU FAIL TO RESPOND TO THIS REQUEST FOR APPROVAL WITHIN FIFTEEN (15) DAYS [TEN (10) DAYS FOR REVISED PLANS AND SPECIFICATIONS] AFTER YOUR RECEIPT OF THIS LETTER**"), and the City fails to respond within such 15-day (for initial plans and specifications) or 10-day (for revised plans and specifications) period after receiving the notice then such request shall be deemed approved.

(c) Upon completion of any Alterations under **Section 7.4**, Tenant shall provide the City with as-built information for such Alterations in accordance with the provisions of **Section 4.20** above.

(d) Tenant shall reimburse the City for all reasonable actual out-of-pocket architectural and engineering expenses for architectural and engineering review reasonably incurred by the City in connection with its review of a proposed Alteration within thirty (30) days after receipt of the City's written demand therefor accompanied by reasonable supporting documentation. Any such Alteration which the City has approved shall be performed substantially in accordance with the approved plans and specifications, and no material amendments or material additions to such plans and specifications shall be made without the prior reasonable consent of the City in accordance with the terms hereof. Such reimbursement as is required pursuant to this **Section 7.4(d)** shall be considered Additional Rent for purposes of this Lease.

(e) Tenant, at its expense, shall obtain all necessary Approvals from Governmental Authorities for the commencement and prosecution of any Alterations and, if required, Tenant shall obtain final approval from Governmental Authorities upon completion of such Alterations. Tenant shall promptly deliver copies of all Approvals for Alterations requiring City approval under this **Section 7.4** to the City.

(f) All costs associated with all Alterations shall be borne by Tenant.

(g) With respect to any Alterations, Tenant shall comply with all applicable requirements of this Lease, including, without limitation, the provisions of **Article 4**, this **Article 7**, and to the extent applicable, **Article 8** and **Article 9**. In addition, Tenant shall cause the Alterations to be performed in compliance with all applicable Legal Requirements, the requirements of any Permitted

Leasehold Mortgage and the requirements of any insurers of the Premises, or any Board of Fire Underwriters, Fire Insurance Rating Organization, or other body having similar functions. All such Alterations shall be performed in a good and workmanlike manner, using materials and equipment at least equal in quality and class to the original quality of the installations at the Premises.

7.5 Waste Disposal. Tenant shall dispose of waste from all areas of the Premises in accordance with all applicable Legal Requirements and in a prompt and sanitary manner.

7.6 Signs. Tenant may erect any sign, decoration, lettering, advertising matter or any other similar display at the Premises (collectively referred to herein as a "**Sign**") provided Tenant shall first obtain all required City of Portsmouth permits and approvals therefor.

7.7 Lighting and Other Fixtures. Tenant shall provide and maintain adequate lighting within and around the Premises as shown on the Final Plans and Specifications. Tenant shall take all commercially reasonable measures to ensure that lighting shall operate within all common areas and corridors of the Building as are consistent with generally accepted safety practices for the applicable use of each common area and corridor. Tenant shall install and maintain security lighting within and around the Premises as shown on the Final Plans and Specifications. Tenant shall also install any fire hydrants required from time to time by Governmental Authorities having jurisdiction over the Premises, but shall turn over the same upon completion to the City of Portsmouth for ongoing maintenance, repairs and replacements.

7.8 Noise Mitigation. Tenant shall not make, or permit to be made, any unseemly or disturbing noises that unreasonably disturb or interfere with operation of neighboring buildings or premises or those having business with them to the extent such noises exceed limits imposed by applicable Legal Requirements. Also, Tenant will not commit or suffer to be committed any noise which constitutes a public or private nuisance which may be reasonably expected to disturb the quiet enjoyment of neighboring buildings or premises or those having business with them.

7.9 Capital Expenditures and Maintenance Reserve Fund. Commencing on the thirtieth (30th) month following the issuance of the first building permit for the Project, Tenant shall pay \$25,000 per year during each of the next five (5) years of the Term and \$75,000 per year during the subsequent five (5) years of the Term into a Capital Expenditures Maintenance Reserve Fund (the "**Reserve Fund**"), which shall be held by the [Tenant/Landlord] (except following and during the continuance of any default by Tenant under this Lease, in which case the Reserve Fund shall be held by the City until such default is cured by Tenant), or with the First Permitted Leasehold Mortgagee if it so requests, in an interest bearing escrow account in Tenant's name, until \$500,000 has been contributed (the "**Reserve Cap**"). Tenant will maintain the Reserve Cap in the Reserve Fund until a capital event related to the improvements to be located on the Premises including, without limitation, any major infrastructure repairs or capital improvements necessitated by maintenance, change of law and/or change of policy, takes place that requires the fund to be drawn down. Tenant may withdraw funds from the Reserve Fund in its reasonable discretion to pay for any such matters, in accordance with the procedures set forth in Schedule 2 attached hereto. In the event the Reserve Fund falls below the Reserve Cap due to work being performed on the property, Tenant shall deposit sufficient funds up to \$50,000 per year in order to reach the Reserve Cap. Any accrued interest or other income, which causes the balance of the Reserve Fund to exceed the Reserve Cap, shall be the sole property of the Tenant to be used in its sole discretion.

## ARTICLE 8

### INSURANCE [*Subject to Insurance Advisor Review*] AND INDEMNITY

#### 8.1 Casualty Insurance.

(a) All Risk. Tenant, at its sole cost and expense, shall keep in full force and effect property insurance on the Premises and all Tenant's Improvements, including, but not limited to, machinery and boilers and other equipment and property installed or used in, on or about the Premises, naming the City and Tenant as their respective interests may appear, in amounts sufficient at all times to prevent the City or Tenant from becoming a co-insurer under the provisions of applicable policies of insurance but, in any event, at least equal to the full replacement cost thereof, without deduction for depreciation, against all risks of direct physical loss or damage as may from time to time be included within the definition of an "All Risk" or "Broad Form" property insurance policy and extended to include coverage against earthquake, earth movement, flood (including back-up of sewers and drains), sprinkler leakage, breakdown of boilers, machinery and electrical equipment, war risk, nuclear reaction, lightning, wind storm, hail, explosion, riot, civil commotion, aircraft, vehicles, smoke, demolition and such other risks as the City may reasonably designate. The insurance also shall cover increased cost of construction, demolition and debris removal coverage, and contingent liability arising out of the enforcement of building laws and ordinances governing repair and reconstruction and shall include an agreed amount provision. The replacement cost of all Tenant's Improvements, and of any other property installed or used in, on or about the Premises, shall be determined at least once every thirty-six (36) months by the City.

(b) Loss of Income. Tenant, at its sole cost and expense, shall keep in full force and effect loss of rent insurance, with loss payable to the City, for an amount equal to the then current amount of Base Rent and Additional Rent to be paid by Tenant under this Lease for a period of eighteen (18) months.

(c) Flood Insurance. Flood insurance (i) if any portion of Tenant's Improvements is currently or at any time in the future located in an area identified by the Secretary of Housing and Urban Development, or any successor, as an area having special flood, mudslide or flood-related erosion hazards and in which flood insurance has been made available under the National Flood Insurance Act of 1968 or the Flood Disaster Protection Act of 1973, as amended from time to time, and (ii) if the broad form flood coverage required by subsection (a) above is not available, for the lesser of the replacement value of Tenant's Improvements or the maximum amount available under the National Flood Insurance Program.

(d) Construction Insurance. Prior to the commencement of construction of Tenant's Improvements or any other construction work permitted under this Lease, including without limitation, any Alterations, Tenant shall procure or cause to be procured, and after such dates shall carry or cause to be carried, until final completion of such work, in addition to and not in lieu of the insurance required by the foregoing subsections (a), (b) and (c), the insurance described in **Section 8.3.**

8.2 Liability Insurance. Tenant shall maintain or, in the case of clause (c) below, cause the Contractor to maintain:

(a) for the mutual benefit of the City and Tenant, and, if and to the extent required under any Permitted Leasehold Mortgage, the Permitted Leasehold Mortgagee under such mortgage, and identifying the City as an additional insured, commercial general liability insurance (including garage liability with auto liability, pollution liability, and premises liability (with coverage for property in the care, custody or control of the insured), if not covered elsewhere) against claims for personal injury, death, and property damage occurring upon, in or about the Premises, any off-site Tenant's Improvements, and on, in or about the adjoining sidewalks and passageways (including, without limitation, personal injury, death, and property damage resulting directly or indirectly from any change, alteration, improvement or repair thereof), including claims arising from the use of all equipment at the Premises or in connection with hauling of materials or debris therefrom, with limits deemed reasonably adequate by the City to protect against judgments being awarded in New Hampshire for injury, death and property damage. As of the date hereof, a combined single limit policy in the amount of Three Million Dollars (\$3,000,000) for bodily injury and death and for property damage shall be deemed adequate. This insurance shall be primary over any other policy of insurance owned by the City;

(b) boiler insurance, including pressure vessels and pipes, if there be any such vessel or pipes on the Premises, in a reasonable amount, elevator insurance and such other insurance against other hazards as may, from time to time, be reasonably required by the City;

(c) a pollution legal liability insurance policy covering first and third party claims for clean-up costs, personal injury and property damage on an on-site and off-site basis, with a single claim and aggregate claim amount up to the statutory limit;

(d) worker's compensation insurance as required by law, and employers' liability insurance with a limit up to the statutory limit; and

(e) umbrella and excess liability insurance with a minimum limit of Seven Million Dollars (\$7,000,000).

The minimum coverages stated herein shall be reviewed every fifth (5th) year of the Term by the City and Tenant and shall be increased at such intervals if such increases are reasonably necessary to reflect inflation or changes in the nature or degree of risks insured or to protect against judgments from time to time being awarded in New Hampshire for injury, death and property damage, in all cases consistent with such limits as are from time to time customarily carried with respect to similar office properties in the City of Portsmouth. The City reserves the right, at its sole discretion, to amend the insurance requirements prior to Lease execution. The City shall be named as additionally insured party in all insurance coverage.

8.3 **Construction Insurance Requirements.** The insurance required by **Section 8.1(d)** shall consist at least of the following:

(a) Builder's Risk Insurance (standard "All Risk" or equivalent coverage, including collapse) in an amount not less than one hundred percent (100%) of the projected completed value of Tenant's Improvements with "increased cost of construction" endorsement, and insuring against the perils of fire and extended coverage and physical loss or damage, including without duplication,

coverages with respect to casualties arising due to subsurface work, shoring, blasting, pile driving, caisson work and the like, loss or damage to the equipment, supplies and materials furnished and stored, and owned and non-owned vehicle liability insurance with respect to all vehicles and registered mobile equipment and with respect to any unlicensed mobile equipment, written on a completed value, non-reporting form, with a deductible determined by Tenant of not more than One Hundred Thousand Dollars (\$100,000.00) subject to adjustment for inflation (except as to flood and windstorm), to include rental payment coverage from the date of projected completion and extending for at least eighteen (18) months following such date of projected completion;

(b) Comprehensive automobile liability insurance covering all owned, hired and non-owned automobiles or other motor vehicle used in connection with work being performed on or for the Premises, and naming the City as an additional insured, for bodily injury and property damage in a combined single limit which shall not be less than One Million Dollars (\$1,000,000.00) per occurrence, with a deductible determined by Tenant of not more than Twenty-five Thousand Dollars (\$25,000.00), subject to adjustment for inflation; and

(c) The insurance required pursuant to **Section 8.2.**

8.4 **Supplemental Insurance.** Tenant shall also maintain such other insurance, including without limitation, terrorism insurance (but only if customarily carried by owners of similar properties and available at commercially reasonable rates), in such amounts as may from time to time be reasonably required by the City, against other insurable hazards which at the time are customarily insured against in the case of comparable properties in the City of Portsmouth. Without limiting the foregoing, the City may require Tenant to maintain terrorism insurance coverage for the Premises if such insurance is available at commercially reasonable rates. To the extent that Tenant elects to maintain any policy of terrorism insurance for the Premises, whether or not such policy is required by the City, Tenant agrees to name the City as an additional insured and to provide evidence thereof to the City in accordance with the requirements of **Section 8.6.**

8.5 **Commercial Subtenant Insurance.** If at any time there are Subtenants occupying all or any portion of the Premises for commercial uses (each a "**Commercial Subtenant**"), then Tenant shall require each such Commercial Subtenant to maintain and provide evidence of insurance coverages in types and amounts required from time to time by reasonably prudent owners of properties similar to the Premises in the Portsmouth metropolitan area, with coverages to be in full force and effect for the term of the respective Subtenants' occupancy. Further, it will be the responsibility of Tenant to maintain a file of the Commercial Subtenants' certificates of insurance and ascertain that it is current. The City reserves the right to review Tenant's Commercial Subtenant insurance file at any time during Tenant's normal business hours upon reasonable prior notice to Tenant; provided that the City shall not review such file more than once in any 12 month period except during the continuation of an Event of Default.

8.6 **Insurance Carriers, Policies.** All insurance required to be carried by Tenant in this Article 8 shall be effected under valid and enforceable policies, issued by insurers of recognized responsibility licensed and doing business in New Hampshire and having a so-called Best's Rating of "A:VIII" or better, or, if such rating is no longer issued, an equal or better rating by a successor insurance carrier rating service reasonably acceptable to the City and shall name the City as an Additional Insured. To the extent commercially available in accordance with industry standards, the

commercial general liability policy shall be endorsed specifically to recognize and insure the indemnification provision appearing in **Section 8.12** of this Lease. Such policies shall be primary over and above any policies held by the City. Upon the execution of this Lease, and thereafter at least annually and not less than thirty (30) days prior to the expiration dates from time to time of the policies required pursuant to this **Article 8**, certificates of such insurance or, upon request of the City, duplicate originals of the policies, in either case bearing notations evidencing the payment of premiums or accompanied by other evidence reasonably satisfactory to the City of such payment shall be delivered by Tenant to the City.

Nothing in this **Article 8** shall prevent Tenant from taking out insurance of the kind and in the amounts provided for under this Article under a blanket insurance policy or policies covering other properties as well as the Premises; *provided, however*, that any such policy or policies of blanket insurance (i) shall specify therein, or in a written statement from the insurers under such policy or policies specifying, the amount of the total insurance allocated to the Premises, which amounts shall not be less than the amounts required by **Sections 8.1, 8.2, 8.3 and 8.4** hereof, and (ii) such amounts so specified shall be sufficient to prevent any of the insureds from becoming a co-insurer within the terms of the applicable policy or policies; *and provided further*, that any such policy or policies of blanket insurance shall, as to the Premises, otherwise comply as to endorsements and coverage with the provisions of this **Article 8**.

8.7 No Separate Insurance. Neither the City nor Tenant shall take out separate insurance concurrent in form or contributing in the event of loss with that required in this **Article 8.7** to be furnished by, or which may reasonably be required to be furnished by, Tenant unless the City, Tenant and, if and to the extent required by any Permitted Leasehold Mortgage, the Permitted Leasehold Mortgagee under such mortgage, are included therein as the insureds, with loss payable as in this Lease provided. Each Party shall immediately notify the other of the placing of any such separate insurance and shall cause the same to be delivered as required in **Section 8.6**.

8.8 Adjustment. All policies of insurance provided for in **Section 8.1** hereof shall name the City, Tenant and any applicable Permitted Leasehold Mortgagee as the insureds as their respective interests may appear and shall further provide that any loss payable to a Permitted Leasehold Mortgagee or the City shall be payable notwithstanding any act or omission of Tenant which might otherwise invalidate such policy. The loss, if any, under such policies shall be adjusted as follows: In case of any particular casualty resulting in damage or destruction not exceeding \$1,500,000.00 in the aggregate, adjusted for inflation by any increase in the Index, the loss under such policies shall be adjusted with the insurance companies by Tenant and any applicable Permitted Leasehold Mortgagee, and shall be payable to Tenant and such Permitted Leasehold Mortgagee. In the case of such damage or destruction in excess of \$1,500,000.00 in the aggregate, adjusted for inflation by any increase in the Index (the "**Threshold Amount**"), the loss shall be adjusted with the insurance companies by the City and Tenant and any applicable Permitted Leasehold Mortgagee, and the proceeds of any such insurance, as so adjusted, shall be payable to the Insurance Trustee acting hereunder pursuant to the provisions of **Section 11.2** hereof.

All such policies shall provide that the loss; if any, thereunder shall be adjusted and paid as hereinabove provided. Each such policy shall, to the extent obtainable, contain a provision that no act or omission of Tenant or any sublessee, guest, licensee, operator, or other occupant shall affect or limit the obligation of the insurance company so to pay the amount of any loss sustained.

8.9 Non-cancellation. Each policy or certificate issued by an insurer shall, to the extent obtainable and consistent with applicable law, contain an agreement by the insurer that such policy shall not be canceled, non-renewed or substantially modified without at least thirty (30) days' prior written notice to the City and to any mortgagee named therein, except in the case of any non-payment of premium, in which event the insurer shall give at least ten (10) days' prior written notice.

8.10 Insurance Trustee. The following provisions shall apply from and after the time that there shall be (i) any insured damage in excess of \$2,000,000.00 to the Premises, adjusted for inflation by any increase in the Index, or (ii) a Taking (other than either a Taking in response to which this Lease is terminated in accordance with **Article 12** or a deemed temporary Taking in the event of a reduction of the Term as set forth in **Section 3.2**) of all or a portion thereof:

(a) A bank or trust company which is among the three largest in terms of its net assets among those bank and trust companies with an office in the City of Portsmouth, and having net assets in excess of One Hundred Million Dollars (\$100,000,000.00), designated by Tenant (subject to the City's reasonable approval), shall act as trustee (the "**Insurance Trustee**") to receive and disburse insurance proceeds and taking awards in accordance with **Article 11** and **Article 12** hereof, and the City and Tenant shall enter into an agreement with said bank or trust company appropriately covering assumption of the duties of the Insurance Trustee hereunder and containing such provisions as may be reasonably required by said bank or trust company, provided that the City shall not be required thereby to assume any obligations or liabilities other than as provided in this Lease. The foregoing notwithstanding, the First Permitted Leasehold Mortgagee may at its written request be designated Insurance Trustee provided that such First Permitted Leasehold Mortgagee (i) shall have consented, for the purpose of performing its duties as Insurance Trustee, to the jurisdiction of the courts of the State of New Hampshire; and (iii) shall have otherwise agreed to be subject to and to comply with the terms and conditions of this **Section 8.10**.

(b) In the event of the refusal to act or the resignation of said bank, trust company, or First Permitted Leasehold Mortgagee, or of any successor or substituted bank, trust company, or First Permitted Leasehold Mortgagee designated to act or acting as Insurance Trustee hereunder, then, in lieu of such bank, trust company, or First Permitted Leasehold Mortgagee, Tenant shall have the right (subject to the City's reasonable approval) to designate any other bank or trust company which satisfies the requirements of subparagraph (a) above to act as Insurance Trustee.

(c) Each such designation or substitution of any such entity to act as Insurance Trustee hereunder shall be effected by Tenant and any applicable Permitted Leasehold Mortgagee giving to the City written notice of such designation or substitution, as the case may be, and as soon thereafter as may be practicable after the giving of such notice (i) the City and Tenant shall enter into an agreement with the entity so designated or so being substituted appropriately covering the assumption by it of the duties of the Insurance Trustee hereunder and containing such provisions as may reasonably be required by such entity, provided that the City is not required thereby to assume any obligations or liabilities other than as provided in this Lease, and (ii) the entity which shall have resigned as Insurance Trustee or for which another entity shall have been so substituted as Insurance Trustee shall turn over to the new Insurance Trustee all insurance proceeds or taking awards remaining on hand with it.

(d) The fees and charges of every entity acting as Insurance Trustee hereunder shall constitute an expense of maintenance and disposition of the proceeds deposited with such Insurance Trustee and shall be paid periodically from such proceeds in such manner as may be agreed upon by the City, Tenant, any applicable Permitted Leasehold Mortgagee and such Insurance Trustee.

(e) Anything contained in this Section to the contrary notwithstanding, any agreement which the City and Tenant shall enter into with any entity acting as Insurance Trustee hereunder shall include as a party thereto any applicable Permitted Leasehold Mortgagee, in its capacity as such, when requested by either party or such Permitted Leasehold Mortgagee, provided that the applicable mortgage shall provide, or the holder thereof shall agree in writing, that all proceeds are to be applied in the same manner as provided in this Lease as affected by any Recognition Agreement entered into between the City and First Permitted Leasehold Mortgagee.

8.11 Waiver of Subrogation. If, and only if, permitted by the policies of insurance relating to the Premises maintained by the City and Tenant, the City and Tenant hereby each waive all rights of recovery against the other or against the officers, employees, agents and representatives of the other, on account of loss or damage occasioned to such waiving Party or its property or the property of others under its control to the extent that such loss or damage is insured against under any insurance policies which either may have in force at the time of such loss or damage. Each Party shall, upon obtaining policies of insurance relating to the Premises, or portions thereof, which permit the aforesaid waiver, give notice to the insurance carrier or carriers that the foregoing mutual waiver of subrogation is contained in this Lease, and each Party shall endeavor to cause each such insurance policy obtained by it to provide that the insurance company waives all right of recovery by way of subrogation against either the City or Tenant in connection with any damage covered by any such policy, at the sole cost of the Party for whose benefit such waiver is sought.

8.12 Indemnification. Tenant shall indemnify and save the City harmless against and from all liabilities, obligations, damages, penalties, claims, costs, charges and expenses, including reasonable architects', attorneys' and other consultants' fees, which may be imposed upon or incurred by or asserted against the City by reason of any of the following occurrences during the Term of this Lease:

(a) any work done in or on the Premises or any part thereof, any use, non-use, possession, occupation, condition, operation, maintenance or management of the Premises or any part thereof, any accident, injury or damage to any person or property occurring in, on or about the Premises or any part thereof, including any sidewalk or curb appurtenant to the Premises, except to the extent resulting from the (i) negligence or (ii) wrongful act or omission, of the City, its employees, contractors, agents, servants, or licensees;

(b) any negligence on the part of Tenant or any party for whom Tenant is legally liable or on the part of any Subtenant; and

(c) any failure on the part of Tenant to perform or comply with any of the covenants, agreements, terms, provisions, conditions or limitations contained in this Lease on its part to be performed or complied with.

In case any action or proceeding is brought against the City by reason of any claim arising out

of any of the occurrences which Tenant is required, pursuant to the preceding paragraph, to indemnify and save the City harmless against and from, the City shall give prompt notice thereof to Tenant and shall cooperate with Tenant in the defense thereof; and Tenant upon written notice from the City shall at Tenant's expense defend such action or proceeding using legal counsel selected by Tenant in its reasonable business judgment.

The foregoing express obligation of indemnification shall not be construed to negate or abridge any other obligation of indemnification running to the City which would exist at common law or under any other provision of this Lease, and the extent of the obligation of indemnification shall not be limited (subject to **Section 8.11**) by any provision of insurance undertaken in accordance with this **Article 8**. The provisions of this **Section 8.12** shall survive termination or expiration of this Lease.

8.13 The City's Insurance. Tenant acknowledges that the City is not required to procure or maintain insurance of any kind on or with respect to the Premises or the Tenant Improvements under this Lease.

## ARTICLE 9 USE OF PREMISES

### 9.1 Use.

(a) Permitted Use. Subject to the restrictions and conditions stated in this Lease, Tenant shall develop the Premises into [DESCRIBE CONTEMPLATED USES]. The uses of the Premises allowed by the City shall include all uses permitted under applicable zoning laws and regulations that are consistent with the Approvals and the Historic Monument Program requirements (the "**Permitted Uses**"), and Tenant shall not use all or any portion of the Premises for any other use or uses without the City's prior written approval, not to be unreasonably withheld, conditioned or delayed.

(b) *Prohibited Uses.*

(i) Prohibited Uses. Tenant shall not use the Premises for any use other than the Permitted Uses without the prior written approval of the City. Without limiting the provisions of **Section 9.1**, in no event shall any portion of the Premises be used for the following (collectively, the "**Prohibited Uses**"):

- Any junkyard, open-air material processing/ recycling (except snow collected on-site) and open-air materials storage.
- any casino, sports or game betting facility or off-track betting club or other establishment which is primarily devoted to gambling activities;
- any adult entertainment purposes or for the sale, rental or display of so-called "adult" or pornographic materials;

- the sale or display of any firearm;
- any services involving potential fire hazards or the use of Hazardous Materials (other than ordinary cleaning supplies, ordinary office supplies and the like);
- any illegal use or purpose;
- any use which is a public nuisance; or
- any use that would make void or voidable any insurance then in force with respect to the Premises.

(ii) Standard of Use. Tenant's use of the Premises shall be consistent with the operation of a high quality mixed use residential, office and/or retail project in accordance with this Lease, including without limitation **Section 9.2** and Tenant shall be bound by and comply with this Lease with respect to the entire Premises.

(iii) Curative Actions. Promptly following its discovery of any Prohibited Use, Tenant shall take all necessary steps, legal and equitable, to cause or compel discontinuance of such business or use, including, if necessary and warranted under the circumstances, the termination of any Sublease and the eviction of any such Subtenant in accordance with applicable law, and the removal from the Premises of any such Subtenants, subtenants, licensees, invitees or concessionaires.

## 9.2 Operation of the Premises.

(a) Tenant agrees to operate the Premises in a safe, orderly and clean manner. Tenant shall not conduct operations on or about the Premises in a manner that hinders police, fire fighting or other emergency personnel in the discharge of their duties; or would reasonably be expected to constitute a hazardous condition at the Premises. Tenant shall insert appropriate provisions in the Subleases to require compliance of the Subtenants with the requirements of this **Section 9.2**, and shall use reasonable efforts to enforce such requirements.

(b) Tenant shall use commercially reasonable efforts to enforce the terms and conditions of the Subleases in a commercially reasonable manner with regard to collection of all rent and other amounts due from Subtenants and performance of all obligations of the Subtenants under their respective Subleases.

(c) Tenant may delegate the marketing and leasing of the Building and the management of the Building to a professional management company which (i) is routinely engaged in the operation, marketing, leasing and management of similar properties, and (ii) has had substantial experience, for at least five (5) years prior to the date of the initial delegation by Tenant, in the marketing, leasing and management of commercial properties similar to the Property (a "**Permitted Property Manager**"). The engagement of a Permitted Property Manager shall not require the

approval of the City. The City further acknowledges that to the extent that Tenant causes the Permitted Property Manager to perform any of Tenant's obligations or covenants under this Lease, such obligations or covenants shall be deemed to have been performed by Tenant. A Permitted Property Manager may be engaged by Tenant only under a written form of management or delegation agreement, including any amendments thereto, subject to reasonable review by the City (the "**Property Management Agreement**"), such review to be limited in order to confirm that the Permitted Property Manager and the terms of such Property Management Agreement comply with the requirements of this Lease and such Property Management Agreement specifically recognizes the acceptance by the Permitted Property Manager of the provisions of this Lease [*Discuss timeline for City review and approval*]. The Property Management Agreement shall (i) be expressly subject and subordinate to the rights of the City hereunder; (ii) be subject to termination by the City in the event of the termination of this Lease; (iii) be on an arms-length basis with fees and other terms established on a commercially reasonable basis; and (iv) include provisions requiring the Permitted Property Manager to comply with the City's non-discrimination requirements as set forth in this Lease. Any terms, agreements, modifications or waivers of agreements purported to exist in breach of this subsection shall be void and unenforceable against any Person. The provisions of this subsection shall not apply to the direct operation and management of the Premises by Tenant (without the involvement of a Permitted Property Manager).

9.3 No Waste. Tenant shall not injure, overload, deface or strip, or intentionally cause waste or damage to, the Premises or Tenant's Improvements constructed thereon or the underlying fee or any part thereof, nor commit any nuisance or unlawful conduct; nor permit any fireworks displays; nor make any use of the Premises or Tenant's Improvements which is illegal; nor permit or suffer any Subtenant, guest, licensee, operator, occupant, contractor, subcontractor, invitee or others to do any of the foregoing.

9.4 Legal Requirements. Throughout the Term of this Lease Tenant, at its expense, shall promptly comply with, and shall use commercially reasonable efforts to cause the Permitted Property Manager and all Subtenants, and their respective agents, contractors, subcontractors, servants, employees, licensees, operators, and invitees to promptly comply with, all present and future laws, ordinances, orders, rules, regulations and requirements of all federal, state and municipal governments, departments, commissions, boards and officers, foreseen or unforeseen, ordinary as well as extraordinary, which may be applicable to the Premises, Tenant's Improvements, or the development, construction, operation or maintenance thereof, or to the use or manner of use of the same or the owners, tenants, licensees, operators, or occupants thereof, including without limitation, all applicable accessibility laws, ordinances and rules, and non-discrimination and equal opportunity laws, regulations and executive orders whether or not such law, ordinance, rule, regulation or requirement is specifically applicable or related to the conduct of the Permitted Uses, or shall necessitate structural changes or improvements, or shall interfere with the use and enjoyment of the Premises by Tenant or any Subtenant, provided any such interference with any Subtenant or occupant of any portion of the Premises is in accordance with applicable law (collectively, the "**Legal Requirements**"). In the event of any violation or any attempted violation of this Section by Tenant, the Permitted Property Manager or any Subtenant, or any of their respective agents, contractors, subcontractors, servants, employees, licensees, operators, or invitees, Tenant shall take commercially reasonable steps, reasonably promptly upon knowledge of such violation, as Tenant determines to be reasonably necessary to remedy or prevent the same as the case may be. It is intended that, as between Tenant and the City, Tenant shall bear the sole risk of all present and future Legal Requirements affecting the Premises, Tenant's

Improvements and the Permitted Uses, and the City shall not be liable for (nor suffer any abatement or reduction in any Rent on account of) the enactment or enforcement of any Legal Requirement.

9.5 Omitted.

9.6 Liens. Tenant shall not directly or indirectly create or permit to be created or to remain, and shall discharge or bond over, any lien or encumbrance with respect to, Tenant's Leasehold Interest in the Premises, Tenant's Improvements, the underlying fee or any part thereof or the Rent or any payment thereof, other than (a) this Lease and liens and encumbrances expressly permitted under the terms of this Lease, (b) Permitted Leasehold Mortgage(s) as provided in **Section 14.1**, (c) liens for Impositions not yet payable, or being contested as permitted by **Section 6.3**, (d) the title exceptions listed on **Exhibit B**, (e) liens of mechanics, materialmen, suppliers or vendors, or rights thereto, placed on Tenant's Leasehold Interest (and not, under any circumstances, the City's fee estate) in the ordinary course of business or in the ordinary course of construction, alteration, addition, improvement, or restoration of Tenant's Improvements or any part thereof, for sums which are being contested in accordance with the provisions of **Section 4.21** or **Section 9.7**, and (f) liens and encumbrances approved by the City, not to be unreasonably withheld, conditioned or delayed.

9.7 Contests. Tenant shall have the right, after ten (10) days' prior written notice to the City, to contest by appropriate legal proceedings diligently conducted in good faith, in the name of Tenant, without cost or expense to the City, the validity or application of any Legal Requirement referred to in **Section 9.6** hereof, subject to the following:

(a) If, by the terms of any such Legal Requirement, compliance therewith pending the prosecution of any such proceeding may legally be delayed without the incurrence of any lien, charge or liability of any kind against the Premises or any part thereof and without subjecting Tenant or the City to any liability, civil or criminal, for failure so to comply therewith, Tenant may delay compliance therewith until the final determination of such proceeding; and

(b) If any lien, charge or civil liability would be incurred by reason of any such delay, Tenant nevertheless may contest as aforesaid and delay as aforesaid, provided that such delay would not subject the City to criminal liability or fine, and provided that Tenant (i) furnishes to the City security, reasonably satisfactory to the City, against any loss or injury by reason of such contest or delay, and (ii) prosecutes the contest with due diligence; and

(c) The City, without cost to it, shall execute and deliver any appropriate papers which may be necessary to obtain or maintain any such proceeding and shall further cooperate with and support Tenant in any such contest (including without limitation in appearances before government bodies), as Tenant may from time to time reasonably request, provided that the City shall not be required to join in or become a party, nominal or otherwise, to any proceeding in which it will oppose the City of Portsmouth or the State of New Hampshire or the United States of America, any agency, City, branch, commission, division, office or subdivision of or for the City of Portsmouth or the State of New Hampshire or the United States of America, nor shall the City be required in connection with any such proceeding or otherwise to oppose in any way any policy previously established by the City nor to take a position inconsistent with a position previously taken and made public by the City.

9.8 Compliance with Insurance Requirements. Throughout the Term of this Lease, Tenant,

at its sole expense, shall observe and comply with the requirements of all policies of public liability, casualty and all other policies of insurance required to be supplied by Tenant at any time in force with respect to the Premises, and Tenant shall, without limiting any other requirements of this Lease, in the event of any violation or any attempted violation of the provisions of this Section by any Subtenant, or by any contractor, subcontractor, agent, servant, employee, licensee, operator or guest of Tenant or any Subtenant, take all reasonable steps, reasonably promptly upon knowledge of such violation or attempted violation, to remedy or prevent the same as the case may be.

9.9 Historic Monument Requirements. Throughout the term of this Lease, Tenant, at its sole cost and expense, shall observe and comply with all applicable Historic Monument Requirements, the terms and conditions of the approved application and all Preservation Covenants.

9.10 Public Use and Amenities. [TO BE MADE CONSISTENT WITH FINAL APPLICATION AND DEVELOPMENT AGREEMENT]

## **ARTICLE 10 ENVIRONMENTAL MATTERS**

10.1 Tenant's Initial Obligations. Prior to the Effective Date, Tenant shall perform an environmental inspection of the existing baseline environmental conditions at each building on the Premises, including at a minimum a Phase I Environmental Site Assessment, and shall submit a detailed report to the City setting forth the findings thereof.

10.2 Compliance with Environmental Laws.

(a) Hazardous Materials Remedial Work: Premises. Subject to Tenant's right to pursue claims against any and all potentially responsible parties, Tenant shall be solely responsible (at its cost and expense) for performing all Remedial Work required by applicable Environmental Laws with respect to any reportable concentrations of Hazardous Materials in violation of applicable Environmental Laws that are identified or discovered on the Premises at any time (including, without limitation, prior to or during demolition or construction of Tenant's Improvements or any Alteration), regardless of whether such Hazardous Materials were first released upon or otherwise first became present upon or beneath the surface of the Premises or in any of the existing improvements located thereon before or after the Effective Date, except to the extent caused by the acts or omissions of the City, its employees or agents.

(b) Manner of Remediation. All Remedial Work required to be performed by Tenant hereunder shall be performed in a manner which is approved in advance by the City, which approval shall not be unreasonably withheld, conditioned, or delayed, is consistent with the City's soils management plan and in accordance with all applicable Environmental Laws, and may include reuse of excavated soils on site and (subject to the prior written approval of the City, which approval shall not be unreasonably withheld, conditioned, or delayed) the placement of appropriate so-called activity and use limitations on the Premises.

(c) Compliance by Tenant. Tenant shall, and shall use commercially reasonable efforts to cause all Subtenants and their respective agents, contractors, subcontractors, servants,

employees, guests, licensees, operators, and invitees to, comply with all applicable Environmental Laws with respect to any release of Hazardous Materials caused by them or relating to the Premises on or after the Effective Date of this Lease.

10.3 Environmental Covenants, Representations and Warranties. Tenant hereby covenants with, and represents and warrants to, the City as follows, from and after the Effective Date:

(a) Except to the extent it may be permitted by or arise out of a Permitted Use under **Section 9.1** of this Lease and as may be permitted by and only in compliance with all applicable Environmental Laws, Tenant and all Subtenants shall not allow any Hazardous Materials to exist or be stored, located, discharged, possessed, managed, processed, or otherwise handled on the Premises, and shall strictly comply with all Environmental Laws affecting the Premises, including without limitation those laws regarding the generation, storage, disposal, release and discharge of Hazardous Materials. Without limiting the generality of the foregoing, Tenant and Subtenants have not been and shall not become involved in operations at the Premises involving Hazardous Materials, except for Remedial Work required or allowed by this Lease and as expressly permitted by and only in compliance with all applicable Environmental Laws. Tenant expressly warrants, represents and covenants that Tenant and all Subtenants shall strictly comply with the requirements of all Environmental Laws affecting the Premises and shall promptly notify the City after obtaining knowledge of any release or threat of release of Hazardous Materials at, upon, under or within the Premises.

(b) No activity on the Premises shall be undertaken by or allowed by Tenant which would cause (i) the Premises to be considered a hazardous waste treatment, storage or disposal facility as defined under any Environmental Laws, (ii) a release or threat of release of Hazardous Materials at, on, under or from the Premises in violation of applicable Environmental Laws, including without limitation into any watercourse, surface or subsurface water or wetlands, or (iii) the discharge into the environment of any Hazardous Materials in violation of applicable Environmental Laws.

(c) Tenant shall promptly notify the City in writing after obtaining knowledge of (i) any release or threat of release of Hazardous Materials in violation of Environmental Laws or the occurrence of any other environmental problem or liability with respect to the Premises which could subject Tenant or the Premises to a claim under any Environmental Laws or to any restriction in ownership, occupancy, transferability or use of the Premises under any Environmental Laws, (ii) any lien filed, action taken or notice given of the nature described below in this **Section 10.3 or Section 10.4**, below, (iii) any notice given to Tenant from any Subtenant or other occupant of the Premises or any notice from any Governmental Agency with respect to any release or threat of release of Hazardous Materials, or (iv) the commencement of any litigation or any threat of litigation relating to any alleged release or threat of release of any Hazardous Materials or other environmental contamination, liability or problem with respect to or arising out of or in connection with the Premises.

(d) Tenant shall, with all due diligence, and at its sole cost and expense (except as otherwise expressly set forth herein), take all actions and perform all Remedial Work (to the extent and at the time or from time to time) as shall be necessary or appropriate for the remediation of all releases of Hazardous Materials at or from the Premises in violation of applicable Environmental Laws, including the removal, containment and remedial actions in accordance with this **Article 10** and all applicable Environmental Laws (and in all events in a manner reasonably satisfactory to the City), and shall further pay or cause to be paid at no expense to the City all clean up, administrative and

enforcement costs of applicable government agencies, or the parties protected by such Environmental Laws, which may be asserted against the Premises, except to the extent arising from the City's acts or omissions occurring after the Effective Date. All costs, including without limitation, those costs set forth above, damages, liabilities, losses, claims, expenses (including reasonable attorneys' fees and disbursements) which are incurred by the City in connection with any of Tenant's obligations or warranties and representations, without the requirement that the City wait for the ultimate outcome of any litigation, claim or proceeding, shall be paid as Additional Rent, by Tenant to the City, within thirty (30) days after notice to Tenant from the City itemizing the amounts incurred, with interest on the unpaid amount at the rate of one and one-half percent (1½%) per month or the highest rate permitted by law, whichever is less, from the thirty-first (31st) day after the effective date of such notice to the date of a payment to the City.

(e) Tenant shall observe, obey, and shall cause all Subtenants and the agents, contractors, subcontractors, servants, employees, guests, licensees, operators and invitees of Tenant or any Subtenant, to observe and obey, all Environmental Laws.

(f) In the event that at any time Tenant becomes aware that notification to any Governmental Agency of a condition at, on or under the Premises is required by any applicable Environmental Law, Tenant shall promptly notify the City. All such notifications to a Governmental Agency shall be prepared by and given by Tenant's Licensed Site Professional and shall be subject to review and comment by the City prior to the giving of such notification to the Governmental Agency (except in situations in which any applicable Environmental Law requires such notification to be given within three (3) or fewer Business Days after the discovery of a condition or the occurrence of an event, in which case Tenant's Licensed Site Professional shall make such notification and shall provide a copy thereof to the City simultaneously with giving such notification to the Governmental Agency). If the City fails to respond to any such request for review and comment within ten (10) business days, that the City shall be deemed to have given its approval therefor.

10.4 Environmental Notices. Tenant shall provide the City with copies of any notices of releases of Hazardous Materials or other filings by or on behalf of Tenant or, to the knowledge of Tenant, any Subtenants to any federal, state or local agencies or authorities with respect to the Premises. Such copies shall be sent to the City concurrently with their being mailed or delivered to the governmental agencies or authorities. Tenant also shall provide the City with copies of any notices of responsibility or any other notices received by or on behalf of Tenant or, to the knowledge of Tenant, any Subtenants from any such agencies or authorities concerning any non-compliance with Environmental Laws on or about the Premises, including but not limited to notices regarding Hazardous Materials located on or about the Premises.

10.5 Environmental Indemnity. Tenant shall unconditionally, irrevocably and absolutely indemnify, defend with counsel reasonably acceptable to the City, and save harmless the City for, from and against any and all damages, losses, liabilities, obligations, claims, litigation, demands, defenses, judgments, suits proceedings, fines, penalties, costs, disbursements and expenses (including without limitation, penalties and fines within the meaning of any Environmental Law), of any kind or nature whatsoever, which may at any time be imposed upon, incurred by, or asserted or awarded against the City and arising from any violation or alleged violation of Environmental Laws, environmental problem or other environmental matter described in this **Article 10** at the Premises in violation of Tenant's obligations under this Lease, including, without limitation, matters arising out of any breach

of Tenant's covenants, representations and warranties contained in this **Article 10**. The City shall not assume any liability or obligation for loss, damage, fines, penalties, claims or duty to clean up or dispose of Hazardous Materials, or other wastes or materials on or relating to the Premises regardless of any inspections or other actions made or taken by the City on the Premises or otherwise. Notwithstanding the foregoing, the indemnity obligation of Tenant shall not apply to any damages, obligations, liability, loss, claim, or expenses to the extent arising out of the negligence or willful misconduct of the City, its employees or agents or any act or omission of the City, its employees or agents occurring after the Effective Date. All warranties, representations and obligations set forth in **Section 10.2** and **Section 10.3** herein shall be deemed to be continuing and shall survive the expiration or termination of this Lease. Tenant shall give the City prompt written notice of any claims threatened or made or suit instituted against it which could result in a claim of indemnification hereunder. In no event shall Tenant be liable under this Article 10 for loss of business, lost profits, or any indirect, incidental, special, consequential or exemplary damages. The indemnity obligations of Tenant under this **Section 10.5** shall be separately indemnified by the Indemnitor, for the benefit of the City, pursuant to the Environmental Indemnification Agreement attached hereto as **Exhibit K**.

10.6 The City's Right to Inspect. To the extent required by any Governmental Agency or by any applicable Environmental Laws, or to the extent Tenant is not complying with the terms and conditions of this **Article 10**, after the applicable notice and opportunity to cure, or to the extent the City seeks for good cause to ensure that Tenant is in compliance with this **Article 10**, the City and its officers, employees, contractors or agents shall have the right, but not the duty or obligation, to enter upon the Premises from time to time upon the provision of reasonable prior advance notice to Tenant for the purposes of inspections, investigations, remediation if required by applicable Environmental Law and all other actions required in order to comply with applicable Environmental Laws and the terms and conditions of this **Article 10**, provided that the City shall use diligent efforts to avoid materially disturbing Tenants or Subtenants. The City shall not be liable to Tenant in any manner for any expense, loss or damage occurring by reason of the aforesaid entries, unless the same is caused by the City's negligence or willful misconduct, nor shall the exercise of any such right be deemed an eviction or disturbance of Tenant's use or possession. The provisions of this **Article 10** shall survive the termination or earlier expiration of this Lease.

## ARTICLE 11

### DAMAGE OR DESTRUCTION

#### 11.1 Casualty: Restoration Required.

(a) In case of a Casualty that exceeds the Threshold Amount, Tenant shall promptly give written notice thereof to the City, and Tenant shall, at Tenant's sole cost and expense, promptly take all necessary action to secure the Premises against unauthorized entry and shall continue such actions until the completion of restoration and rebuilding of Tenant's Improvements or the completion of the obligation to demolish and make safe as set forth below and the earlier termination of this Lease. Except as otherwise expressly provided in Section 11.1(b) below, Tenant shall, at its sole cost and expense, and without regard to the coverage, amount or availability of proceeds of any insurance, restore, repair, replace, rebuild or alter the same as nearly as possible to its condition immediately prior to such Casualty, all in conformity with and subject to the construction conditions of **Article 4** hereof and the requirements of the National Historic Monument Program. For clarity, the Guaranty of Section

18.31 shall not include any obligations on Tenant under this Article 11. Such restorations, repairs, replacements, rebuildings or alterations shall be commenced as soon as practicable following the occurrence of such Casualty and shall thereafter be prosecuted continuously to completion with diligence.

(b) Notwithstanding the foregoing, in the case of a Casualty occurring during the last thirty (30) years of the Term which either (i) destroys twenty percent (20%) or more of the floor area of the Building then situated on the Premises, or (ii) if at the time of the occurrence of a Casualty, all of the Permitted Uses are prohibited by applicable law, rule, regulation, code or ordinance then in effect and cannot be continued at the Premises after the restoration or rebuilding thereof through either (A) the application of any so-called "grandfathering" or non-conformity provisions of such law, rule, regulation, code or ordinance (as demonstrated by an opinion of counsel reasonably acceptable to the Authority), or (B) by means of a variance or waiver of such law, rule, regulation, code or ordinance obtained by Tenant, then Tenant may terminate this Lease by written notice given to the City within one hundred and eight (180) days after the Casualty. No such notice of termination shall be effective to terminate this Lease until Tenant, as directed by the City, either (x) secures the remaining portion of the Improvements and the Premises against damage by the elements and unauthorized entry, or (y) demolishes all remaining portions of the Improvements, removes and properly disposes of all debris associated therewith, and restores the surface of the Land to a safe condition free of debris ("**Demolish And/Or Make Safe**"). No such termination shall release Tenant from any obligation hereunder for the Rent and Additional Rent accrued or payable during any period prior to the effective date of such termination. All insurance proceeds payable in connection with a Casualty with respect to which Tenant has terminated this Lease in accordance with the provisions of this Section 11.1 shall be the sole property of Tenant.

11.2 Restoration Procedures. In the event of a Casualty, the Parties shall cooperate to recover the proceeds of insurance in accordance with the provisions of **Section 8.8** above. All insurance money paid on account of a Casualty, whether paid to Tenant or to a Permitted Leasehold Mortgagee or to the Insurance Trustee in accordance with the provisions of **Section 8.8** above, less the reasonable cost, if any, incurred in connection with adjustment of the loss and the collection thereof, shall be applied to (x) if and to the extent directed by the Permitted Leasehold Mortgagees to the repayment of their respective Approved Debt pursuant to the terms of their loan documents and in accordance with any Recognition Agreement with Landlord, or to the extent not so applied, and (y) to the payment of the cost of the aforesaid restoration, repairs, replacement, rebuilding or alterations, including the cost of temporary repairs for the protection of property pending the completion of permanent restoration, repairs, replacements, rebuilding or alterations (all of which temporary repairs, protection of property and permanent restoration, repairs, replacement, rebuilding or alterations are hereinafter collectively referred to as the "restoration"). With respect to insurance proceeds payable to the Insurance Trustee pursuant to **Section 8.10** above, the Insurance Trustee shall, subject to the terms and conditions of the Permitted Leasehold Mortgage loan documents (including without limitation the right of the Permitted Leasehold Mortgage to receive and apply such proceeds in reduction of the outstanding principal balance of the Approved Debt in accordance with any Recognition Agreement with Landlord), pay the same to Tenant, or at the direction of Tenant, from time to time, as such restoration progresses, upon compliance by Tenant with all conditions precedent to disbursement which are usual in construction loan agreements of major national banks for construction of the size and complexity of the restoration. If the Insurance Trustee is customarily engaged in the business of construction lending, its regular conditions precedent to disbursement of the proceeds of such loans shall be presumed to be reasonable,

absent a showing by the City or Tenant that such conditions are not generally consistent with the lending requirements then customarily employed by major Portsmouth banks in similar loans. There shall be withheld from payments on account of work completed and materials furnished such amounts as are then customarily being withheld by major Portsmouth banks in connection with construction of the size and complexity of the restoration. If the insurance proceeds with respect to such Casualty are not more than the Threshold Amount, such proceeds shall be paid to Tenant and shall be used by Tenant for restoration purposes. All payments shall be received by Tenant for the purposes of paying the cost of such restoration upon receipt by the Insurance Trustee of the written request of Tenant accompanied by suitable documentation including the following:

(a) Satisfactory evidence that the insurance proceeds remaining to be disbursed are sufficient to pay all anticipated costs of completing the restoration (which shall be determined by the First Permitted Leasehold Mortgagee, if any). (If at any time prior to or during the course of restoration the insurance proceeds remaining to be disbursed are not sufficient to pay the entire cost of completing the restoration, Tenant shall pay the deficiency to the Insurance Trustee before requesting the disbursement of additional proceeds from the Insurance Trustee);

(b) Bills from contractors and subcontractors for work and materials in place, describing in reasonable detail such work and materials, and bills for the reasonable fees of any attorney, architect or engineer for services relating to the restoration;

(c) A certificate signed by Tenant stating that the amount of each such bill does not exceed the cost of such work, materials, or services described on such bill, and that no part of such cost has previously been made the basis of the withdrawal of insurance proceeds;

(d) A certificate of the architect or engineer in charge of the restoration, or of a third party not in the regular employ of any of the Parties hereto, which architect, engineer or third party is reasonably satisfactory to the City and the Insurance Trustee, stating that (i) the work, materials or services described in the bills were necessary or appropriate and are in place or have been performed, (ii) the amount specified in the bills does not exceed the reasonable cost of such work, materials, or services, (iii) the work or materials described in each bill, to the knowledge of such architect, engineer or third party, has been supplied by the contractor or subcontractor submitting such bill or by a person who has supplied materials to such contractor or subcontractor, and (iv) to the knowledge of such architect, engineer or third party, the additional amount, if any, required to complete the restoration;

(e) A title search by a title company or licensed abstractor or other evidence satisfactory to the Insurance Trustee that there has not been filed with respect to Tenant's Improvements or the Premises any mechanic's or other lien or instrument for the retention of title with respect to any part of the work performed which has not been discharged of record, except liens which will be discharged by payment of the amount then requested or liens with respect to which Tenant has furnished the City with a satisfactory bond, or such other security as may be provided for herein; and

(f) For any payment after the restoration has been substantially completed, a copy of any certificate required by law to render occupancy and use of Tenant's Improvements legal.

Prior to any disbursement of insurance proceeds or the Award, Tenant shall have delivered and the City (and, to the extent required by applicable regulations, the National Parks Service) shall have

(x) approved the Final Restoration Plans (which plans shall be prepared, reviewed and approved in the manner provided in **Section 4.8** above with respect to the Final Plans and Specifications), and (y) received copies of all Approvals necessary for the entire restoration as set forth in the Final Restoration Plans.

If this Lease is terminated by the City by reason of Tenant's failure to repair or restore as provided in this Lease continuing beyond all applicable grace, notice and cure periods, any remaining insurance proceeds (together with all interest earned thereon) at the time held by such Insurance Trustee shall be paid to the City, subject, however, to the rights of a First Permitted Leasehold Mortgagee that elects to enter into a new lease in accordance with **Section 14.2(e)**. In the event Tenant completes the restoration pursuant to the terms and conditions of this **Article 11**, then provided that (1) Tenant has complied with the terms and provisions of **Article 8** hereof, (2) there is no current default under this Lease, and (3) Tenant has submitted to the Insurance Trustee satisfactory evidence that the restoration has been paid for in full and that there are no liens of the character referred to above, any remaining insurance proceeds held by such Insurance Trustee shall be disbursed to Tenant.

11.3 No Surrender or Abatement. No destruction of or damage to the Premises or Tenant's Improvements or any part thereof, nor any damage to any equipment or other property installed or used in, on or about Tenant's Improvements, by fire or any other Casualty, whether or not insured, shall permit Tenant to surrender this Lease or shall relieve Tenant from its liability to pay the full Rent and other charges payable under this Lease or from any of its other obligations under this Lease, and Tenant waives any rights now or hereafter conferred upon it by statute or otherwise to quit or surrender this Lease or the Premises, or any part thereof, or to any suspension, diminution, abatement or reduction of Base Rent, Percentage Rent, Additional Rent, or other charges payable under this Lease on account of any such destruction or damage.

11.4 Insufficiency of Insurance Proceeds. If Tenant is required to restore Tenant's Improvements upon the occurrence of a Casualty as provided in this Lease and the insurance proceeds received on account of such Casualty are not sufficient to pay the entire cost of such restoration as reasonably estimated by the City, Tenant shall supply the amount of any such deficiency and shall first apply the same to the payment of the cost of such restoration before calling upon the Insurance Trustee for the disbursement of the insurance proceeds held by the Insurance Trustee.

11.5 Failure to Commence Repairs. If Tenant shall not have Demolished and/or Made Safe to the City's satisfaction within one hundred eighty (180) days of the date of such Casualty, or if Tenant is required to restore Tenant's Improvements under **Section 11.1** hereof and (a) has not commenced reasonably diligent efforts to obtain all necessary permits to restore Tenant's Improvements as provided herein, or (b) if after such permits have been obtained, Tenant has not commenced the performance of such restoration within eighteen (18) months of the date of such Casualty or such longer period as may be required for settlement of insurance claims and construction, or (c) if Tenant thereafter fails to prosecute the restoration of Tenant's Improvements in accordance with the Final Restoration Plans expeditiously and continuously, in each case subject to delays due to Force Majeure or the acts or omissions of the City, the City may, subject to the rights of Permitted Leasehold Mortgagees, terminate this Lease in accordance with Section \_\_\_ by written notice given to Tenant.

## ARTICLE 12

### TAKING

12.1 Award. With respect to any exercise of the power of eminent domain or any agreement in lieu of condemnation (hereinafter referred to in this **Article 12** as a "**Taking**") between the City, the Tenant and those authorized or purporting to be authorized to exercise the power of eminent domain, for a conveyance of the Premises to a condemning City (such conveyance being hereafter in this **Article 12** referred to as "**conveyed**" or as a "**conveyance**"), the Tenant and the Leasehold Mortgagee, in cooperation with the City, shall have the right to participate in negotiations or any Taking leading to an Award (as hereinafter defined) to protect their respective interests hereunder. The total Net Award made or the consideration paid or payable pursuant to such Taking (hereinafter collectively or separately referred to as the "**Award**"), shall be paid by whomever received to the Insurance Trustee, which shall apply the same as herein provided. The term "**Net Award**" shall mean the total Award, less all costs, expenses and attorneys' fees incurred in the collection thereof.

12.2 Termination. If, during the Term of this Lease, all or substantially all of the Premises shall be taken as a result of a Taking, this Lease and all right, title and interest of the Tenant hereunder shall terminate and come to an end on the date title shall vest in the condemning authority pursuant to such Taking, but shall not terminate as to the Award. For purposes of this **Article 12**, "**substantially all of the Premises**" shall be deemed to have been taken if the untaken part of the Premises shall be insufficient for the restoration of the Premises so as to allow the economic and feasible operation thereof by Tenant as reasonably determined by the Tenant. In that event, the Rent, Additional Rent, Impositions and all other charges herein provided to be paid by Tenant shall be apportioned to the date title shall vest in the condemning authority pursuant to such Taking and any amounts prepaid by Tenant in excess of its liability based on such apportionment shall be refunded by the City to Tenant. As to any such taking, the Net Award shall be deemed and distributed as Sales Proceeds under Section 5.3 hereof.

The provisions of **Sections 12.1 and 12.2** shall survive termination of this Lease under this **Section 12.2**.

12.3 Intentionally omitted.

12.4 Partial Taking.

(a) If, during the Term of this Lease, a portion of the Premises shall be taken or conveyed, this Lease shall terminate and come to an end as to the part of the Property which is taken, upon the date title is vested in the condemning authority as a result of such Taking, but shall not terminate as to the Award for the part of the Premises which is taken, and otherwise this Lease shall continue in full force and effect as to the remainder of the Premises, subject to the provisions of Section 12.4(b) hereof.

If there is a Taking of the type provided for in this Section **12.4**, then, as to the part of the Premises not so taken, the Tenant covenants and agrees, for itself and its successors in interest, that the Tenant shall, at its sole cost and expense (subject to reimbursement to the extent hereinafter provided), promptly restore that portion of the Premises not so taken to a complete architectural unit for the use

and occupancy of the Tenant (and those claiming under Tenant) as expressed in this Lease. The provisions and conditions in **Article 11** hereof applicable shall apply to the work required to be done under this **Section 12.4**. As to any such Taking, the Net Award shall be distributed as follows:

- (i) First to the Tenant, to the extent of and as a first charge against the Net Award, an amount not exceeding the actual cost reasonably incurred by the Tenant of performing its obligations under this Lease imposed upon Tenant as the result of the Taking.
- (ii) Second, to Permitted Leasehold Mortgagees to the extent required under their respective loan documents.
- (iii) The balance of the Net Award, if any, shall be apportioned between the City and the Tenant in the same manner as the balance of a Net Award apportioned under **Subsection 12.2(b)(iv) and (v)**.

(b) In the event a Taking provided for in this Section 12.4 so diminishes or impairs the use of the Tenant's Improvements that, notwithstanding restoration, the Tenant would be unable to make economic use of the remainder thereof for the purposes permitted by this Lease, the Tenant, at its option exercisable by notice to the City given not later than one hundred and eighty (180) days after title is vested in the condemning authority pursuant to such Taking, may terminate this Lease as of such date. The Base Rent, Additional Rent, Impositions and/or other charges herein provided to be paid by the Tenant shall be apportioned to said date and any amounts prepaid by Tenant in excess of its liability based on such apportionment shall be refunded by the City to the Tenant. In the event Tenant elects to so terminate this Lease, the Net Award shall be allocated and distributed in the manner provided in Section 12.2, except that the value of the City's Interest in the Net Award determined under Subsection 12.2(a)(i) shall be reduced by the value of the portion of the Premises and the Tenant's Improvements not taken and the amount to be paid to the City under Subsection 12.2(b) shall be reduced by the discounted fair rental value of the portion of the Premises not taken for the unexpired portion of the Term of this Lease.

#### 12.5 Temporary Taking.

(a) If the use of the Premises or the Tenant's Improvements, or any part thereof, shall be taken by pursuant to a Taking for a period of time, definite or indefinite, whether or not for the entire unexpired portion of the Term of this Lease or for a period greater than the same, this Lease shall, nevertheless, continue in full force and effect and the Tenant shall have the right (except as hereinafter provided) to receive the entire Award (which Award, in the case provided for by this Section 12.5, is called the "Use Award") which is allocable to that part of the unexpired portion of the Term of this Lease to which the Use Award relates. Notwithstanding the foregoing, the Tenant and the First Permitted Leasehold Mortgagee, in cooperation with the City, shall have the right to participate in negotiations relative to any such Taking or the Use Award in order to be certain that their respective interests thereunder are protected, with all cost and expense thereof to be a first charge against the Use Award.

The Use Award shall be paid, however, by to the Insurance Trustee for application as hereinafter set forth, after deduction therefrom of all cost and expense reasonably incurred incident to

obtaining such Use Award.

The Use Award shall be held and disbursed as follows: (a) If the same is payable in monthly or other periodic installments, such installments shall, as received by the Insurance Trustee, be applied on account of, and to the extent of, Tenant's restoration obligations and Tenant's obligations on account of Base Rent, Additional Rent, Impositions and other charges under this Lease payable by the Tenant on account of such period; and the dollar value of obligations to be performed by the Tenant shall, on a proportionate basis, also be satisfied from such periodic installments.

Any balance of such periodic installments remaining shall be applied to or for the account of the Tenant, except that, if such taking shall be for a period extending beyond the expiration of the Term of this Lease, the City shall be entitled to the entire Use Award attributable to the period after such expiration.

(b) Where the Use Award is in a lump sum or payable in installments less frequently than quarterly, the lump sum or other installments, together with investment earnings thereon, if any, shall be divided by the number of months included in the period for which such Award has been made and the quotient thereof shall be applied monthly, in accordance with subparagraph (a), above; and

(c) To the extent a Use Award is allocable to the cost of repairs and restoration following the termination of a temporary taking, the same shall be treated as insurance proceeds and applied consistent with the provisions of **Article 11**.

12.6 The City's Power of Eminent Domain. Nothing in this Lease shall limit the eminent domain power of the City; *provided, however*, that Tenant shall retain any and all of its rights to object to any eminent domain proceeding or taking (except that Tenant shall not object to such proceeding or taking on the grounds that the City has in any way contractually limited or waived its eminent domain powers in this Lease), and to pursue any and all remedies with respect thereto.

12.7 Certain Takings to Have No Effect on Tenant's Leasehold. If there shall be a Taking of any vault or other space not included within the Premises as defined in this Lease, or a Taking which shall result in the removal of projecting portions of any Tenant's Improvements upon any street for which the Tenant is not entitled to compensation as a matter of law, or a Taking of an underground right-of-way for a subway, conduit or other purpose not necessitating the demolition or substantial alteration of any portion of any of the Tenant's Improvements, and not affecting the operations of Tenant's Improvements or the quiet enjoyment of Subtenants, any such Taking shall not be treated as a Taking of any part of the Premises for the purposes of this **Article 12**, this Lease shall not be affected by any such Taking of the nature in this **Section 12.7** referred to, any alteration required because of such Taking of the nature in this **Section 12.7** provided, shall be done by the Tenant, and the provisions and conditions of **Article 11** shall apply to any alteration required to be done under this **Section 12.7**.

## ARTICLE 13

### TRANSFERS OF TENANT'S INTEREST

#### 13.1 Transfers Generally.

(a) Except as otherwise expressly provided in this Lease, Tenant shall not, directly or indirectly, assign, mortgage, pledge, or otherwise transfer this Lease, or all or any portion of Tenant's legal or beneficial interest in this Lease, or enter into a Sublease with respect to the whole or any part of the Premises (excluding Allowed Subleases) (collectively, a "**Transfer**"), prior to the date of Final Completion of Tenant's Improvements without the City's prior written approval, which may be withheld or granted in the City's sole discretion. From and after such date, except as otherwise expressly provided in this Lease, no Transfer shall be permitted without Landlord's prior written approval in each instance, which approval shall not be unreasonably withheld, conditioned or delayed. In furtherance but not in limitation of the foregoing, the City may withhold its consent to any Transfer for which the City's approval is required hereunder (and, where in this **Section 13.1** the City has agreed not to unreasonably withhold its consent to a Transfer, shall not be deemed unreasonable for doing so) because of the City's special concerns as a public entity regarding any proposed Transferee's character or reputation in the community, whether or not such concerns would be important to a commercial enterprise, or if there exists an uncured Event of Default under this Lease after the expiration of applicable grace, notice and cure periods. At the City's option, any attempted Transfer without said prior written approval or otherwise in violation of any provision of this **Article 13** shall be void, *ab initio*, shall be of no force and effect, and shall confer no rights on or in favor of third parties, provided that the City may, at its option, collect rent from any such Transferee and apply the net amount collected to the Rent due from Tenant hereunder, but no such collection shall be deemed a waiver of such violation, or the acceptance of such Transferee as a tenant, or a release of Tenant from the further performance by Tenant of covenants on the part of Tenant set forth in this Lease.

*[Parties to discuss structuring to allow assignments of separate portions of the Project to distinct ownership entities following Final Completion.]*

(b) If City approval is required under this Lease, Tenant shall request the City's consent to a Transfer in writing and shall provide the following information and documentation to the City at least thirty (30) days prior to the effective date of any such proposed Transfer:

(i) the name of the proposed Transferee and a copy of the proposed Sublease or assignment of lease Transfer (with a duly executed copy of such Sublease or assignment of lease to promptly follow upon execution thereof);

(ii) the nature of the proposed Transferee's business, their proposed use of the Premises, their business experience in the Permitted Uses thereof, and their financial qualifications and ability to perform all obligations under this Lease;

(iii) certificates of good standing (or certificates of qualification to do business in the State if such proposed Transferee is a foreign entity) of the proposed Transferee issued by the New Hampshire Secretary of State;

(iv) Omitted.

(v) a statement from Tenant certifying that, to the best of Tenant's knowledge, neither the proposed Transferee, nor its respective constituent partners, investors, beneficiaries or Affiliates, are in violation of any law, rule,

regulation, order or decree relating to terrorism or money laundering, or is otherwise a Person described in **Section 13.6** below. Tenant shall, from time to time (but no more frequently than once in any 12 month period), within thirty (30) days after request by the City, deliver to the City any certification or other reasonable evidence requested from time to time by the City in its reasonable discretion, confirming its compliance with these provisions;

(vi) in the case of a Sublease of the entire Premises, or assignment of this Lease, a written agreement executed by the Transferee in which the Transferee assumes and agrees, for the benefit of the City, to observe and perform all the covenants, conditions and agreements in this Lease on the part of Tenant to be observed or performed after the date of the Transfer with respect to the Premises (or, in the case of a Sublease, that portion of the Premises which is subject to such Sublease); and

(vii) any other information reasonably requested by the City.

(c) Tenant shall reimburse the City within 30 days of written demand, as Additional Rent, for all reasonable out-of-pocket fees, costs and expenses incurred by the City (including, without limitation, the City's reasonable attorneys' fees at usual rates and disbursements and the reasonable costs of making investigations as to the acceptability of the proposed Transferee) in connection with (x) any request by Tenant for the City's consent to a proposed Transfer, or (y) the review by the City of plans and specifications for any Alterations proposed to be made to the Premises in connection with a proposed Transfer (in each case without regard to whether or not the City issues such consent or approval). Such payment shall be due and payable to the City within thirty (30) days after it submits an invoice therefor to Tenant accompanied by reasonably detailed documentation relating to such costs and expenses.

(d) For the purposes of this Lease, the sale or other transfer (which term shall include, without limitation, the exchange, issuance and/or redemption) of fifty-one percent (51%) or more, or such smaller percentage as would result in a change in the voting control, of the immediate or remote beneficial interests of the members of Tenant, the voting stock of any immediate or remote corporate member or guarantor or indemnitor of Tenant, or the voting stock of any immediate or remote controlling corporation of Tenant (whether such sale or transfer occurs at one time or at intervals so that, in the aggregate, over the Term of this Lease, such transfer shall have occurred), or any other transaction(s) overall having the effect of a change in voting control or substantially the same effect if the entity in question is not a corporation (such as, without limitation, a change in the number or the identity of the members of a limited liability company, the partners of a partnership or of the beneficiaries of a trust), shall be treated as if such sale or transfer or transaction(s) were, for all purposes, an assignment of this Lease and shall be governed by the provisions of this **Article 13**. The foregoing provision shall apply to voluntary and involuntary assignments and transfers, and to assignments and transfers by operation of law, the sale of all or substantially all of Tenant's assets, and shall include transfer, merger or consolidation of the stock or partnership or member's or other beneficial interests of Tenant or any beneficiary or member of Tenant, except as otherwise permitted hereunder.

(e) Notwithstanding the provisions contained in the first paragraph of this **Section**

**13.1,** Tenant shall not be required to obtain the consent of the City to an assignment in connection with (i) any exercise of rights by a Permitted Leasehold Mortgagee under its loan documents, including, without limitation, foreclosure by a Permitted Leasehold Mortgagee (or deed or assignment in lieu thereof), including, without limitation, a purchase of Tenant's interest in a foreclosure sale from a foreclosing Permitted Leasehold Mortgagee; (ii) a transfer by reason of death or incapacity of an individual holding an Equity Interest in Tenant; (iii) estate planning transfers to family members or trusts for the benefit of family members of an individual holding an Equity Interest in Tenant; (iv) transfers of the publicly traded stock in Tenant or in any entity holding an Equity Interest in Tenant; (v) the exercise by any holder of an Equity Interest in Tenant of its right to purchase the Equity Interest of any other holder of an Equity Interest in Tenant; (vi) the transfer, sale, conveyance, or pledge of Investor Member interests in Tenant, or transfers of membership interests within Investor Member that are permitted under the Operating Agreement; (vii) any Allowed Subleases; (viii) any grant of easements or licenses or the like under Section \_\_; (ix) and liens being contested by Tenant in good faith; (x) a transfer of such interest among the individuals or entities comprising the members of the Tenant as of the date of this Lease, (xi) a transfer of such interests to the Completion Guarantor or to any direct or indirect owner of Completion Guarantor (collectively, "**Permitted Transfers**"). Tenant shall provide written notice to the City of any and all changes or transfers in the holders of Equity Interests in Tenant within thirty (30) days of such change or transfer, regardless of whether the City's consent is required under this **Section 13.1.**

(f) Upon the execution and delivery of an Assignment and Assumption Agreement transferring this Lease in accordance with and subject to the provisions of this **Section 13.1,** the assignor shall be relieved from all further liabilities and obligations hereunder, but until such time, and in respect of all liabilities arising prior to such time, the assignor shall remain fully and directly liable on all Tenant obligations hereunder.

(g) Tenant promptly shall provide the City with a copy of each executed Sublease or assignment of lease, and all material modifications or amendments thereof, upon written request of the City.

13.2 Subleases. Except for Subleases to individual residential Subtenants made in the ordinary course of business, and except for non-residential subleases made in the ordinary course of business on a commercially reasonable standard form of lease approved in advance by the City (with commercially reasonable changes thereto), the approval of which form shall not be unreasonably withheld, conditioned, or delayed, and for which the term does not extend beyond the term of this Lease (collectively, the "**Allowed Subleases**"), all Subleases shall be subject to the prior written approval and consent of the City. Allowed Sublease and all other subleases approved by the City are referred to herein as "**Approved Subleases**". The following additional provisions shall apply to all Allowed Subleases and other Subleases:

(a) Tenant, and Tenant's successors and assigns, shall not permit the use, occupancy or operation of the Premises or any portion thereof by any Person, unless:

(i) such use, occupancy or operation is under a written Sublease, and for a term which does not extend beyond the Term of this Lease;

(ii) such Sublease is with a Subtenant on commercially reasonable terms

and without any offsets other than those which are commercially reasonable;

(iii) such Sublease includes provisions acknowledging that said Sublease shall be subject and subordinate to this Lease;

(iv) such Sublease requires the proposed Subtenant to use the Premises only for the Permitted Uses herein defined;

(v) such Sublease contains provisions requiring all alterations, additions, changes or improvements to the Premises to be performed in accordance with the requirements of this Lease relating to alterations, additions, changes or improvements, including without limitation, Tenant's Improvements; and

(vi) such Sublease shall be otherwise in compliance with this **Section 13.2**.

(b) All Subleases shall provide that: (i) the Subtenant agree in writing that the Subtenant will not breach, or cause Tenant to breach, any of the provisions of this Lease; (ii) any violation of any provision of this Lease, whether by act or omission by any Subtenant, shall be deemed a violation of such provision by Tenant, it being the intention and meaning of the Parties that Tenant shall assume and be liable to the City for any and all acts and omissions of any and all Subtenants with respect to this Lease, provided that this Lease shall not be terminated due to default of any Subtenant so long as such default does not constitute or result in an Event of Default under this Lease; (iii) each Sublease shall provide that in the event this Lease is terminated prior to the expiration of such Sublease, then, subject to the provisions of any non-disturbance and attornment agreement executed by the subtenant and the City pursuant to **Section 13.4**, at the City's option, the Subtenant thereunder will either attorn to the City and waive any right the Subtenant may have to terminate the Sublease, or surrender possession thereunder as a result of the termination of this Lease, and the Sublease shall terminate simultaneously with the termination or expiration of this Lease; and (iv) each Sublease shall provide that in the event the Subtenant receives a written notice from the City stating that an Event of Default has occurred under this Lease, the Subtenant shall thereafter be obligated to pay all rentals accruing under such Sublease directly to the City or as the City may direct.

(c) All Subleases and all of the terms, covenants and provisions thereof and all rights, remedies and options of the Subtenants thereunder are and shall at all times continue to be fully subject and subordinate in all respects to this Lease as the same may be renewed, amended, supplemented, extended or replaced. This provision shall be self-operative and no further instrument shall be required to confirm or perfect such subordination. However, at the request of the City, Tenant shall request Subtenants not parties to Allowed Residential Subleases to execute and deliver such other documents and take such other action as the City reasonably requests to perfect, confirm or effectuate such subordination. If, for any reason, this Lease is terminated by summary proceedings or for any other reason whatsoever, the Subleases shall automatically terminate, except as may be provided in any Non-Disturbance Agreement between the City and a Subtenant.

(d) Notwithstanding anything to the contrary contained in this Lease, a Sublease of all or substantially all (more than 55%) of the Premises (regardless of the term thereof) shall require the prior written consent of the City .

(e) Furthermore, to the extent required by applicable law, all subleases are subject to the review and approval of NPS.

13.3 No Advance Payments. Tenant shall not directly or indirectly collect or accept any payment of rent under any Sublease for any period in excess of thirty (30) days in advance (other than pursuant to individual residential Subleases), provided the foregoing shall not be interpreted in any way that limits Tenant's rights to collect or accept security deposits and other fees and deposits, and provided that Tenant shall not be prohibited from collecting first and last months' rent in advance from residential subtenants.

13.4 Non-Disturbance. If Tenant delivers a Sublease to the City and requests that the City enter into a non-disturbance and attornment agreement (a "**Non-Disturbance Agreement**") with the Subtenant thereunder, the City shall have no obligation to do so but may do so, in its sole and absolute discretion, and subject to such conditions and limitations as the City may require, in its sole and absolute discretion. In no event shall the foregoing be deemed to obligate the City to enter into a non-disturbance and attornment agreement with respect to any Subtenant. Notwithstanding the foregoing, the City shall, if so requested, enter into a Non-Disturbance Agreement with each non-residential subtenant for Subleases of at least \_\_\_\_\_ square feet of rentable floor area if such agreement is substantially in the form attached hereto as **Exhibit H**. If any Subtenant requires a Non-Disturbance Agreement in a form substantially different from the form attached hereto as **Exhibit H** and the City agrees to negotiate such a different form with such Subtenant and agrees not to unreasonably withhold, condition or delay its agreement to any other commercially reasonable form of Non-Disturbance Agreement and, then Tenant shall reimburse the City, as Additional Rent, for all attorneys' fees and expenses incurred by the City in connection with the preparation, review and negotiation of such a Non-Disturbance Agreement (up to a maximum amount of \$2,500.00 per Non-Disturbance Agreement), regardless of whether or not such a Non-Disturbance Agreement is finalized, which payment shall be due and payable to the City within thirty (30) days after it submits an invoice therefor to Tenant. The amount set forth in the preceding sentence shall be adjusted by the cumulative increase (but not decrease) in the Index every five (5) Lease Years.

13.5 Prohibited Transfers. Notwithstanding any other provision contained in this Lease to the contrary, Tenant shall not knowingly, after reasonable inquiry, transfer or permit the transfer of any legal or beneficial interest in Tenant to, or assign, Sublease or otherwise Transfer all or any portion of its interest under this Lease or in all or any portion of the Premises to, or enter into any Sublease to, any of the following:

(a) any Person (or any Person whose operations are directed or controlled by a Person) that is (or within the prior five years has been) in litigation with the City [due to a breach of duties or obligations contractually owed to the City by such Person], or has been convicted of or has pleaded guilty in a criminal proceeding to a felony, or that is an on-going target of a grand jury investigation convened pursuant to applicable statutes concerning organized crime;

(b) any Person organized in or controlled from a country, the activities with respect to which are regulated or controlled pursuant to the following United States laws and the regulations or executive orders promulgated thereunder: (1) the Trading with the Enemy Act of 1917, 50 U.S.C. App. §1, *et seq.*, as amended; (2) the International Emergency Economic Powers Act of 1976, 50

U.S.C. §1701, *et seq.*, as amended; or (3) the Anti-Terrorism and Arms Export Amendments Act of 1989, codified at Section 6(j) of the Export Administration Act of 1979, 50 U.S.C. App. §2405W, as amended; or

(c) any Person with whom the City is restricted from doing business under either (1) Executive Order No. 13224 on Terrorist Financing (effective September 24, 2001 (as amended or supplemented from time to time, the "**Executive Order**"), or (2) the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (Public Law 10756; as amended, from time to time, the "**Patriot Act**"), or (3) the regulations of the United States Department of the Treasury Office of Foreign Assets Control (including, without limitation, those Persons named on the list of "Specially Designated Nationals and Blocked Persons" as modified from time to time), or other governmental action; or

(d) any Person involved in litigation with the City [due to a breach of duties or obligations contractually owed to the City by such Person], which is ongoing at the time of the proposed Transfer or five (5) years prior; or

(e) any Affiliate of any of the Persons described in the preceding paragraphs (a), (b), (c) or (d).

Tenant shall, simultaneously with its execution and delivery of this Lease, deliver to the City a certification stating that, to the best of Tenant's knowledge, neither Tenant nor any of its constituent partners, investors, beneficiaries or Affiliates, are in violation of any Laws relating to terrorism or money laundering, including the Executive Order and the Patriot Act and that neither Tenant, nor its constituent partners, investors, beneficiaries or Affiliates, are listed on the United States Department of the Treasury Office of Foreign Assets Control list of "Specially Designated Nationals and Blocked Persons" as modified from time to time, and that none of them is otherwise subject to the provisions of the Executive Order or the Patriot Act, or any rules or regulations promulgated thereunder. Thereafter, Tenant shall from time to time, but no more frequently than once in any 12 month period, within ten (10) business days after request by the City, deliver to the City a certification stating that, to the best of Tenant's knowledge, neither Tenant nor any Transferee, nor any of their respective constituent partners, investors, beneficiaries or Affiliates, are in violation of any Laws relating to terrorism or money laundering, including the Executive Order and the Patriot Act and that neither Tenant nor any Transferee, nor any of their respective constituent partners, investors, beneficiaries or Affiliates, are listed on the United States Department of the Treasury Office of Foreign Assets Control list of "Specially Designated Nationals and Blocked Persons" as modified from time to time, and that none of them is otherwise subject to the provisions of the Executive Order or the Patriot Act, or any rules or regulations promulgated thereunder.

13.6 Further Consent. Consent by the City to any type of Transfer shall not in any way be construed to relieve Tenant from obtaining further written consent for any subsequent Transfer, nor shall any consent by the City to any Transfer be deemed to be consent to a further Transfer by the initial Transferee thereof. Notwithstanding anything to the contrary contained in this Lease, any subsequent Transfer by such Transferee shall require the prior written consent of the City, which consent may be withheld by the City to the extent required under this Article 13.

13.7 Deemed Approval. The City shall grant or withhold approval of any request by Tenant

to a Transfer to the extent such consent is required hereunder, within ten (10) Business Days after Landlord's receipt of such request. If the City shall fail to approve or disapprove Tenant's request within such ten business day period then Tenant shall send a follow up written notice to the City (which notice shall specifically reference this Section and contain in a conspicuous type on the top of the first page of such request the following language in bold and prominent print: "YOU SHALL BE DEEMED TO HAVE GRANTED TO TENANT THE APPROVAL REQUESTED HEREIN IF YOU FAIL TO RESPOND TO THIS REQUEST FOR APPROVAL WITHIN TEN (10) BUSINESS DAYS AFTER YOUR RECEIPT OF THIS REQUEST") and the City fails to respond within such 10-Business Day period after receiving the notice, then such request shall be deemed approved.

## ARTICLE 14

### PERMITTED LEASEHOLD MORTGAGEES

14.1 Permitted Leasehold Mortgage. Notwithstanding anything in the Lease to the contrary, **Tenant**, and its successors and assigns, shall have the right to mortgage, pledge or conditionally assign this Lease (including, without limitation, Tenant's leasehold interest in the Premises, Tenant's Improvements, and all appurtenant rights and easements for the benefit of Tenant under this Lease) to a Permitted Leasehold Mortgagee subject to the provisions of this **Article 14**. Any leasehold mortgage other than a Permitted Leasehold Mortgage shall be subject to the City's prior written approval, which approval shall not be unreasonably withheld, delayed or conditioned. In no event shall the fee interest in the Premises, or the interest of the City in any Rent, be subordinate to any leasehold mortgage or other interest in the Premises. Tenant shall provide the City with written notice of any such proposed leasehold mortgage or any refinancing of the Premises at least thirty (30) days prior to the closing of any such transaction.

The making of a mortgage under the prior paragraph shall not be deemed to constitute an assignment or other Transfer, nor shall any mortgagee under such a mortgage not in possession of the Premises be deemed an assignee of the leasehold estate created hereby, so as to require such mortgagee to assume the obligations of Tenant hereunder, but a mortgagee in possession and the purchaser at any sale of the leasehold estate created hereby upon foreclosure of a mortgage given in accordance with the prior paragraph, or the assignee of Tenant's interest under this Lease pursuant to an assignment in lieu of such foreclosure, shall be deemed to be an assignee of Tenant (but no consent by the City to such assignment or transfer shall be required) and subject to the terms and conditions of **Article 14** hereof shall be deemed to have assumed the obligations of Tenant hereunder arising from and after the date of taking possession or of such purchase or assignment. Any such party shall have the right to assign or otherwise Transfer its interest in the leasehold estate created by this Lease, and no consent by the City for such assignment or Transfer shall be required. If a mortgagee who is deemed to have assumed the obligations of Tenant hereunder thereafter assigns its interests in this Lease to an assignee who assumes the obligations of Tenant hereunder, such mortgagee shall be relieved of the obligations of Tenant arising after such assignment and assumption. A conditional assignment of Tenant's interest in this Lease to a mortgagee as security for a mortgage granted in accordance with the prior paragraph shall not constitute an assumption of liability by the mortgagee of Tenant's obligations hereunder until the date of such mortgagee's taking of possession pursuant to the exercise of its rights under such conditional assignment.

Tenant covenants to pay all amounts when due, and perform all obligations, under any

mortgage made pursuant to this Section. Tenant shall reimburse the City within thirty (30) days following written demand, as Additional Rent, for all out-of-pocket costs, fees and expenses (including, without limitation, reasonable attorneys' fees) incurred by the City in connection with any mortgage, pledge, conditional assignment, or other security interest (or any refinancing thereof) proposed to be granted by Tenant with respect to all or any portion of its interest under this Lease, regardless of whether or not Tenant enters into such financing arrangement.

*[City to provide right for Tenant to obtain mezzanine debt][to be discussed]. [OPEN]*

#### 14.2 Rights of Permitted and First Permitted Leasehold Mortgagees.

(a) Notices. Provided that the City shall have previously been provided by Tenant in writing with the name and address of each Permitted Leasehold Mortgagee, then simultaneously with the giving to Tenant of any process in any action or proceeding brought to terminate or otherwise in any way affect this Lease, or any notice of (i) default, (ii) a matter on which a default may be predicated or claimed, (iii) a termination hereof, or (iv) a condition which if continued may lead to a termination hereof, the City will give duplicate copies thereof to each Permitted Leasehold Mortgagee in the manner provided in **Section 18.3**, and no such notice to Tenant or process shall be effective unless a copy of the notice or process is so sent to each such Permitted Leasehold Mortgagee. The City acknowledges, for the benefit of the First Permitted Leasehold Mortgagee only, that no event or circumstance will constitute an Event of Default for which this Lease may be terminated by the City, unless the First Permitted Leasehold Mortgagee shall have been given notice thereof and an opportunity to cure as provided herein.

(b) Right to Cure. A Permitted Leasehold Mortgagee may elect, in its sole discretion, to cure any default under this Lease by Tenant. Any Permitted Leasehold Mortgagee shall have the same period after the sending of a notice to it for remedying the default as is given Tenant after notice to it under this Lease plus an additional thirty (30) days for a default referred to in **Section 15.2(a)** or in **Section 15.2(1)** below, and the City agrees to accept performance on the part of any such Permitted Leasehold Mortgagee as though it had been done or performed by Tenant. No payment made to the City by any Permitted Leasehold Mortgagee shall constitute agreement that such payment was, in fact, due under the terms of this Lease.

(c) Time to Obtain Possession. The City agrees that, only in the event of a non-monetary default which cannot be cured by a First Permitted Leasehold Mortgagee without obtaining possession of the Premises, the City will not terminate this Lease pursuant to **Section 15.2** without first giving to the First Permitted Leasehold Mortgagee only a reasonable time within which to obtain possession of the Premises, including possession by a receiver, or to institute and complete foreclosure proceedings or otherwise acquire Tenant's Leasehold Interest with diligence and without unreasonable delay; *provided, however*, that throughout such time such First Permitted Leasehold Mortgagee causes to be fully and timely performed all monetary obligations of Tenant under this Lease and all non-monetary obligations of Tenant that can be performed by such First Permitted Leasehold Mortgagee without first obtaining possession of the Premises. A reasonable time shall mean not in excess of three (3) months as to obtaining possession, whether or not foreclosure proceedings are commenced and prosecuted (or such longer period if and so long as such proceedings are enjoined or stayed). The City agrees that upon acquisition of Tenant's Leasehold Interest by a First Permitted Leasehold Mortgagee

and performance by such First Permitted Leasehold Mortgagee of all covenants and agreements of Tenant, except those which by their nature cannot be performed or cured by any Person other than the then Tenant which has defaulted, including without limitation Tenant's initiation of a voluntary proceeding under any bankruptcy or insolvency law ("**Incurable Lease Defaults**"), the City's right to terminate this Lease shall be waived with respect to the matters which have been cured by the First Permitted Leasehold Mortgagee and with respect to the Incurable Lease Defaults. Nothing herein shall preclude the City from exercising any rights or remedies under this Lease (other than the right to terminate this Lease), with respect to any default by Tenant hereunder continuing beyond applicable grace, notice and cure periods, prior to or during the pendency of such foreclosure proceedings subject, however, to the City's compliance with the provisions of this **Section 14.2** with respect to each such default.

(d) Amendment. Except as may be expressly otherwise provided herein, this Lease shall not be modified or surrendered to the City or canceled by Tenant, nor, except as provided in **Section 14.2(e)** below, shall the City accept a surrender of this Lease, without the prior written consent of the First Permitted Leasehold Mortgagee. The City agrees to make reasonable modifications to this Lease to accommodate the requirements of a prospective Permitted Leasehold Mortgagee, provided that the City shall not be required to enter into any amendment to this Lease which would (A) subordinate the City's fee interest in the Premises; (B) reduce, defer or subordinate the payment of Rent; (C) require the City to assume or join in any obligation, monetary or otherwise, which is an obligation of Tenant under this Lease; (D) relieve Tenant of any material obligation, monetary or otherwise, under this Lease; (E) materially impair the value of the City's reversionary interest under this Lease; (F) extend the Term of this Lease; (G) permit Tenant to construct improvements on the Premises other than those permitted under this Lease; or (H) otherwise materially adversely affect the City's rights under this Lease.

(e) New Lease. If this Lease is terminated for any reason, including without limitation, as a result of a default on the part of Tenant continuing beyond applicable grace, notice and cure periods, or a rejection of this Lease in any bankruptcy proceeding, the City shall, subject to the satisfaction of the conditions provided below, on written request of a First Permitted Leasehold Mortgagee made at any time within sixty (60) days after the City has given notice of such termination to such First Permitted Leasehold Mortgagee, enter into a new lease of the Premises with such First Permitted Leasehold Mortgagee within ninety (90) days after receipt of such request. If the First Permitted Leasehold Mortgagee has made an election pursuant to the previous sentence to enter into a new lease, the City shall not execute, amend or terminate any Subleases of the Premises during such ninety (90) day period without the prior written consent of the First Permitted Leasehold Mortgagee. Any such new lease for a First Permitted Leasehold Mortgagee shall be effective as of the date of termination of this Lease, and, except as provided below, shall be upon all the same terms and conditions of this Lease which would have been in effect had such First Permitted Leasehold Mortgagee taken an assignment of the leasehold estate under this Lease from Tenant. The term of any such lease shall be the remainder of the Term of this Lease. The City shall not be obligated to enter into such a new lease with a First Permitted Leasehold Mortgagee unless (i) such First Permitted Leasehold Mortgagee shall, contemporaneously with the delivery of such request for a new lease, pay to the City all Rent and other charges owed by Tenant to the City which then remain unpaid and the Rent and other charges for the period after termination of this Lease and until commencement of the new lease which would have become due under this Lease (less any Rent or other charges for such periods actually collected by the City from Subtenants of the Premises), together with all expenses,

including reasonable attorney's fees, incurred by the City in connection with the termination of this Lease and the execution and delivery of such new lease, and (ii) such First Permitted Leasehold Mortgagee shall have performed all unfulfilled covenants and agreements required as of that date to be performed by Tenant under this Lease (other than Incurable Lease Defaults). The City shall have no obligation to deliver physical possession of the Premises to any First Permitted Leasehold Mortgagee at the time of entering into such new lease unless the City, at time of execution and delivery of such new lease, shall have obtained physical possession of the Premises. In no event shall any new lease with a First Permitted Leasehold Mortgagee be for a longer term than the Term of this Lease. The provisions of this **Section 14.2(e)** shall survive the termination of this Lease.

14.3 Undertakings of Permitted Leasehold Mortgagee.

(a) Notices. Simultaneously with the giving to Tenant of any process in any action or proceeding brought for foreclosure of a Permitted Leasehold Mortgage or any notice of (i) default or acceleration under a Permitted Leasehold Mortgage, (ii) a matter on which such a default or acceleration may be predicated or claimed, (iii) a foreclosure of a Permitted Leasehold Mortgage, or (iv) a condition which if continued may lead to such foreclosure, the applicable Permitted Leasehold Mortgagee will give duplicate copies thereof to the City in the manner provided in **Section 18.3**, and no such notice to Tenant or process shall be effective unless a copy of such notice or process is so sent to the City.

(b) Right to Cure. The City shall have the same period after the sending of a notice to it for remedying the default as is given Tenant after notice to it. The applicable Permitted Leasehold Mortgagee agrees to accept performance on the part of the City as though it had been done or performed by Tenant. No payment made to any such Permitted Leasehold Mortgagee by the City shall constitute agreement that such payment was, in fact, due under the terms of the Permitted Leasehold Mortgage.

(c) Amendment. A Permitted Leasehold Mortgage shall not be amended in any manner that would cause it to no longer qualify as a Permitted Leasehold Mortgage without the prior written consent of the City, not to be unreasonably withheld, conditioned or delayed.

(d) Certificates. A Permitted Leasehold Mortgagee will, upon request from the City, but no more frequently than once in any 24 month period, deliver to the City a certificate that to the best knowledge of such Permitted Leasehold Mortgagee, Tenant is not in default under the applicable Permitted Leasehold Mortgage (or, if any defaults exist, specifying said defaults).

## ARTICLE 15

### TERMINATION AND DEFAULT

15.1 Surrender. Tenant shall on the last day of the Term, or upon any earlier termination of this Lease, quit and peacefully surrender and deliver up the Premises, including Tenant's Improvements and all other improvements to the Premises, to the possession and use of the City without delay and in good order, condition and repair (excepting only reasonable wear and tear; damage from a Taking or from a Casualty after the last repair, replacement, restoration or renewal required to be made by Tenant pursuant to this Lease; and damage caused by the City or its employees or contractors; and obsolescence). The Premises shall at that time, unless otherwise approved or requested by the City in

writing (such written approval or request to include, without limitation, any Non-Disturbance Agreements executed by the City) be free and clear of all leases and occupancies. The Premises shall be surrendered free and clear of all liens and encumbrances (other than those existing at the Effective Date of this Lease, created or approved by the City or permitted under this Lease), and shall be surrendered without any payment by the City on account of Tenant's Improvements or any other improvements which may be on the Premises. Upon or at any time after the expiration or earlier termination of this Lease, subject to the rights of any Subtenant under a Non-Disturbance Agreement executed by the City and such Subtenant in accordance with **Section 13.5** above and the rights of any Permitted Leasehold Mortgagee, the City may, without further notice, enter upon and re-enter the Premises and possess and repossess itself thereof, by force, summary proceedings, ejectment or otherwise, and may dispossess Tenant and remove Tenant and all other persons and property from the Premises, and may have, hold and enjoy the Premises and the right to receive all income from the same.

15.2 Events of Default. If any one or more of the following events (herein called "**Events of Default**") shall happen:

(a) If default shall be made in the due and punctual payment of any Rent or other sums payable under this Lease or any part thereof when and as the same shall become due and payable, and such default shall continue for a period of ten (10) days after written notice from the City to Tenant specifying the items in default; or *provided, however*, that the City shall not be required to give more than two (2) notices pursuant to this clause (a) within a 12-month period if Tenant fails to make any payment of Rent or other sum payable under this Lease within ten (10) days of the date the same is due under this Lease. If any installment of Rent due from Tenant to the City shall not be received by the City when due, then default interest on such late payment shall accrue from the date due until paid at the rate of ten percent (10%) per annum. The parties agree that such late charge represents a fair and reasonable estimate of the costs the City will incur by reason of late payment by Tenant. Acceptance of such late charge by the City shall in no event constitute a waiver of Tenant's default with respect to such overdue amount, nor prevent the City from exercising any of the other rights and remedies granted hereunder.

(b) If Tenant fails to comply with the provisions of **Section 4.5** and as a result thereof an Event of Default is deemed to occur beyond applicable grace, notice and cure periods as provided in **Section 4.5**; or

(c) If Tenant shall fail to maintain insurance as required by **Article 8** and such default shall continue for a period of twenty (20) days after written notice from the City to Tenant; or

(d) If Substantial Completion of Tenant's Improvements shall not have occurred on or before the Outside Completion Date, subject to delays due to Force Majeure Events or attributable to the City as set forth in **Section 4.20**, or as otherwise may be extended pursuant to the terms of this Lease; or

(e) [Reserved]; or

(f) If Tenant abandons, voluntarily, all or substantially all of the Premises for a period of one hundred and eighty (180) days for any reason other than the process of restoration following a Casualty or Taking (which restoration requires more than thirty (30) days to complete) or

due to Force Majeure; or

(g) If Tenant shall initiate the appointment of a receiver to take possession of all or any portion of the Premises or Tenant's Leasehold Interest for whatever reason, or Tenant shall make an assignment for the benefit of creditors or other conveyance or transfer of like nature, or Tenant shall initiate voluntary proceedings under any bankruptcy or insolvency law or law for the relief of debtors; or if there shall be initiated against Tenant any such proceedings which are not dismissed within ninety (90) days; or

(h) If the leasehold hereby created shall be taken on execution or by other process of law and shall not be revested in Tenant within sixty (60) days thereafter; or

(i) If a receiver, sequester, trustee or similar officer shall be appointed by a court of competent jurisdiction to take charge of all or a substantial part of Tenant's property and such appointment shall not be vacated, revoked, terminated or stayed within sixty (60) days thereafter; or

(j) If Tenant shall assign, mortgage, pledge, encumber or otherwise Transfer (whether voluntarily or by operation of law) this Lease or the Premises, or any material portion thereof, in Tenant in violation of **Article 13** hereof; or

(k) If Tenant fails to comply with the terms and provisions of **Sections 16.1 or 16.2** hereof beyond the applicable notice and cure period set forth therein; or

(l) If default shall be made by Tenant in the performance of or compliance with any of the agreements, terms, covenants or conditions in this Lease, other than those referred to in paragraphs (a) - (k) of this Section, for a period of thirty (30) days after written notice from the City to Tenant specifying the items in default, or in the case of a default or a contingency which cannot with due diligence be cured within the thirty (30) day period, Tenant fails to proceed within such thirty (30) day period to commence to cure the same and thereafter to prosecute the curing of such default with diligence to completion (it being intended in connection with a default not reasonably susceptible of being cured with due diligence within such thirty (30) day period that the time within which Tenant shall be required to cure the same shall be extended for such period as may be necessary to complete the same with due diligence); or

(m) With respect to the Completion Guaranty and any Guarantor thereunder, prior to Final Completion: (i) the termination of any Guarantor's liability thereunder other than through the Final Completion of construction of Tenant's Improvements by Tenant; or (ii) the occurrence with respect to any Guarantor of any of the events described in clauses (g), (h), or (i) above prior to the Final Completion of construction of Tenant's Improvements by Tenant; or (iii) any Guarantor's failure or refusal to honor the Completion Guaranty; or (iv) any Guarantor's breach of its Completion Guaranty, all beyond the applicable notice and cure period set forth therein, if any, provided that if any of the foregoing events of this **Section 15.2(m)** shall occur after the admittance of Investor Member as a member of Borrower, no Event of Default shall be deemed to have occurred if, within thirty (30) days following written notice from the City of the occurrence of such event, an Affiliate of Investor Member, or another replacement guarantor approved by the City (i) assumes the obligations of Guarantor under the Completion Guaranty and (ii) executes a new Completion Guaranty in substantially the same form as the Completion Guaranty; or

(n) With respect to the Environmental Indemnification Agreement, prior to Final Completion and any Indemnitor thereunder: (i) the termination of Tenant's or any Indemnitor's liability thereunder; or (ii) the occurrence with respect to Tenant or any Indemnitor of any of the events described in clauses (g) or (i) above; or (iii) Tenant's or any Indemnitor's failure or refusal to honor the Environmental Indemnification Agreement; or (iv) Tenant's or any Indemnitor's breach of the Environmental Indemnification Agreement, all beyond the applicable notice and cure period set forth therein, if any, provided that if any of the foregoing events of this **Section 15.2(n)** shall occur after the admittance of Investor Member as a member of Borrower, no Event of Default shall be deemed to have occurred if, within thirty (30) days following written notice from the City of the occurrence of such event, an Affiliate of Investor Member, or another replacement indemnitor approved by the City (i) assumes the obligations of Tenant or any under the Environmental Indemnification Agreement and (ii) executes a new Environmental Indemnification Agreement in substantially the same form as the Environmental Indemnification Agreement;

(o) then, subject to the rights of any Permitted Leasehold Mortgagee, and in any such event, the City at any time thereafter may give written notice to Tenant specifying such Event or Events of Default and stating that this Lease and the Term hereby demised shall expire and terminate on the date specified in such notice, which shall be at least sixty (60) days after the giving of such notice, and upon the date specified in such notice this Lease and the Term thereby demised and all rights of Tenant under this Lease shall expire and terminate, unless prior to the date specified for termination the Event or Events of Default shall have been cured, and Tenant shall remain liable as hereinafter provided and Tenant's Improvements and all other improvements (including, without limitation, all buildings, structures, and Alterations) located on the Premises shall become the property of the City without the necessity of any deed or conveyance from Tenant to the City. Tenant agrees upon request of the City to immediately execute and deliver to the City any deeds, releases or other documents reasonably deemed necessary by the City to evidence the vesting in the City of all of Tenant's right, title and interest in and to all of Tenant's Improvements and all such other improvements.

15.3 Relet. At any time or from time to time after any such expiration or termination, the City may relet the Premises or any part thereof for such term or terms (which may be greater or less than the period which would otherwise have constituted the balance of the Term of this Lease), on such conditions (which may include concessions or free rent and alterations of the Premises) and for such uses as the City, in its good faith discretion, may determine, and may collect and receive the rents therefor. The City shall in no way be responsible or liable for any failure to relet the Premises or any part thereof, or for any failure to collect any rent due upon any such reletting.

15.4 Remedies. No such expiration or termination of this Lease shall relieve Tenant of its liability and obligations under this Lease, and such liability and obligations shall survive any such expiration or termination. In the event of any such expiration or termination, whether or not the Premises or any part thereof shall have been relet, Tenant shall pay to the City the Rent and all other charges required to be paid by Tenant up to the time of such expiration or termination of this Lease, and thereafter Tenant, until the end of what would have been the Term of this Lease in the absence of such expiration or termination, shall be liable to the City for, and shall pay to the City, as and for liquidated and agreed current damages for Tenant's default, the equivalent of the amount of the Rent and charges which would be payable under this Lease by Tenant if this Lease were still in effect, less the net proceeds of any reletting after deducting all the City's expenses incurred in good faith in

connection with such reletting, including, without limitation, all repossession costs, brokerage and management commissions, operating expenses, legal expenses, reasonable attorney's fees, alteration costs, and expenses of preparation for such reletting.

Tenant shall pay such current damages (hereinafter called "deficiency") to the City on the date(s) on which the Rent would have been payable under this Lease if this Lease were still in effect, and the City shall be entitled to recover from Tenant each deficiency as the same shall arise.

At any time after any such expiration or termination, in lieu of collecting any further deficiencies as aforesaid, the City shall be entitled to recover from Tenant and Tenant shall pay to the City, on demand, as and for liquidated and agreed final damages for Tenant's default, an amount equal to the present value of the excess of the Rent reserved hereunder for the unexpired portion of the Term over the present value of the fair and reasonable rental value of the Premises for the same period, minus any such deficiencies for such period previously recovered from Tenant (for purposes of the foregoing lump sum calculation, the Federal Reserve discount rate, or a similar rate reasonably selected by the City, shall be used to calculate present values).

15.5 No Waiver. No failure by either the City or Tenant to insist upon the strict performance of any agreement, term, covenant or condition hereof or to exercise any right or remedy consequent upon a breach thereof, and no acceptance of full or partial Rent during the continuance of any such breach, shall constitute a waiver of any such breach or of such agreement, term, covenant or condition. No agreement, term, covenant or condition hereof to be performed or complied with by either the City or Tenant, and no breach thereof, shall be waived, altered or modified except by a written instrument executed by the other Party. No waiver by the City or Tenant of any breach shall affect or alter this Lease, but each and every agreement, term, covenant and condition hereof shall continue in full force and effect with respect to any other then existing or subsequent breach thereof.

15.6 Injunctive Relief. In the event of any breach or threatened breach by Tenant of any of the agreements, terms, covenants or conditions contained in this Lease, the City shall be entitled to enjoin such breach or threatened breach and shall have the right to invoke any right and remedy allowed at law or in equity or by statute or otherwise as though re-entry, summary proceedings, and other remedies were not provided for in this Lease.

15.7 Remedies Cumulative. Unless otherwise expressly stated in this Lease, each right and remedy provided for in this Lease shall be cumulative and shall be in addition to every other right or remedy provided for in this Lease or now or hereafter existing at law or in equity or by statute or otherwise, and the exercise or beginning of the exercise by the City or Tenant of any one or more of the rights or remedies provided for in this Lease or now or hereafter existing at law or in equity or by statute or otherwise shall not preclude the simultaneous or later exercise by the Party in question of any or all other rights or remedies provided for in this Lease or now or hereafter existing at law or in equity or by statute or otherwise.

15.8 Termination Preserving Permitted Leasehold Mortgagee. Upon an Event of Default as provided in **Section 15.2**, the City may, by so stating in a written notice to the Permitted Leasehold Mortgagees, elect to terminate Tenant's rights under this Lease pursuant to this **Section 15.8** without terminating any Permitted Leasehold Mortgagee's lien on the leasehold estate created hereby, in which

event all right, title and interest in the leasehold estate of Tenant and, except as otherwise provided in a Non-Disturbance Agreement executed by the City and a Subtenant in accordance with **Section 13.5** and except for residential Subtenants, of all persons claiming through or under Tenant (including, without limitation, any Subtenant under any such Sublease except for residential Subtenants and Subtenants with whom the City has executed a Non-Disturbance Agreement), except for the Permitted Leasehold Mortgagees, shall terminate as provided in this **Section 15.8** and, as between the City and Tenant and any such Subtenant, the City shall have all the rights provided for in this **Section 15.8**, but as between the City and the Permitted Leasehold Mortgagees, this Lease shall remain in effect with the City holding the leasehold estate created hereby, subject to the Permitted Leasehold Mortgages. An election by the City to preserve the Permitted Leasehold Mortgages shall not prevent the City from thereafter electing, subject to the rights of any Subtenant under a Non-Disturbance Agreement executed by the City and such Subtenant in accordance with **Section 13.5**, to terminate such leasehold estate in a manner which does not preserve the Permitted Leasehold Mortgage, whether the leasehold estate is owned at the time by the City or another party.

15.9 No Termination on Dissolution of the City. The Term of this Lease shall not be affected by the dissolution of the City or transfer of its properties to the State of New Hampshire or any other entity but such Term and the leasehold estate created hereby shall continue in effect, notwithstanding such dissolution or transfer.

15.10 The City's Default. It is the intention of the Parties hereto that, except as otherwise expressly set forth in this Lease: (a) the obligation of Tenant hereunder to pay Base Rent, Percentage Rent, Additional Rent and all other sums payable by Tenant shall be a separate and independent covenant and agreement and such obligation shall not be affected by the City's failure to perform any of the City's obligations under this Lease; and (b) Tenant shall have no right to withhold or abate any payment of Rent, or to deduct from Rent any amount, or to offset or interpose any counterclaim for any amount in any action or proceeding commenced by the City with respect to this Lease or the tenancy created hereunder, or to terminate this Lease, because of any default or alleged default on the part of the City under this Lease, but Tenant shall have the right to commence and prosecute an independent action against the City to seek either damages or injunctive relief with respect to such default on the part of the City. Tenant hereby acknowledges that Tenant has been represented by counsel of its choice and has participated fully in the negotiation of this Lease, that Tenant understands that the remedies available to Tenant for a default on the part of the City may be more limited than those that would otherwise be available to Tenant under the common law in the absence of certain provisions of this Lease, and that the so-called "dependent covenants" rule as developed under the common law (including the statement of such rule as set forth in the Restatement (Second) of Property, Section 7.1) shall not apply to this Lease or to the relationship of landlord and tenant created hereunder.

## ARTICLE 16

### NONDISCRIMINATION AND EQUAL OPPORTUNITY COVENANTS

16.1 Nondiscrimination. With respect to its exercise of all rights and privileges granted herein, Tenant agrees that Tenant, its successors in interest, Subtenants, licensees, managers, operators and assigns shall:

- (a) Not discriminate against any person, employee, or applicant for employment

because of that person's membership in any legally protected class, including, but not limited to their race, color, gender, religion, creed, national origin, ancestry, age being greater than forty years, sex, sexual orientation, disability, genetic information, or Vietnam-era veteran status in the use of the Premises, including the hiring and discharging of employees, the provision or use of services, the selection of suppliers and contractors, in the subleasing or refusing to sublease any portion of the Premises or providing or refusing to provide any services or use of any facility on the Premises. In addition, Tenant, its successors in interest, Subtenants, licensees, managers, operators, and assigns shall not discriminate against any person, employee, or applicant for employment who is a member of, or applies to perform service in, or has an obligation to perform service in a uniformed military service of the United States, including the National Guard, on the basis of that membership, application or obligation.

(b) Conspicuously post notices to employees and prospective employees setting forth the Fair Employee Practices Law of the State of New Hampshire.

(c) Comply with all applicable federal, state and local laws, rules, regulations and orders and the City rules and orders (provided that, with respect to the City rules and orders, copies of such rules and orders have been provided to Tenant) pertaining to Civil Rights and Equal Opportunity, including but not limited to Executive Orders 11246 and 11478 as amended, unless otherwise exempt therefrom.

16.2 Noncompliance. Non-compliance by Tenant, any Subtenant, their respective successors in interest and assigns, or any of their respective agents, employees, licensees or operators, with this **Article 16** shall constitute an Event of Default, provided that the City has notified Tenant of such non-compliance in writing and Tenant has failed to cure such non-compliance within thirty (30) days after Tenant's receipt of the City's notice. Tenant shall indemnify and hold harmless the City from any claims and demands of third persons resulting from non-compliance with any of the provisions of this **Article 16**. This **Article 16** shall survive the expiration or earlier termination of this Lease.

16.3 Employment of Portsmouth Residents. **[TO BE DISCUSSED]**

## ARTICLE 17

### DETERMINATION OF FAIR MARKET RENT

17.1 Determination of Fair Market Rent. Whenever a determination of fair market rent is required by the terms of this Lease, the fair market rent for the Premises shall be as reasonably determined by the City by written notice to Tenant (the "Fair Market Rent"), which determination of Fair Market Rent shall be transmitted by the City as and when required by this Lease. If Tenant shall dispute the City's determination of Fair Market Rent in writing in within not less than thirty (30) days after the City's transmittal thereof, such determination shall be made in accordance with the following procedures:

(a) The City and Tenant shall each name one (1) impartial real estate appraiser with a third impartial real estate appraiser to be chosen, if necessary, as below provided. Tenant shall appoint its appraiser in its notice to the City commencing the determination procedure set forth in this Section, and the City shall appoint its appraiser by written notice within fifteen (15) days after receipt

by it of notice from Tenant. If the City fails to appoint an appraiser, the second appraiser shall be appointed by the one appraiser appointed by Tenant. Any and all such impartial appraisers (including the third appraiser, if it is necessary for a third appraiser to be chosen) shall be qualified, independent professionals licensed as appraisers in the State of New Hampshire having at least ten (10) years ownership, management or consulting experience in real estate transactions involving leasehold interests and comparable sales in similar multifamily residential and mixed use properties in the Greater Portsmouth metropolitan area, and shall be "Member, Appraisal Institute" or "Society of Real Estate Appraisers" appraisers (or appraisers certified by any successor entity to any such organization).

(b) The two impartial appraisers appointed, as set forth above, shall have thirty (30) days after appointment of the second appraiser to review all relevant documentation and to make their determination of Fair Market Rent, consistent with applicable provisions of this Lease, and to submit their determination in writing to the City and Tenant together with the relevant background documentation therefor.

(c) The unanimous written decision of the two first chosen appraisers, without selection and participation of a third appraiser, or otherwise the written decision of the three appraisers chosen as hereinafter provided, shall be conclusive and binding upon the City and Tenant. If such two appraisers shall not have reached a unanimous decision within thirty (30) days after the appointment of the second such appraiser as set forth above, they shall, within ten (10) days after expiration of such thirty (30) day period, select an impartial third appraiser, with the qualifications set forth in clause (a) hereof, to make such determination. Such third appraiser shall, within thirty (30) days following the date of appointment, select as Fair Market Rent the determination of one of the first two appraisers which is closest to the determination of Fair Market Rent made by such third appraiser, and the determination of Fair Market Rent so selected shall be Fair Market Rent. Promptly after such selection, the third appraiser shall notify the City and Tenant in writing of Fair Market Rent as so determined, and such determination by the third appraiser shall be final and binding upon the Parties. The City and Tenant shall each pay the fees and expenses of the appraiser appointed by or for them, and shall divide equally all fees and expenses of the third appraiser, if appointed.

## ARTICLE 18 MISCELLANEOUS

18.1 Quiet Enjoyment. Tenant, upon paying the Rent and other charges herein provided for and observing and keeping all covenants, agreements and conditions of this Lease on its part to be kept, shall quietly have and enjoy the Premises during the Term of this Lease without hindrance by anyone claiming by, through or under the City as such, subject, however, to the exceptions, reservations and conditions of this Lease. The foregoing shall not create any liability on the part of the City for any defects in or encumbrances on the City's title existing as of the date hereof or for any matters set forth in **Exhibit B** hereto.

18.2 Entry on Premises by the City. Tenant shall permit the City and its authorized representatives to enter the Premises at all reasonable times, upon reasonable advance notice to Tenant except in the case of emergency (in which case no notice shall be necessary), for the purpose of inspecting the same for compliance with the covenants and obligations of this Lease, provided that

such inspections shall be conducted so as to minimize to the extent practicable any interference with the conduct of business therein by Tenant or any Subtenant or use and enjoyment of residential units under Allowed Residential Subleases.

18.3 Notices. Any and all notices, demands, requests, submissions, approvals, consents, disapprovals, objections, offers or other communications or documents required to be given, delivered or served, or which may be given, delivered or served, under or by the terms and provisions of this Lease or pursuant to law or otherwise, shall be in writing (regardless of whether or not this Lease expressly so provides in the operative provision hereof, unless express provision is made in this Lease for verbal notice) and shall be delivered (a) by hand, (b) sent by overnight delivery service, such as Federal Express, with provision for receipt, or (c) by registered or certified mail, return receipt requested, addressed if to Tenant to:

Redgate  
265 Franklin Street, 6<sup>th</sup> Floor  
Boston, MA 02110  
Attention: Steve Perdue

and:

The Kane Company, Inc.  
210 Commerce Way, Suite 300  
Portsmouth, NH 03801  
Attention: Michael Kane

or to such other address as Tenant may from time to time designate by written notice to the City, or if to the City addressed to:

City of Portsmouth  
1 Junkins Avenue  
Portsmouth, NH 03801  
Attention: Nancy Colbert Puff

with a copy to:  
City of Portsmouth – Legal Department  
1 Junkins Avenue  
Portsmouth, NH 03801  
Attention: Robert P. Sullivan

with a copy to:

Hinckley Allen  
650 Elm Street, Suite 500  
Manchester, NH 03101  
Attention: John H. Sokul, Esq.

or to such other address as the City may from time to time designate by written notice to Tenant,

or to such other agent or agents as may be designated in writing by either Party. The earlier of: (i) the date of delivery by hand or refusal of delivery, or (ii) the next Business Day after depositing such notice with a nationally-recognized overnight delivery service, or (iii) the date of delivery or upon which delivery was refused as indicated on the registered or certified mail return receipt shall be deemed to be the date such notice or other submission was given.

18.4 Severability. If any term or provision of this Lease or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Lease shall be valid and be enforced to the fullest extent permitted by law.

18.5 Estoppel Certificates. The City and Tenant shall, without charge, at any time and from time to time, within ten (10) Business Days after request by the other, certify by written instrument, duly executed, acknowledged and delivered to the party making such request, or any other person, firm or corporation specified by such party:

(a) that this Lease is unmodified and in full force and effect, or, if there have been any modifications, that the same is in full force and effect as modified and stating the modifications;

(b) whether or not, to the best knowledge of the person executing the certificate on behalf of the City or Tenant, there are then existing any claimed set-offs or defenses against the enforcement of any of the agreements, terms, covenants or conditions hereof and any modifications hereof upon the part of the other Party hereto to be performed or complied with, and, if so, specifying the same, paid;

(c) the dates, if any, to which the Rent and other charges hereunder have been

(d) the date of expiration of the current Term;

(e) the Rent then payable under this Lease;

(f) whether there are any defaults on the part of either Party; and

(g) other commercially reasonable statements of a purely factual nature, to the best knowledge of the person executing the certificate on behalf of the City or Tenant, required by a third party unaffiliated lender or purchaser.

Said certificate shall be substantially in the form of that attached hereto as **Exhibit I** and shall in no event serve or intend to modify, change or interpret the provisions of this Lease or otherwise impair the rights of the City or limit the obligations of Tenant hereunder.

18.6 Waiver. The Parties hereto waive a trial by jury of any and all issues arising in any action or proceeding between them or their successors or assigns under or connected with this Lease or any of its provisions, any negotiations in connection therewith, or Tenant's use or occupation of the Premises. In the case the City shall commence summary proceedings or an action for non-payment of Rent or sums due hereunder against Tenant, Tenant shall not interpose any counterclaim of any nature

or description in any such proceeding or action, but such claim shall be relegated to an independent action at law, unless Tenant is required by the rules of civil procedure or applicable law in effect at the time of commencement of the summary proceedings or action to bring such counterclaim.

18.7 Waiver of Claims. Tenant acknowledges that prior to the expiration of the Term, the City, or its designees, may desire to negotiate with Tenant's Subtenants or other occupants of the Premises with respect to future occupancy or other rights in the Premises. Accordingly, during the period which is twenty-four (24) months prior to the expiration of the Term, the City, or its designees shall have access to Tenant's Subtenants or other occupants of the Premises at reasonable times after reasonable advance notice to Tenant; such access to include, without limitation, the right to contact such Subtenants and/or other occupants for the purposes of negotiations or discussions and the right to execute a written lease or other agreement for a term commencing on or after the expiration date of this Lease for the Premises or any other property owned or leased by the City. In furtherance of the foregoing, Tenant, on behalf of itself, its successors and assigns, hereby waives all claims it may at any time have against the City, its designee, and any Subtenant or other occupant of the Premises, in connection with the exercise of the City's rights under this **Section 18.7**.

18.8 No Brokers. The City and Tenant each represent to the other that they have dealt with no broker in connection with this Lease. Tenant covenants to pay and hold harmless against any and all loss, cost, expense, or liability incurred by the City for any compensation, commissions and charges claimed by any broker or agent with respect to this Lease or any extension thereof arising from Tenant's breach of the foregoing covenant. The City covenants to pay and hold harmless against any and all loss, cost, expense, or liability incurred by Tenant for any compensation, commissions and charges claimed by any broker or agent with respect to this Lease or any extension thereof arising from the City's breach of the foregoing covenant.

18.9 Legal Fees. In the event that the City incurs third party legal fees and costs in connection with a request by Tenant, a Permitted Leasehold Mortgagee, or any potential or then-current purchaser from, investor in, or lender to Tenant, for any modifications or amendments to this Lease or the execution by the City of any additional documentation in connection with any investment in or loan to Tenant (without hereby implying any obligation on the City to agree to execute any such documents), then Tenant shall reimburse the City for such fees and costs, not to exceed Two Thousand Five Hundred Dollars (\$2,500) for each such request (which amount shall be adjusted by the cumulative increase (but not decrease) in the Index every five (5) Lease Years). Tenant shall pay the City all amounts for reimbursement under this **Section 18.9** within thirty (30) days after written demand by the City with reasonable documentation relating to such amounts.

18.10 Consents. Unless otherwise expressly provided in this Lease, wherever this Lease requires the consent, approval or authorization of or from the City, the City shall have the unfettered right to grant or to withhold the same in its sole and absolute discretion. Notwithstanding anything to the contrary contained in this Lease, Tenant shall have no claim, and hereby waives the right to any claim, against the City for money damages by reason of any refusal, withholding, or delaying by the City of any consent, approval or statement of satisfaction, and, in such event, Tenant's only remedies therefor shall be an action for specific performance or injunction to enforce any such requirement.

18.11 Accord and Satisfaction. No acceptance by the City of a lesser sum than the Rent then due shall be deemed to be other than on account of the earliest installment of such Rent due, nor shall

any endorsement or statement on any check or any letter accompanying any check or payment of Rent be deemed an accord and satisfaction, and the City may accept such check or payment without prejudice to the City's right to recover the balance of such installment or pursue any other remedies provided in this Lease.

18.12 Integration. All prior understandings and agreements between the Parties are merged within this Lease, which alone fully and completely sets forth the understanding of the Parties with respect to the subject matter contained herein; and this Lease may not be changed or terminated orally or in any manner other than by an agreement in writing and signed by the Party against whom enforcement of the change or termination is sought.

18.13 Bind and Inure. The covenants and agreements herein contained shall bind and inure to the benefit of the City, its successors and assigns, and Tenant, its successors and assigns.

18.14 Notice of Lease. The City and Tenant mutually agree to execute herewith, in triplicate, a Notice of Lease in recordable and mutually acceptable form with respect to this Lease, which shall be recorded forthwith with the Rockingham County Registry of Deeds, and agree to execute, upon termination of this Lease for whatever cause, a Notice of Termination of Lease in recordable form for recording with said Registry of Deeds.

18.15 Limitation of Liability. Anything contained in this Lease to the contrary notwithstanding, but without limitation of Tenant's equitable rights and remedies, the City's liability under this Lease shall be enforceable only out of the City's interest in the Premises, and the rents, issues and profits therefrom; and there shall be no other recourse against, or right to seek a deficiency judgment against, the City, nor shall there be any personal liability on the part of any member of its board of directors, or any officer, employee, agent or representative of the City, with respect to any obligations to be performed hereunder by the City. Anything contained in this Lease to the contrary notwithstanding, but without limitation of the City's equitable rights and remedies, except as otherwise provided in any guaranty, indemnification or other instrument executed and delivered to the City in connection with this Lease or the Premises, no member, manager, shareholder, director, officer, employee, agent or representative of Tenant shall have any personal liability with respect to any obligations to be performed hereunder by Tenant.

18.16 Authority of Tenant. Tenant warrants and represents that, as of the Effective Date of this Lease (a) it is a limited liability company duly organized under the laws of the State of New Hampshire; (b) it has the authority to enter into and has duly executed this Lease; (c) the execution, performance and delivery by Tenant of this Lease is within the powers of Tenant; (d) all information provided by Tenant to the authority in connection with this Lease is true and accurate in all material respects; (e) as of the execution of this Lease, Tenant has not transferred all or any portion of its interest under this Lease; (f) this Lease is the legal, valid and binding obligation of Tenant, enforceable against Tenant in accordance with its terms, subject to bankruptcy, insolvency and other limitations on creditors' rights generally and to equitable principles; and (g) the person executing this Lease on behalf of Tenant is duly authorized to do so. The City warrants and represents that, as of the Effective Date of this Lease (a) it is a body corporate and public duly organized under the laws of the State of New Hampshire; (b) it has the authority to enter into and has duly executed this Lease; (c) the execution, performance and delivery by the City of this Lease is within the powers of the City; (d) this Lease is the legal, valid, and binding obligation of the City, enforceable against the City in accordance with its

terms, subject to bankruptcy, insolvency, and other limitations on creditors' rights generally and to equitable principles; and (e) the person executing this Lease on behalf of the City is duly authorized to do so.

18.17 No Merger. There shall be no merger of this Lease or of the leasehold estate hereby created with the fee estate in the Premises by reason of the fact that the City may acquire or hold, directly or indirectly, the leasehold estate hereby created or an interest herein or in such leasehold estate, unless the City executes and records an instrument affirmatively electing otherwise.

18.18 Captions. The captions of this Lease are for convenience and reference only and in no way define, limit or describe the scope or intent of this Lease nor in any way affect this Lease.

18.19 Table of Contents. The Table of Contents preceding this Lease but under the same cover is for the purpose of convenience and reference only and is not to be deemed or construed in any way as part of this Lease, nor as supplemental thereto or amendatory thereof.

18.20 New Hampshire Law Governs. This Lease shall be governed exclusively by, and construed in accordance with, the laws of the State of New Hampshire, without regard to conflicts of laws principles. The City and Tenant agree that any court action to be brought by either Party in connection with this Lease shall be brought in a court of competent jurisdiction located within the State of New Hampshire and each Party consents to the jurisdiction of such court and hereby waives any right to remove any such action to any other forum.

18.21 Time of the Essence. **TIME SHALL BE OF THE ESSENCE HEREOF.**

18.22 Holding Over. If Tenant occupies the Premises after the expiration or earlier termination hereof, Tenant shall be a tenant-at-sufferance subject to all of the terms and provisions of this Lease except that the Rent shall be one and one-half (1½) the Rent in effect immediately prior to the expiration or termination hereof. In addition, Tenant shall be liable for all damages incurred by the City as a result of such holding over. Such a holding over, even if with the consent of the City, shall not constitute an extension or renewal of this Lease.

18.23 Confidentiality. The Parties recognize that each will be required to deliver certain proprietary information to the other under the terms of this Lease. Each Party, upon receipt from the other Party of any document designated as "confidential" or "proprietary," or words to that effect, shall use its best efforts in accordance with applicable law, to hold such document and the information contained therein in strict confidence. Notwithstanding the foregoing, the Parties shall be entitled to disclose such information to their representatives, attorneys, employees, consultants, contractors, investors and lenders provided that they require such persons to maintain the confidentiality of such information. In all events, each Party shall be permitted to disclose such information as required by applicable Legal Requirements or court order. Nothing in this provision shall require the City to operate in any way in contravention to RSA 91-A, the so-called Right-to-Know law, as it may be amended from time to time.

18.24 City's Right of Self-Help. As an additional alternative remedy to the other remedies provided for in this Lease, and subject to the rights of any Permitted Leasehold Mortgagee, the City shall have the right (but not the obligation) to cure any Event of Default for and on behalf of Tenant

(a) relating to Tenant's obligations regarding insurance, maintenance, repair and use of the Premises; or (b) relating to the obligations of Tenant to comply with Legal Requirements, including, without limitation, Environmental Laws; or (c) relating to the obligations of Tenant to discharge liens (or bond off such liens or otherwise remove them of record), if such default, if not promptly cured, results, or can reasonably be anticipated to result, in a dangerous, unhealthy or unsafe condition at the Premises, or in a forfeiture, condemnation or loss of the interest of the City in the Premises (or a threat thereof) or in exposure of the City to liability; provided, however, that the City's right of self-help shall not be exercised by the City prior to providing Tenant with an additional notice of the City's intention to exercise its right of self-help and, so long as the City has determined that there is no imminent threat to public health or safety, providing Tenant with an additional cure period, not to exceed seven (7) days. Expenses of the City incurred in exercising its rights under this **Section 18.24**, shall be Additional Rent hereunder to be paid by Tenant. The City shall not incur any liability as a result of any exercise of the rights under this **Section 18.24**, and Tenant shall indemnify and hold the City harmless from all costs, claims, losses and liabilities in any way relating to the same, including all reasonable attorney's fees. Any amount payable by Tenant to the City pursuant to the provisions of this **Section 18.24** shall be paid within thirty (30) days after request by the City with reasonable documentation relating to such amounts.

18.25 No Advertisement. Tenant shall not, without the City's prior written approval, refer to the City in any advertising, letterheads, bills, invoices or in other printed matter.

18.26 When Lease Becomes Binding. Employees or agents of the City have no authority to make or agree to make a lease or any other agreement or undertaking in connection herewith. The submission of this document for examination and negotiation does not constitute an offer to lease, or a reservation of, or option for, the Premises, and this document shall become effective and binding only upon the execution and delivery hereof by both the City and Tenant.

18.27 Limitations on Damages. The City shall never be liable to Tenant, and the Tenant shall never be liable to the City, for any loss of business or any indirect, incidental, special, consequential or exemplary damages or lost profits.

18.28 City Employees. Tenant shall not, during the Term of this Lease, hire or employ, on either a full-time or part-time basis, person or persons so long as Tenant knows or has reason to know that such person is employed by the City.

18.29 No Waiver of the City's Defenses. In the defense of any claim, demand, expense or liability on behalf of the City which is to be defended by Tenant as provided in this Lease (even if such claim, demand, expense or liability is groundless, false or fraudulent), Tenant agrees on its own behalf and on behalf of its successors and assigns, not to, and shall cause its insurers to agree not to, without obtaining express prior written permission from the General Counsel of the City, waive any defense involving in any way the jurisdiction of the tribunal over the person of the City, the immunity of the City, its members, officers, agents or employees, the governmental nature of the City or the provisions of any statutes respecting suits against the City.

18.30 Security Deposit. [intentionally deleted]

18.31 National Historic Monument Program. The Parties acknowledge and agree that the Property is being leased pursuant to and in accordance with the National Historic Monument Program. During the term of this Lease, all obligations and requirements of the City by virtue of the Deed and the Application with respect to the rehabilitation, operation, use and improvement of the Property shall be assumed by the Tenant and Tenant shall be primarily responsible therefore until the expiration or earlier termination of the Term of this Lease.

18.32 Transportation Demand Management (TDM) Plan. **TDM Plan Submission:** To improve public health and safety, reduce travel delay by reducing discretionary drive-alone trips, build upon the City's efforts to encourage sustainability, and improve community livability by reducing vehicle trips and providing attractive options to driving alone, Tenant shall provide the City with a TDM plan to encourage multi-modal access to and from the proposed development.

The plan shall identify evidence-based measures to reduce parking demand, including, but not limited to, provision of rideshare/microtransit services or bikeshare station(s) servicing the property, proximity to public transit, car/van-pool incentives, alternative transit subsidies, provisions for teleworking, and shared parking on a separate lot. Tenant shall submit an annual performance report in respect thereto. If the measures have not been implemented or the usage of the measures is not meeting performance targets, Tenant shall submit a revised plan to meet performance targets.

18.33 Historic Tax Credits. Tenant shall have the sole and exclusive right to apply for historic tax credits for the project, and the City hereby agrees to cooperate with Tenant in obtaining historic tax credits and maintaining compliance with requirements applicable to such tax credits. Any such historic tax credits obtained by Tenant shall be shared equally after deducting costs incurred by Tenant in applying for and administering such tax credits.

[THIS PAGE ENDS HERE. THE NEXT PAGE IS THE SIGNATURE PAGE.]

EXECUTED as of the Effective Date first set forth above.

**CITY:**

**CITY OF PORTSMOUTH, N.H.,**  
a New Hampshire \_\_\_\_\_

By: \_\_\_\_\_

Name: John P. Bohenko  
Title: City Manager

Authorized by vote of the Portsmouth City  
Council on \_\_\_\_\_.

**TENANT:**

**SOBOW SQUARE, LLC,**  
a \_\_\_\_\_ limited liability  
company

By: \_\_\_\_\_

Name:  
Title:

## LIST OF EXHIBITS

Exhibit A – Premises Plan

Exhibit B – Reserved Rights

Exhibit C – Development Plan

Exhibit D – Project Budget

Exhibit E – Required Approvals

Exhibit F - Construction Schedule

Exhibit G – Completion Guaranty

Exhibit H – Non-Disturbance Agreement

Exhibit I – Estoppel Certificate Form

Exhibit J – Construction Management Plan

Exhibit K –Environmental Indemnification Agreement

Schedule 1 – Calculation of Revenue Sharing in the Event of a Sale of Tenant's Leasehold Interest in the Property

Schedule 2 – Reserve Fund Withdrawal Procedures

Addendum Per Sections 2.1.6 and 2.2.2 of the Development Agreement

## SCHEDULE 1

Calculation of Revenue Sharing in the Event of a Sale of Tenant's Leasehold Interest in the Property.

Upon a sale of Tenant's Leasehold Interest in the Property the City will receive 20% of Project Profit in excess of an 18% internal rate of return.

"Project Profit" means –

"Internal Rate of Return" means -

## SCHEDULE 2

### Reserve Fund Withdrawal Procedures

**Application: Obtaining Real Property for Historic Monument Purposes**

Thomas J. McIntyre Federal Building

80 Daniel Street, Portsmouth, NH

August 12, 2019

**Attachment C – Development Budget**

	TOTAL BUDGET	New Construction	McIntyre Building
<b>LAND COSTS</b>			
Capitalized Property Taxes	\$ 248,781	\$ 125,252	\$ 123,528
<b>Total Land Costs</b>	<b>\$ 248,781</b>	<b>\$ 125,252</b>	<b>\$ 123,528</b>
<b>Legal</b>			
Legal - Zoning	\$ 200,000	\$ 111,930	\$ 88,070
Legal - Lender	\$ 75,000	\$ 41,974	\$ 33,026
Legal - Owner	\$ 200,000	\$ 111,930	\$ 88,070
<b>Subtotal Legal</b>	<b>\$ 475,000</b>	<b>\$ 265,834</b>	<b>\$ 209,166</b>
<b>Design Costs</b>			
Appraisal	\$ 12,500	\$ 6,996	\$ 5,504
Architect Fees - Design	\$ 1,076,000	\$ 602,184	\$ 473,816
Architect Fees - Construction Administration	\$ 550,000	\$ 307,808	\$ 242,192
Architect Fees - Additional Services	\$ 100,000	\$ 55,965	\$ 44,035
Architectural Reimbursables	\$ 86,300	\$ 48,298	\$ 38,002
Landscape Architecture	\$ 176,740	\$ 98,913	\$ 77,827
Building Envelop Consultant	\$ 80,000	\$ 44,772	\$ 35,228
Interior Design	\$ 75,000	\$ 41,974	\$ 33,026
Acoustic Consultant	\$ 10,000	\$ 5,597	\$ 4,403
Lighting Consultant	\$ 10,000	\$ 5,597	\$ 4,403
Energy Model	\$ 25,000	\$ 13,991	\$ 11,009
Traffic Consultant	\$ 25,000	\$ 13,991	\$ 11,009
City Consultant - Colliers	\$ 32,000	\$ 17,909	\$ 14,091
Abatement Consultant	\$ 9,800	\$ 5,485	\$ 4,315
Consultant Reimbursables	\$ 32,550	\$ 18,216	\$ 14,333
Site / Civil Engineering	\$ 115,000	\$ 64,360	\$ 50,640
Environmental Engineering	\$ 200,000	\$ 111,930	\$ 88,070
Geotech. Engineering	\$ 100,000	\$ 55,965	\$ 44,035
Survey	\$ 26,000	\$ 14,551	\$ 11,449
Materials Testing	\$ 50,000	\$ 27,983	\$ 22,017
Construction Inspections	\$ 25,500	\$ 14,271	\$ 11,229
<b>Subtotal Design Costs</b>	<b>\$ 2,817,390</b>	<b>\$ 1,576,753</b>	<b>\$ 1,240,637</b>
<b>Marketing Costs</b>			
Advertising & Promotion	\$ 150,000	\$ 150,000	\$ -
Furniture, Fixtures & Equipment	\$ 250,000	\$ 139,913	\$ 110,087
Public Relations	\$ 90,000	\$ 50,369	\$ 39,631
Brokerage Fees - Commercial (LC)	\$ 1,130,370	\$ 183,840	\$ 946,530
Brokerage Fees - Residential	\$ 56,525	\$ 56,525	\$ -
Postage, Delivery & Bank Charges	\$ 3,000	\$ 1,679	\$ 1,321
<b>Subtotal Marketing Costs</b>	<b>\$ 1,679,895</b>	<b>\$ 582,325</b>	<b>\$ 1,097,570</b>
<b>Permits &amp; Fees</b>			
Building Permit Fee	\$ 418,376	\$ 234,144	\$ 184,232
Utility Backcharges & Connection Fees	\$ 250,000	\$ 139,913	\$ 110,087
Filing Fees	\$ 25,000	\$ 13,991	\$ 11,009
<b>Subtotal Permits &amp; Fees</b>	<b>\$ 693,376</b>	<b>\$ 388,048</b>	<b>\$ 305,328</b>
Interest Reserve (Construction Financing Costs)	\$ 1,193,945	\$ 1,031,862	\$ 162,083
Loan Commitment Fee	\$ 251,975	\$ 125,988	\$ 125,987
Direct Project Supervision	\$ 730,336	\$ 463,764	\$ 266,572
Accounting (3rd Party CPA)	\$ 30,000	\$ 16,790	\$ 13,210
Direct Project Supervision - Reimbursables	\$ 21,910	\$ 12,262	\$ 9,648
Development Fee	\$ 1,606,739	\$ 1,020,280	\$ 586,459
Operating Deficit (During Construction)	\$ 15,000	\$ 15,000	\$ -
Operating Deficit (During Lease Up)	\$ 336,113	\$ 42,033	\$ 294,080
Approvals and Predevelopment Fee	\$ 300,000	\$ 167,895	\$ 132,105
Soft Cost Contingency	\$ 374,635	\$ 209,664	\$ 164,970
<b>Subtotal Financing, Fees &amp; Operations</b>	<b>\$ 4,860,653</b>	<b>\$ 3,105,537</b>	<b>\$ 1,755,116</b>
<b>Total Soft Costs</b>	<b>\$ 10,526,314</b>	<b>\$ 5,918,497</b>	<b>\$ 4,607,817</b>
<b>HARD COSTS</b>			
Hard Costs - Contractor (Public Realm, Hard Costs Only)	\$ 7,047,053	\$ 3,943,885	\$ 3,103,168
Hard Costs - Contractor (Building)	\$ 33,322,003	\$ 25,057,320	\$ 8,264,683
Hard Costs - Other	\$ 250,000	\$ 139,913	\$ 110,087
Hard Costs - Inflation Factor	\$ 1,218,572	\$ 681,974	\$ 536,598
Hard Costs - TI	\$ 5,613,408	\$ 1,298,000	\$ 4,315,408
Hard Costs Contingency	\$ 2,018,453	\$ 1,129,628	\$ 888,825
Builder's Risk Policy	\$ 270,320	\$ 151,284	\$ 119,035
Owner's GL Policy	\$ 75,000	\$ 41,974	\$ 33,026
Sub Guard / Subcontractor Bonding	\$ 495,967	\$ 277,568	\$ 218,399
<b>Total Hard Costs</b>	<b>\$ 50,310,775</b>	<b>\$ 32,721,546</b>	<b>\$ 17,589,230</b>
<b>Total Project Cost</b>	<b>\$ 61,085,869</b>	<b>\$ 38,765,295</b>	<b>\$ 22,320,575</b>

**Application: Obtaining Real Property for Historic Monument Purposes**

Thomas J. McIntyre Federal Building

80 Daniel Street, Portsmouth, NH

August 12, 2019

**Attachment D – Construction Budget**

Cost Estimate Breakdown			
DIVISION	TRADE / DESCRIPTION	PRICE	McIntyre Budget (renovation only)
Division 01	General Requirements	\$ 422,630	\$ 76,719
Division 02	HazMat	\$ 1,908,740	\$ 1,908,740
Division 02	Demolition	\$ 659,158	\$ 527,793
Division 02	Selective Demolition	\$ 36,720	\$ 36,720
Division 02	Earthwork	\$ 2,544,709	\$ -
Division 02	Fencing	\$ 152,500	\$ -
Division 02	Landscape & Site Furnishings	\$ 2,717,799	\$ -
Division 03	CIP Concrete	\$ 876,323	\$ -
Division 03	Cementitious Underlayment	\$ 128,215	\$ -
Division 04	Masonry & Restoration	\$ 1,695,489	\$ 214,140
Division 05	Structural Steel	\$ 1,597,375	\$ -
Division 05	Misc. Metals	\$ 172,600	\$ 46,000
Division 06	Rough Carpentry	\$ 1,904,130	\$ -
Division 06	Finish Carpentry	\$ 446,600	\$ -
Division 07	Waterproofing	\$ 832,889	\$ -
Division 07	Insulation	\$ 125,471	\$ -
Division 07	Roofing	\$ 435,245	\$ 103,500
Division 07	Siding	\$ 163,520	\$ -
Division 07	Fireproofing	\$ 305,265	\$ 188,498
Division 07	Joints & Sealants	\$ 92,060	\$ 30,600
Division 08	Doors, Frames and Hardware	\$ 372,300	\$ -
Division 08	Overhead Doors	\$ 36,000	\$ 6,000
Division 08	Entrances, Storefronts & Glazing	\$ 598,865	\$ 188,105
Division 08	Windows	\$ 622,350	\$ -
Division 09	Gypsum Wall Board	\$ 1,171,002	\$ 220,957
Division 09	Acoustical Ceiling Tiles	\$ 55,200	\$ -
Division 09	Flooring	\$ 505,966	\$ 110,250
Division 09	Painting	\$ 226,800	\$ -
Division 10	Specialties	\$ 405,150	\$ 250,000
Division 11	Parking Equipment	\$ 1,463,750	\$ -
Division 11	Appliances	\$ 264,500	\$ -
Division 11	Trash Chutes & Compactors	\$ 54,000	\$ -
Division 12	Cabinets	\$ 269,200	\$ -
Division 12	Stone and Solid Surface Counters	\$ 137,500	\$ -
Division 12	Window Treatments	\$ 23,100	\$ -
Division 14	Elevators	\$ 1,290,000	\$ 660,000
Division 15	Fire Protection	\$ 648,250	\$ 266,297
Division 15	Plumbing	\$ 2,146,798	\$ 190,798
Division 15	HVAC	\$ 1,684,804	\$ 433,220
Division 16	Electrical	\$ 2,602,342	\$ 609,992
	<b>Trade Subtotal: +</b>	<b>\$ 31,795,315</b>	<b>\$ 6,068,329</b>
	General Conditions	\$ 2,346,618	\$ 1,077,239
	Climate control	\$ 150,000	\$ 50,000
	Construction Contingency	\$ 3,724,574	\$ 716,500
	General Liability Insurance	\$ 500,012	\$ 94,512
	<b>General Conditions/Insurance/Bonds/Permits Subtotal: +</b>	<b>\$ 6,721,204</b>	<b>\$ 1,938,251</b>
	<b>CM Overhead and Fees: +</b>	<b>\$ 1,852,537</b>	<b>\$ 258,103</b>
	<b>TOTAL CONSTRUCTION COST: =</b>	<b>\$ 40,369,056</b>	<b>\$ 8,264,683</b>