

**12/16/11 EXECUTIVE SUMMARY**  
**WOODSIDE VILLAGE REDEVELOPMENT AGREEMENT**

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1. **Parties.** The City of Westwood (the "City") and Woodside Redevelopment, Inc. ("Developer"), which is a new, single purpose entity formed in Kansas.
2. **Guarantors:** Given that the Developer is a new entity without assets, Developer will agree in Section 8.2 to provide a guaranty of its obligations under this Agreement for each Phase of the Project, and pursuant to Section 3.1(b)(i), the City has a right to review and approve the financials of the proposed guarantors. The parties have agreed that each of guarantees respectively shall terminate upon completion of the relevant Phase.
3. **The Project Site.** The site is generally located at the Northeast and Southeast corners of Rainbow Blvd and West 47<sup>th</sup> Place. The majority of the site is owned by the City and leased to the Westwood Foundation (the "Foundation") and then subleased to Woodside Racquet Club Management, the owner and operator of Woodside Racquet Club. A portion of the site is owned by Youthfront, but is under contract to the Developer. A portion of the Youthfront property is actually located in Wyandotte County, but that portion is not included in the Redevelopment District at issue here.
4. **The Project.** The Developer proposes to renovate the Club and to construct a new mixed use project featuring retail facilities, multi-family housing and related infrastructure, including parking facilities. The Project would be constructed in 3 separate and distinct Phases as further described in Sections 2.3 and 2.4 of the Agreement:
  - a. **The Club Phase.** This would include the renovation of the existing clubhouse and the addition of approximately 37,000 square feet of additional clubhouse space and a structure to enclose at least 4 tennis courts and improvements to the pools, decks and related outdoor facilities.
  - b. **The North Phase.** This Phase would include approximately 21,000 s.f. of retail and approximately 88 residential units, along with infrastructure, traffic improvements and parking.
  - c. **The South Phase.** This Phase would include approximately 16,500 s.f. of retail and approximately 242 residential units, along with infrastructure, traffic improvements and parking.
5. **Timing for Phases.** The Developer can start either the Club Phase or the North Phase first, or can begin those Phases simultaneously. However, the Developer must complete the Club Phase and the North Phase before starting the South Phase. The obligations for commencement and completion of the various Phases is set forth in Sections 6.6 and 6.7 of the Agreement and is generally as follows:
  - a. **Club Phase:** To commence no later than 6 years after this Agreement is signed, but this commencement date will be extended by 4 additional years if and when Developer completes the North Phase. The Club Phase is to be completed within 3 years after starting.
  - b. **North Phase:** To commence no later than 3 years after this Agreement and to be completed within 4 years after starting.

- c. South Phase: To commence within 90 days of closing on the South Phase Property (as described below). The closing may not occur for 10 years and therefore the outside date for commencement on the South Phase is effectively 10 years and 3 months. Completion of the South Phase is to occur within 3 years of the closing.
6. **Incentives Provided.** The City agrees to provide incentives for the project as follows:
- a. Release of the South Property. If the Developer completes the Club and the North Phase and meets all of the other conditions described in Section 3.3(a), the City agrees to convey the South Property to the Developer and to release it from the Lease/Sublease with the City and Foundation. The Sublease Amendment that goes with this Agreement is a condition to proceeding under this Agreement and will be summarized separately. Also, if the Developer does not complete the South Phase part of the Project within 3 years, the City has a right to take the Property back because it retains a so-called "Reversionary Interest" (as set forth in Section 2.2(a)). The Reversionary Interest is subject to certain "Lender Protection" provisions which are set forth in Exhibit E-1.
- b. TIF. The City would give the Developer a tax increment financing ("TIF") on 100% of the incremental Real Property Taxes and 40% of the incremental Sales Taxes for up to 20 years.
- c. CID. The City would also allow a Community Improvement District ("CID") for 22 years that would allow the Developer to impose a 1.1% additional sales tax within the boundaries of the Redevelopment District, all of which would be pledged to pay eligible reimbursable costs.
- d. Public Incentives Generally: Together, the TIF and CID will operate like as follows: Developer will advance all of the costs of the Project and will then look for reimbursement of those costs from the proceeds of the TIF and CID on a "pay-as-you-go" basis. In other words, no bonds will be sold on the Project, at least initially, and if the City does ever agree to issuance of bonds in the future, the City will not in any way guaranty or lend its credit to secure the sale of bonds.
- e. Caps on Reimbursements. Pursuant to Section 4.4(a), there is an overall cap of \$22,000,000 on the Public Incentive Revenues that the Developer can be reimbursed from the TIF and CID. The Cap is comprised of \$3,100,000 for the Club, \$7,673,000 for the North Phase and \$11,227,00 for the South Phase and Developer agrees that it only gets the various components of the Cap if and to the extent that it commences vertical construction on the particular Phase set forth above. For example, if the Developer begins the Club and the North Phase together, the Cap at that point would be limited to \$10,773,000.
- f. Other Limitations. The Developer agrees in Section 4.1 that no portion of the TIF or CID can be used to reimburse expenses for the Club Phase.
- g. IRBs. The City also agrees to issue Industrial Revenue Bonds for the limited purpose of providing the Developer an exemption on sales taxes for construction materials for the Project. These IRBs will not provide property tax abatements for the Developer.

7. **Rental License Fees.** In Section 8.1, the Developer acknowledges that the City will soon consider the imposition of a Rental License Fee of \$10 per month (or \$120 per year) for rental units in the City. This Rental License Fee will be applicable to all rental homes/units in the City.

8. **Construction Obligations.** In Article 6, the Developer agrees that it shall be responsible for all design, construction and permitting of the build out of the Project and its various Phases. The Developer agrees to obtain all necessary approvals, permits and licenses and to keep the City informed throughout the construction process. The Developer has also agreed to certain infrastructure and traffic improvements as set forth in Exhibits G and H, respectively.

9. **Indemnity.** Section 7.12 provides for a relatively broad indemnity of the City which includes indemnification for design and construction of the Project, damage and injury that occurs on the site and lawsuits that challenge the Project or the incentives.

10. **City Expenses.** The City's ongoing expenses for the Project and the administration of the public incentives will be paid via an extension and amendment of the existing Funding Agreement between the Developer and the City. It is contemplated that this will be a condition as set forth in Section 3.1(a)(iii). However, in the payment of TIF and CID proceeds, the Developer has agreed that these City Expenses shall be paid before the Developer gets its proceeds from the public incentives (in Section 4.5).

11. **Use/Operation Provisions.** Article 7 contains a series of terms that govern the ongoing use and operation of the Project after it is up and running. These provisions include maintenance and repair obligations (Section 7.4), insurance (Section 7.10), casualty and fire (Section 7.11), prohibitions on sales and transfers (Section 7.13) and environmental covenants (Section 7.16). These provisions are relatively normal and customary in terms of development agreements like this one.

12. **Default/Remedies.** Section 9.2 covers the remedies available to the City in the event that the Developer ever defaults. Importantly, if the Developer never commences a particular Phase of the Project, the City's sole remedy is to terminate the Agreement as to that Phase and shut off the access to the public incentives for that particular Phase. However, if a Developer default occurs after a particular Phase is substantially completed, then the City may pursue other remedies at law and equity as to that Phase.