

Columbia Development Companies

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May 30, 2025

City of Troy
Attn: Hon. Carmella Mantello, Mayor
433 River Street, Suite 5000
Troy, New York 12180

Troy Local Development Corporation
Attn: Seamus Donnelly, Chief Executive Officer
433 River Street, Suite 5000
Troy, New York 12180

RE: City of Troy, New York (the “City”) and
Troy Local Development Corporation (“TLDC”),
with JRN Development, L.L.C., d/b/a Columbia Development Companies (the “Developer”)
Non-Binding Letter of Intent – Proposed City Hall Redevelopment Project

Ladies and Gentlemen:

Please accept this letter to serve as a non-binding letter of intent (“LOI”) with respect to the proposed acquisition and redevelopment of certain parcels of real property located at 82-90 Fourth Street, Troy, New York 12180 (the “Land”, being comprised of TMID No. 101.53-10-10, as may be subdivided: 101.53-10-10.1 and 101.53-10-10.2) and the existing improvements located thereon, including a multi-story commercial facility containing approximately 22,000 sf of multi-tenanted commercial space (plus basement) and 60,000 sf of historic and unoccupied theater space, along with related improvements located thereon (the “Existing Improvements”, and collectively with the Land, the “Property”). As further detailed herein, the Developer, City and TLDC wish to explore the proposed acquisition of the Property by TLDC to allow for the undertaking of the planning, design, engineering, financing, construction and leasing of the renovated Property as a multi-tenanted facility, with the City serving as anchor tenant for utilization as a dedicated City Hall asset for occupancy and use by the City (collectively, the “Project”, as more particularly set forth herein).

The purpose of this non-binding LOI is to set forth the preliminary understandings of the City, TLDC and the Developer with respect to the proposed Project, after which the parties anticipate formalizing the terms of the Project within a negotiated Land Development Agreement with Exclusive Option and License (herein, the “LDA”). This LOI will serve as a term sheet for preparing and finalizing the LDA, which will be drafted by counsel to the City and TLDC in coordination with counsel to the Developer.

Background:

The City previously issued a certain Request for Expressions of Interest (“RFEI”) relating to its desire to acquire or develop a new City Hall facility. After receiving various proposals and conducting interviews with interested developers, the City and TLDC have narrowed their interest to the Developer and the proposed Project, as generally outlined herein. The parties have discussed various general design options for the Project, along with the regulatory requirements of the City and TLDC to participate in and facilitate the Project. In addition, the parties have considered various top-level business and legal provisions that will have to be addressed and included in order to undertake the proposed Project. In furtherance of facilitating aspects of the proposed Project and other governmental, historic preservation, and economic development initiatives identified by the City, the Developer’s proposal would serve to achieve many critical City objectives. On or before May 30, 2025, the City has or will executed its early termination option with respect to its existing leased premises in accordance with applicable lease provisions. In addition, the City has a very short timeframe to undertake the relocation of current City Hall to a priority location, with significantly curtailed timeframes to undertake traditional design, permitting, construction and relocation, all of which needs to occur on or before January 1, 2027.

As a critical component to meet these exigent timing needs, the City has also identified its affiliated and supporting organization TLDC as a necessary and essential partner and facilitator to undertake the Project. TLDC is a not-for-profit local development corporation established pursuant to Section 1411 of the Not-for-Profit Corporation Law (“N-PCL”), is recognized as a charitable organization pursuant to Section 501(c)(3) of the Internal Revenue Code (the “Code”), exists as a supporting organization and component unit of the City pursuant to Section 170 of the Code, and pursuant to the Code shall be deemed a qualified “on behalf of” issuer of tax exempt and taxable bonds of the City. In the interests of critical timing for relocating City operations, and related need to undertake a significantly expedited planning, design, financing, construction and fit up, the City contemplates utilizing TLDC to deploy a design-build agreement and related tax exempt bond financing to accomplish its development goals.

This letter of intent outlines the current understandings of the parties and their mutual desire to advance to the preparation and execution of the LDA.

The Property:

The Property is currently owned by Developer affiliate Columbia Proctors Realty LLC (the “Seller”), and the Seller operates the property as a multi-tenanted facility with commercial office tenancies. The Seller previously entered into a straight-lease transaction and PILOT Agreement with the Troy Industrial Development Authority (“TIDA”) in February 2015, whereby the property is currently on the City’s exempt tax rolls.

The Project Components:

The City, TLDC and Developer desire to undertake the Project, which is proposed to entail the following elements:

- (i) Pursuant to the LDA, TLDC will acquire fee title to the Property from the Seller, free and clear of all encumbrances and liens (the “Acquisition”), and in exchange for a base purchase price of \$1,800,000.00 (the “Acquisition Price”) on a closing date mutually agreed to by the City, TLDC and the Developer (the “Closing”). Upon acquisition of the Property from the Seller, TLDC will immediately enter into a triple net and “true lease” with the City for a term of between 20 and 30 years, with such lease requiring rentals sufficient to pay for all TLDC acquisition and development costs necessary to delivery the completed Project to the City (the “City Lease”, as more particularly described herein). The parties contemplate TLDC developing certain areas within the Project as flex space, amenities and commercial spaces that would be leased or licensed by TLDC to third party tenants and licensees. All third party lease and license revenues will be pledged to offset debt service associated with the Bonds, and ultimately reduce the City’s rental requirements under the City Lease.
- (ii) Pursuant to the LDA, and on or before the Closing, TLDC and the Developer will enter into a Guaranteed Maximum Price Contract (“GMP”) for the redevelopment of the Property and timely delivery of the Project for the benefit of the City. It is currently contemplated that the GMP will include approximately \$8,250,000.00 in construction costs to deliver the Project (the “Construction Costs”), and that the Developer will primarily engage BBL Construction Services to serve as General Contractor (the “GC”). The GMP will contain affirmative obligations of the Developer and BBL to deliver the Project at least sixty (60) days prior to January 1, 2027. It is understood and agreed that the final scope of work and FF&E elements to be included within the GMP shall be subject to the Design Process (as detailed herein), and ultimately subject to the discretion of the City and TLDC.
- (iii) As a condition of the LDA and Closing, the Developer will undertake the planning, design, architecture, engineering and proposed equipping of the Project through a design process overseen and approved by the City and TLDC, whereby the Developer will provide due diligence, existing conditions reports, schematic designs, design drawings and construction drawings for review and approval by the City and TLDC (the “Design Process”), all as more particularly outlined herein and to be detailed within the LDA.
- (iv) In order to finance the Acquisition Price, GMP Construction Costs, design costs, financing costs, City, TLDC and Developer legal costs, and related costs associated with the Project, TLDC will undertake the issuance of tax-exempt governmental bonds (the “Bonds”) pursuant to the Code and concurrently with the Closing. Rentals to be paid by the City pursuant to the City Lease shall be the primary source of repayment of the Bonds, along with standard mortgage and security interests in the Project. The City, TLDC and Developer will work cooperatively to identify to privately place and/or market the Bonds through a mutually acceptable underwriter, with the repayment terms for the Bonds in all events shall be subject to the sole discretion of the City and TLDC.
- (v) Pursuant to the LDA and all applicable laws, the City, TLDC, developer and Seller will work cooperatively to secure all necessary approvals to undertake the foregoing and consummate the Closing, including the Design Process, applicable permitting, Acquisition, the City Lease, the GMP and issuance of the Bonds.

Project Structure and Transactions:

The parties acknowledge that the proposed Project will require and must adhere to all applicable laws and regulations imposed upon the City and TLDC. To this end, the parties have preliminarily identified the following as core provisions that will be included within the LDA:

- (i) Project Development Rights and Option. The LDA will grant TLDC exclusive development rights and an exclusive option to acquire the Property. The LDA will contain time of the essence provisions to complete the Acquisition and Closing on or before December 31, 2025, with specific express contingencies and milestones established between the date of the LDA and Closing.
- (ii) Project Design. The parties will work collaboratively and in good faith to design the Project, as detailed below. The LDA will contain specific design milestones and deadlines for delivery of Project designs and budgets, including conceptual drawings, design drawings, and ultimately construction drawings to be utilized for the GMP. It is contemplated that the Project design phase will comprise a period of approximately 4 months (the “Design Phase”), such Design Phase being generally outlined below.
- (iii) Project Permitting. including compliance with the State Environmental Quality Review Act (“SEQRA”). The parties agree that the undertaking of the Project will be subject to all applicable land use, development, and construction regulations, permits and approvals, including compliance with SEQRA. All costs associated with permitting, SEQRA, subdivision and other applicable permits required for the Project shall be borne exclusively by the Developer in the first instance, with the City and TLDC reimbursing the Developer up to a maximum amount of \$500,000.00, the payment terms of which will be set forth within the LDA and may include progress payments during the Design Phase and/or lump sum payment at Closing. It is contemplated that TLDC shall serve as lead agency for purposes of compliance with SEQRA. The LDA will contain provision regarding early termination and the reimbursement of Developer for all actual costs incurred with respect to the Project up to the date of termination or such notification which amount shall not exceed \$500,000.00.
- (iv) Project Finance and City Lease. The City, TLDC and Developer shall work cooperatively to pursue private placement or marketing of the Bonds, the terms and conditions of which shall be subject to the discretion of the City (as lessee pursuant to the City Lease) and TLDC (as owner, landlord, and issuer of the Bonds). The City Lease shall be a true lease, triple net with respect to spaces occupied by the City, and contain no prohibited obligation or “put” to acquire the Project. The parties acknowledge that the City and/or TLDC may engage financial consultants and advisors to assist with modeling the terms of the Bonds, and that the terms of the City Lease shall be subject to the discretion of and approval by the City, acting by and through the City Council, and the TLDC Board of Directors. Any costs associated with the above including but not limited to the financial consultants and advisors shall be paid for by the City and/or the TLDC, and at their election, such costs may be included within allowable project costs and/or the costs of issuance associated with the Bonds.

(v) **Project Construction.** The Developer will have exclusive obligations to cause the Project to be constructed pursuant to the GMP and all applicable laws and regulations. The GMP will be prepared with standard AIA contract forms and related addenda, shall be executed as of the Closing Date defined within the LDA, and require the utilization of prevailing wage standards in accordance with Section 220 of the Labor Law. The parties will investigate and determine whether the existing TIDA transaction associated with the Property may be utilized as a basis for the Seller and/or Developer to secure sales tax or other savings for the benefit of the Project, with the Project to be constructed by the Developer with an extended agent appointment by TIDA in accordance with applicable laws. The LDA shall include appropriate protections to ensure that the Project is timely built and delivered to TLDC (and the City) free and clear of any liens or other encumbrances. These protections shall include performance bonds and liquidated damages clauses within the GMP protecting TLDC and City interests with respect to timely delivery of the Project. The parties acknowledge any performance bonds shall be included as a component cost of the GMP and financed with the proceeds of the Bonds.

Design Flexibility and Municipal Review: The Parties acknowledge that nothing herein shall be construed to commit the City or TLDC to any particular outcome regarding the Project, and neither the City nor TLDC makes any representations as to the likelihood or substance of any final approvals, including any determinations or approvals in accordance with SEQRA, with respect to the Project until the public approval process is completed and such approvals, if any, have been issued. The Parties further acknowledge that the Project as described above may be modified during the public review and approval process to reflect SEQRA findings or other governmental findings and determinations required in connection with the Project.

Schedule: The parties will establish a mutually agreed upon and detailed schedule of milestones and dates to complete Project design, SEQRA and TLDC receipt of a firm financing commitment, and finalization of the City Lease and GMP, which will all be included as contingencies within the LDA.

Project Design Process: The Developer team, with the assistance of SRA Architects, will meet with the City, TLDC, City personnel or other parties selected by the City or TLDC to design the Project which, when constructed, will meet the goals, requirements and objectives of the City and TLDC. The parties shall establish a mutually agreeable design process, which shall be incorporated into the LDA with specific timing milestones. Developer will secure the approval of the City and TLDC at each of the six stages below before advancing to the subsequent step:

- (i) Completion of existing conditions analysis and City space needs assessment;
- (ii) Completion of Project fit up and FF&E (“**Furniture/Fixtures/Equipment**”) requirements;
- (iii) Development of site and floor diagrams;
- (iv) Preparation of schematic design plans;
- (v) Completion of design development drawings; and
- (vi) Completion of construction documents.

Project Budget and Construction: Developer and TLDC will enter into the GMP, whereby Developer or BBL Construction Services LLC will serve as the Construction Manager for the construction of the

Project. The GMP will include specific timeframes for completion and include reasonable delay penalty clauses to be agreed upon by the parties in favor of TLDC, along with commercially reasonable completion bonds or other protections as agreed upon by the parties. Developer will build the Project under the direction and control of the City and TLDC, and the City and TLDC contemplate engaging a third-party owners' representative to monitor and oversee construction by the Developer. As required by New York State law, Developer will pay prevailing wages for the Project.

Securing Approvals: The Developer agrees to use its commercially reasonable efforts to meet all LDA design milestones and diligently seek and obtain any and all necessary approvals in a timely manner, as set forth herein or as may be included within the LDA. The City and TLDC shall work cooperatively with the Developer to secure any and all necessary approvals from both the City and outside governmental agencies. The City and TLDC's acknowledgment of this LOI shall be deemed as a non-binding expression of support for the Project, subject to the public review process, undertaking of all legal requirements, and the execution of the LDA. The City and TLDC also agree that they shall, in good faith, diligently and reasonably perform their respective review obligations as delineated within the executed LDA.

Municipal Fees: The Developer shall pay all typical City permit fees for development of the Project consistent with then-effective City policies or as published in the City's Master Fee Schedule. The City and TLDC shall investigate the extent to which any City-imposed building permit and other fees may be waived in connection with the Project.

LDA Due Diligence Period: The City and TLDC shall have 60 days from the effective date of the LDA to evaluate title, perform physical testing and undertake other investigations to confirm existing site conditions, structural integrity, existing mechanical, electric and plumbing infrastructure ("MEPS"), and the overall developability of the Property for the Project (the "**Due Diligence Period**").

Exclusivity: The LDA will contain provisions providing TLDC with exclusive development rights for the Project, which will prohibit the Developer and Seller from entering into, or offering or agreeing to enter into (nor shall the Developer or Seller authorize or direct any representative to act on its behalf in connection with) any negotiation, discussion, or agreement with any other firm, person, or other entity with respect to the Property or Project (or any similar project) proposed to be undertaken at the Property for the term of the LDA. The LDA will also provide TLDC with an exclusive option to acquire the Property for the exclusive purpose of developing the Project.

Mutual Cooperation and Good Faith: The parties recognize that the successful planning and execution of the Project will require cooperation. The LDA shall impose an obligation of good faith and fair dealing on the Developer, City and TLDC in the performance and enforcement of their respective rights and obligations outlined and in the achievement and ultimate implementation of the Project with the goal of keeping the Project progressing in a diligent and efficient manner.

General LDA Provisions: The parties agree that the LDA shall include the following general provisions:

As consideration for the exclusive development rights and option, the LDA will include a non-refundable (except as provided below) deposit of One Hundred Thousand Dollars (\$100,000.00) (the "**Deposit**"), which shall be paid by the City and/or TLDC and utilized in furtherance of the costs to be incurred by the Developer to undertake preliminary advancement of the Project, including the Design

Phase. The Deposit shall be refundable to the City/TLDC in the event the City/TLDC terminates the LDA on or before the expiration of the Due Diligence Period except for an agreed not-to-exceed portion of the Deposit to be retained by the Developer in connection with the costs advanced in furtherance of the Project. The parties will otherwise bear their own costs associated with development of the Project.

The LDA license and joinder rights in favor of the City/TLDC will include all necessary rights for Developer to access and test the Property for engineering, planning, and design purposes, and to make all necessary applications for approvals and permits and rights to build the Project. The LDA license rights will also include City/TLDC indemnification, insurance and lien protection provisions in favor of the Developer, as may be required.

Except as hereinafter provided, neither party shall be permitted to assign the LDA, nor may Developer undertake performance of any LDA rights through the sale or transfer of more than 50% of the membership interests in the Developer, other than to specific related parties as set forth in the LDA. Any proposed transfers of ownership or control of the Developer of more than 50% of the membership interests to any parties other than the related parties set forth in the LDA shall be subject to written request to and approval by the City and TLDC, which approval is not to be unreasonably withheld, conditioned, delayed or denied, but in all events such approval shall be granted at the City and TLDC's sole discretion. At the time of execution of the LDA, the Developer and Seller will deliver a general certificate detailing all equity ownership thereof.

For purposes of transfer of the Property, the LDA will require the Seller to convey same by Bargain and Sale Deed with lien covenant, along with such covenants, conditions and other matters of record as are customary in Rensselaer County, New York.

Conduct of Business Before Closing. Prior to the closing, the Seller will own and operate the Property in the ordinary course consistent with previous practice. On or before the Closing, or other date mutually agreeable to the parties, the Seller and Developer will relocate all existing tenants from the Property, and/or confirm if any existing tenants or third parties would be willing to commit to continued tenancy within the Project once completed. The parties will work cooperatively to identify and secure commitments from third party tenants and/or licensees to occupy flex spaces within the Project.

Non-binding Agreement. This LOI is a non-binding letter of intent. Notwithstanding either party's execution hereof, nothing in this LOI shall create a legally enforceable contract and no party shall be bound to anything herein unless and until the definitive LDA has been fully negotiated, drafted and executed by all of the parties. This LOI is therefore for discussion only and no party shall have any obligation to continue negotiations. The terms of the Project and related property transfers and conveyances as set forth herein shall be included within a draft LDA negotiated between the parties, to be presented to the City Council and TLDC Board of directors for formal approval, after which the LDA may be executed and delivered by the City and TLDC.

Compliance with Applicable Laws. Developer acknowledges and agrees that the City is a municipal corporation and that TLDC is a not-for-profit local development corporation and "local authority" established under the laws of the State of New York. As such, both the City and TLDC are required to adhere to and comply with applicable laws and regulations including, but not limited to, the Public Authorities Law, Open Meetings Law, FOIL, SEQRA and related statutes.

The Developer is pleased to present the foregoing to the City and TLDC for consideration, and we look forward to continued work with you in furtherance of the proposed Project. Upon approval by the City and TLDC boards, we ask that you please execute the acknowledgements below.

Very truly yours and respectfully submitted,

COLUMBIA DEVELOPMENT COMPANIES,
As Developer

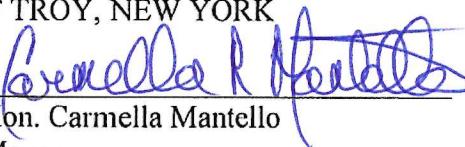
By: 
Name: Brandon Stabler
Title: Authorized Person

COLUMBIA PROCTORS REALTY LLC,
As Seller

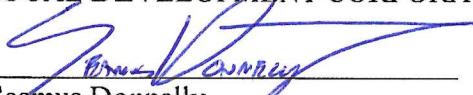
By: 
Name: Brandon Stabler
Title: Authorized Person

ACKNOWLEDGED AND APPROVED:

CITY OF TROY, NEW YORK

By: 
Name: Hon. Carmella Mantello
Title: Mayor

TROY LOCAL DEVELOPMENT CORPORATION

By: 
Name: Seamus Donnelly
Title: Chief Executive Officer