

## **REDEVELOPMENT INFORMATION: CLARENDON PRESBYTERIAN CHURCH, JANUARY 2024**

### **Summary**

After 3+ years of visioning, Clarendon Presbyterian Church (CPC) discerned a call to redevelop their worship and non-worship property into affordable housing for seniors, specifically welcoming to LGBTQIA+ seniors. After additional discernment and research, they selected Arlington Partnership for Affordable Housing (APAH) as their development partner. In addition to senior housing and a worship space for the congregation, their project includes a home for the Clarendon Child Care Center (CCCC) to which they feel called to partner to create quality, affordable childcare.

### **Video Overview of Project**

[https://youtu.be/t2WeChz5J34?si=xg5vR3\\_IuiQq48TO](https://youtu.be/t2WeChz5J34?si=xg5vR3_IuiQq48TO)

### **CPC Website Link for Detailed Project Information**

<http://www.clarendonpresbyterian.org/redevelopment-project>

### **Motion for Consideration**

That the Presbytery **APPROVE** Clarendon Presbyterian Church's conveyance of their worship and non-worship property located at 1301 and 1305 North Jackson Street, 1308 North Irving Street, and four lots with no assigned street addresses on North Irving Street, Arlington, VA to Arlington Partnership for Affordable Housing or its assigns (APAH) for the price of \$7,820,000.00 for purpose of developing the property in accordance with the terms presented in the Letter of Intent considered at the December 21, 2023 and January 4, 2024 ACCP meetings.

Further request that this approval authorize officer(s) of National Capital Presbytery Inc. to sign and execute all documents related to this conveyance (including contracts, closing documents, etc.) provided there are no material changes to their content. Leadership Council through the Administrative Commission on Congregational Property will serve as the reviewing body on final documentation.

### **Project Summary**

The LOI/Term Sheet outlines the following:

- The project includes approximately 92 residential units, a structured parking garage between the space with 46 spaces, 20 of which will be set aside for CPC's exclusive use, and 8000 square feet of space for CPC.
- CPC intends to use 3,500 square feet for their church facility, 3500 square feet for a dedicated day care facility, and 1.000 square feet for related facilities.
- The property will be conveyed to APAH, developed, subdivided and then CPC's subdivided space will be conveyed back.
- The compensation from APAH shall be \$7,820,000.

### **Documents Included for Review**

- ACCP Timeline Sheet
- CDC History Sheet
- Transaction Timeline Overview
- Transaction Terms Overview
- CPC Letter of Intent/Term Sheet

### ACCP Clarendon Affordable Housing Approval/Update History

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- *September 2021*

CPC introduced the idea of redevelopment to ACCP and requested approval to purchase a piece of land that divided their property. Purchasing the land unlocked options for redevelopment. ACCP approved the purchase and the purchase loan was fully guaranteed by NCP through PILP.

*Under its authority as an Administrative Commission of National Capital Presbytery (NCP), the Administrative Commission on Congregational Property (ACCP) grants approval for Clarendon Presbyterian Church to borrow up to \$960,000 from PILP with the following terms: 6-year term amortized over 25 years with a 3.76 interest to adjust every third year and 1 year of debt service held in security with PILP. Purpose of the loan to purchase adjacent lot that divides current property. Approval contingent upon receiving offer letter from PILP and continued work with the National Capital Presbytery's Affordable Housing Network and/or other professionals.*

- *July 2022*

CPC returned to ACCP to request approval to enter into a MOU with APAH stating their intent to redevelop their worship and non-worship property for the purpose of affordable housing. Legal counsel (John Matteo of Jackson & Campbell) reviewed MOU and noted there was no cost or risk to CPC or NCP in signing the MOU which allowed APAH to conduct predevelopment works associated with determining the feasibility of an affordable housing redevelopment proposal/deal.

*Under its authority as an Administrative Commission of National Capital Presbytery (NCP), the Administrative Commission on Congregational Property (ACCP) approves Clarendon Presbyterian Church to enter into an memorandum of understanding (MOU) with Arlington Partnership for Affordable Housing (APAH) stating their intent to redevelop their worship and non-worship property for the purpose of affordable housing. ACCP authorizes NCP Director of Business Affairs/Treasurer to sign said MOU. This approval and authorization is contingent upon receipt of congregational approval authorizing said action.*

- *March 2023*

CPC returned to APPC to provide an update on their project and request permission for their MOU with APAH to be extended. The request to extend was not a reflection on anything going wrong with the project; but rather a response to aligning the project current county priorities.

*Under its authority as an Administrative Commission of National Capital Presbytery (NCP), the Administrative Commission on Congregational Property (ACCP) approves Clarendon Presbyterian Church to extend the existing MOU with Arlington Partnership for Affordable Housing (APAH) which states their intent to redevelopment their worship and non-worship property for the purpose of affordable housing. They further request that the appropriate representative from National Capital Presbytery be authorized to sign said MOU extension. **Approval and authorization contingent upon review and confirmation that no other changes to MOU are made (outside of expiration date) and receipt of congregational approval of authorizing this action.***

- *September 2023*  
CPC returned to ACCP to provide an update on their project. No action items were requested.
- *November 2023*  
CPC requested that the MOU with APAH be extended through January 31, 2024 to allow time for ACCP, Leadership Council and Presbytery to review and consider the Letter of Intent/Term Sheet which they had negotiated with APAH. This matter was presented to ACCP electronically and the commission concurred with the extension.
- *December 2023/January 2024*  
CPC presented ACCP with the negotiated Letter of Intent (aka “Term Sheet”). ACCP requested additional time to review the volume of material associated with the transaction. Motion to approve the LOI was approved at a called meeting on January 4, 2024.

*National Capital Presbytery’s Administrative Commission for Congregational Property (ACCP) recommends Leadership Council for consideration by Presbytery that Clarendon Presbyterian Church (CPC) be approved to convey their worship and non-worship property located at 1301 and 1305 North Jackson Street, 1308 North Irving Street, and four lots with no assigned street addresses on North Irving Street, Arlington, VA to Arlington Partnership for Affordable Housing or its assigns (APAH) for the price of \$7,820,000.00 for purpose of developing the property in accordance with the terms presented in the Letter of Intent considered at the December 21, 2023 and January 4, 2024 ACCP meetings.*

### Clarendon Presbyterian Church (CPC) – Recent History with CDC

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CPC has participated in taking the Church Assessment Tool (CAT) in the recommended practice of CDC, every one to three years, including but not exclusive to times of Pastoral Transition, Property Discernment and other Missional ideas.

First CAT was taken in June 2018: Rev. Carla Gorell and Rev. Tara Spuhler McCabe were the interpreters. They met with the Session leadership two times. They lifted up that with such high energy and satisfaction, this would be a time to “go big”. The Energy/Satisfaction is HIGH in the Transformational Quadrant. The ADAPTABILITY is in the high GROWTH range. There is relational capital and trust to risk into different practices than they have done before. Highlights were:

1. The congregation, different from most other churches, did not prioritize as a top three to bring in new young families with children.
2. Two of the three top priorities were about Outreach and Community Engagement.
3. The strongest recommendation from the interpreters was to, if they were going to hire, to focus on leadership around the two priorities of outreach and community engagement.
4. This also shifted previous part-time hiring around children’s ministries.
5. Within a 6months of this interpretation, Clarendon created a new position for Outreach Minister. Hired a part-time employee and worked with CDC for a Transformational Grant over a three year period.
6. By the end of this three year period, the congregation was in the midst of a Pastoral transition from Rev. David Ensign to Rev. Alice Tewell. The part-time outreach minister did show the confidence building capacity within the congregation how to focus on the two priorities that can enhance all three.
7. The congregation and newly called pastor, as Designated, was a new position description that would have the pastor focus more on Outreach and Community Building. CPC let go of the part-time position as this was now incorporated in an expectation of Rev. Alice Tewell.
8. They initiated a deeper relational ministry with IMPACTO.

Second CAT was taken in August of 2022, interpreter Elder Alice McGinnis. The report was much the same and what is important to note is that this was through Covid. Consider the same directive, “go Big” as they are Very High in Energy/Satisfaction, OFF THE GRID in Adaptability, and HIGH Trust of over-all Leadership and Trust in Conflict Management. While also highlighting to the congregation how the focus from 2018 has given life to new priorities in a different way. Highlights were:

1. Like most other congregations, attracting new families is now in their top three ALONG with Community Engagement and partnerships.
2. IMPACTO ministry partnership has moved from a Landlord/Tenant relationship into fostering a New Worshipping Community within NCP through Bible Study, Worship, Service, and Fellowship.
3. Community Organizing partnerships in joining VOICE and building relational capital within the community around health and home crisis.
4. In responding to opportunities in meeting the community and young families, the current building holding them back. They have found themselves hosting more “collision” or intersectional activities and Spiritual engagements outside of the building.

5. Readiness for Ministry in the recent CAT dashboard is off the scales so HIGH, this has availed huge confidence from the pastor to trust the lay leadership into the big dreaming and follow through leadership.
6. Keeping a consistent presence and adaptation within regular Spiritual and Worship needs of the congregation. They have fostered more of a Spiritual and Relational base in Education rather than only Sunday School curriculum and once a week. Their Spirituality is one that our current rubrics are not able to measure because they have organized around seeing, being, and meeting Jesus through community that builds one's personal relationship with our Savior.

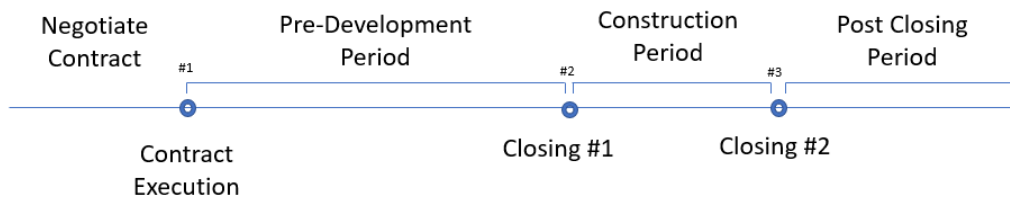
## Transaction Timeline Overview - 2 Pages

### Overview of Proposed Term Sheet between Clarendon Presbyterian Church (CPC) and Arlington Partnership for Affordable Housing (APAH)

December 28, 2023

The following memorandum provides a generalized overview of the proposed redevelopment of the Clarendon Presbyterian Church (CPC) property located in Arlington, Virginia pursuant to the draft term sheet (the “Term Sheet”) presented for review and approval. This presentation is general in nature and does not include an exhaustive and/or detailed statement of the specific terms and conditions in the Term Sheet. The reader is directed to review the detailed provisions of the Term Sheet to assure a more complete understanding of the proposed transaction.

**Overview of Anticipated Development Cycle:** The overall project cycle starts now, involves several stages and concludes when the Church and the childcare facility are operating in the Church Component. The overall transaction can be broken-up into four periods of time (or phases) and three events.



**Negotiate Contract:** Goal is to negotiate all important agreements at the front of the transaction in order to limit risk over the life of the Project. Negotiating the contract will involve a series of documents: (1) first – detailed term sheet – approved and executed by Presbytery; and (2) second – detailed development agreement/contract that includes both closings (the land sale to APAH and the Church Component sale to Presbytery) and all significant elements anticipated in the larger development Project – approved and executed by Presbytery. CPC costs will be limited to service providers (legal, design, project management, etc.) and ongoing property management.

**Contract Execution:** Goal is to enter into a legally binding agreement that thoroughly accounts for the entire design, development, construction and stabilization process involved in the APAH and CPC relationship. The National Capital Presbytery will continue to own the Property and CPC will continue to operate at the Property and will need to prepare for temporary space once construction commences. CPC costs will be limited to service providers (legal, design, project management, etc.) and ongoing property management.

**Pre-Development Period:** Goal is to permit APAH to obtain all approvals, all capital, all plans and specifications and all design and construction contracts for the commencement and completion of the project. The National Capital Presbytery will continue to own the Property and CPC will continue to operate at the Property and will need to prepare for temporary space once construction commences. CPC costs will be limited to service providers (legal, design, project management, etc.) and ongoing property management. CPC may seek payment from APAH of an earnest money payment during this time to fund any significant costs. CPC may want to commence designing the new Church Component – but will not likely need to secure detailed plans and specifications. Towards the end of the Pre-Development Period, CPC will need to decommission the existing Church and pre-school and relocate all operations off of the Property in anticipation of construction.

**Closing #1 (a/k/a “the Land Closing”):** Goal is to convey the Property to APAH for purposes of permitting APAH to proceed with construction of the Project. APAH will need to satisfy a number of conditions in order for closing to proceed – including finalizing plans and specifications, obtaining a building permit, securing a construction loan closing, an equity closing and a condominium regime closing, etc. Presbytery will convey the entire Property to APAH – at which time a condo regime will likely be placed on the Property. APAH will pay the Purchase Price to Presbytery

– a portion of which will be escrowed to fund construction of the Church Component (see below discussion re Construction Period). CPC costs will be limited to service providers (legal, design, project management, etc.), decommissioning the Property and costs associated with temporary space during construction (“swing space”). CPC may want to proceed with designing the interior of the Church Component towards securing detailed plans and specifications.

**Construction Period:** Goal is to permit APAH to construct the entire Project – including the Residential Component and the “shell” of the Church Component. Construction will commence with demolition and will conclude at substantial completion of the “shell” of the Church Component. APAH will be constructing the entire Project using construction loan proceeds as well as affordable housing funds – which will likely have specific requirements that prohibit the use of funds for uses not related to affordable housing. This restriction results in the Church needing to set aside purchase price proceeds to fund the “shell” of the Church Component during the construction process. APAH will continue to own the entire Project during the Construction Period – including the Residential Component and the Church Component. CPC costs will be limited to service providers (legal, design, project management, etc.), decommissioning the Property and costs associated with temporary space during construction (“swing space”). CPC will need to design the interior of the Church Component towards securing detailed plans and specifications and confirming construction costs. CPC will also be monitoring APAH’s progress.

**Closing #2 (a/k/a “the Church Component Closing” or “the Unit Closing”):** Goal is to convey the Church Component to Presbytery for purposes of permitting the Church to commence interior construction of the Church Component. APAH will continue to own the balance of the Project which will include the Residential Component, any share spaces and the parking spaces. CPC costs will include service providers (primarily legal and related transaction costs) and costs associated with temporary space during construction (“swing space”).

**Post Closing Period:** Goal is to complete interior construction of the Church Component and open the Church Component for services and pre-school admissions. CPC costs will include construction costs for completing the interior construction of the Church Component as well as service providers (legal, design, project management, etc.) and costs associated with temporary space during construction (“swing space”). CPC will be actively engaged with managing the construction of the interior of the Church Component and concluding transition from APAH.

Significant Terms and Concepts:

**“Project”:** refers to the Property and any additional neighboring properties acquired for the development of the Residential Component and the Church Component.

**“Property”:** refers to the property currently owned by Presbytery where CPC and the pre-school operates – excludes neighboring residences.

**“Church”:** refers to both the Presbytery and CPC (acting collectively).

**“Component”:** refers to the residential units of the Project (the **“Residential Component”**) and the church unit of the Project (the **“Church Component”**). The **“Church Component”** will include the new church facility as well as the new childcare facility. The **“Residential Component”** will likely include all apartment units, common area serving the apartment units (such as hallways, lobbies, elevators, etc.) and other spaces shared between the Church Component and the Residential Component. Spaces shared between the Residential Component and the Church Component will be accounted for in the condo documents or additional easement documents.

### Overview of Proposed Term Sheet between Clarendon Presbyterian Church (CPC) and Arlington Partnership for Affordable Housing (APAH)

Updated January 2, 2024

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The following memorandum provides a generalized overview of the proposed redevelopment of the Clarendon Presbyterian Church (CPC) property located in Arlington, Virginia pursuant to the draft term sheet (the “Term Sheet”) presented for review and approval. This presentation is general in nature and does not include an exhaustive and/or detailed statement of the specific terms and conditions in the Term Sheet. The reader is directed to review the detailed provisions of the Term Sheet to assure a more complete understanding of the proposed transaction.

**Property:** Clarendon Presbyterian Church, North Jackson Street, Arlington, Virginia – excludes neighboring residences.

**Church:** Refers to both the National Capital Presbytery and CPC (acting collectively).

**Developer:** Arlington Partnership for Affordable Housing (the “APAH”).

**Project:** Redevelop the Property to construct a new church and childcare facility along with a multifamily affordable housing complex accommodating senior citizens in a welcoming LGBTQIA+ community and associated garage. At Closing #2 or the “Unit Closing”, APAH shall convey the following to the Church: (1) at least 3,500 square of usable space for a dedicated church facility, at least 3,500 square feet of usable space for a dedicated daycare facility (serving approximately 58 seats) as well as approximately 1,000 square feet of usable space for related facilities, and (2) no less than 20 vehicular parking spaces located within the associated garage for the Church’s exclusive use (collectively, the “Church Component”). The Church Component will be conveyed as a unit within a condominium regime imposed upon the Project. The “Residential Component” will be owned and operated by the Developer and is anticipated to include all apartment units, common area serving the apartment units (such as hallways, lobbies, elevators, etc.) and other spaces shared between the Church Component and the Residential Component. Spaces shared between the Residential Component and the Church Component will be accounted for in the condominium documents or additional easement documents.

**Land Payment:** At Closing #1 or the “Land Closing”, APAH shall pay \$7,820,000 – a portion of which is to be held in escrow to pay for construction costs associated with the Church Component.

**Deposit:** At Contract Execution, APAH shall pay a deposit of \$100,000 (the “Deposit”) which shall be available under certain circumstances during the Pre-Development Period to fund certain expenditures associated with the upkeep of the Property prior to redevelopment. Developer shall receive credit at Closing #1/Land Closing against the purchase price for the deposit.

**Church Component Escrow:** At Closing #1 / the Land Closing, the Church shall escrow an amount of money sufficient to fund the costs of the Church Component – which amount will be funded from the Compensation paid for the Land.

#### **Milestone Dates:**

**Feasibility Period:** 90-days following execution of the Letter of Intent.

**Closing #1 / Land Closing:** 60-days after satisfaction of Land Closing Conditions – no later than December 31, 2029. Land Closing Conditions include: (1) APAH obtaining approvals to construct the Project, (2) APAH entering into a guaranteed max construction contract with a third-party general contractor, (3) APAH procuring all capital necessary for the acquisition, construction and stabilization of the Project



(including construction financing and permanent financing), and (4) APAH preparing final plans and specifications for construction of the Project.

**Closing #2 / Unit Closing:** 60-days after satisfaction of Land Closing Conditions – no later than 36-months after Closing #1 / the Land Closing. Unit Closing Conditions include: (1) Church Component shall be in a warm-lit shell condition in accordance with the CPC Program Specifications and plans and specifications approved by the Church – in a condition sufficient for the Church’s intended use and occupancy of the Church Component; (2) APAH obtained a temporary certificate of occupancy (or equivalent) for the Church Component; and (3) APAH assigned to the Church all assignable warranties associated with the initial construction of the Church Component.

**Design:** APAH will be responsible for designing the entire Project (including the Church Component). The design for the Project will accommodate fundamental requirements of the Church (the “CPC Program Specifications”) and be subject to the Church’s approval to the extent deviating from CPC Program Specifications or otherwise impacting the Church Component.

**Construction:** APAH will be responsible for constructing the entire Project (including the Church Component) pursuant to plans and specifications approved by the Church. Prior to Closing #1 / the Land Closing, APAH will enter into a guaranteed max construction contract with a third-party general contractor. APAH will provide a completion guaranty to the Church assuring the maximum price of the Church Component. The Church will be responsible for constructing the interior space of the Church Component.

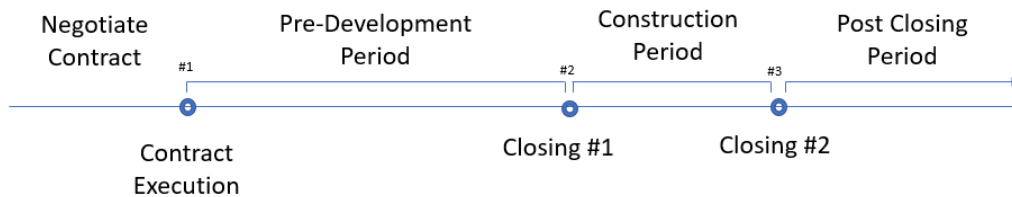
**Costs:** APAH will be responsible for paying all of the Project costs except for the following which shall be the responsibility of the Church:

- (1) The costs of constructing the Church Component – which shall be funded at Closing #1 / the Land Closing by escrowing a portion of the Compensation paid for the Land.
- (2) The Church’s pro rata share of Project costs attributable to the Church Component associated with
  - (a) Costs incurred with the entitlement and design of the Project, preparing plans and specifications, obtaining or seeking to obtain the project approvals and in the pursuit and preparation for closing of the Project funding; and
  - (b) Costs of title insurance premiums, survey costs, and engineering and environmental studies (including, without limitation, all title insurance premiums and all other costs relating to procurement of a title policy for the Church Component); and
  - (c) Costs of the transfer and recordation taxes associated with the conveyance of Property to APAH and then the conveyance of the Church Unit to the Church ; and
  - (d) Costs of any recordation taxes or any documentary tax stamps and applicable to the recordation of any documents associated with the Project funding; and
  - (e) Costs of the recordation of any Condominium Documents, and
  - (f) All consultant, advisory and attorneys’ fees, costs and expenses incurred by APAH in connection with and reasonably related to the transactions described herein including (i) attorneys’ fees of zoning and land use counsel engaged to pursue and obtain the Project Approvals, (ii) all consultant, advisory and attorneys’ fees, costs and expenses incurred by APAH in the course of negotiating the transaction contemplated under this Letter of Intent and the Redevelopment Agreement, and (iii) attorneys’ fees incurred in the negotiation of the Project Funding.

- (3) Costs and expenses associated with delivering clean title at Closing #1 / the Land Closing.
- (4) The Church’s attorneys’ fees, costs and expenses incurred in the course of negotiating the transaction.
- (5) Costs of the transfer and recordation taxes associated with the conveyance of Church Component at Closing #2 / the Unit Closing.
- (6) Costs and expenses associated with constructing the interior space of the Church Component.

**Cost Balancing.** During the Pre-Development Period, APAH shall provide estimates of the Project costs for which the Church is responsible (each estimate being a “**Projected Budget**”). Prior to Closing #1 / the Land Closing, APAH will provide a final estimate of the costs of constructing the Church Component (the “**Final Budget**”). In the event any Projected Budget or Final Budget reflects total costs of constructing the Church Component exceed 110% of the Land Payment (i.e., ‘out of balance’), then APAH and the Church shall attempt to reconcile the Project in order to reduce the costs or increase the proceeds sufficient to assure the total costs of constructing the Church Component do not exceed 110% of the Land Payment (i.e., ‘in balance’). In the event APAH and the Church are unable to bring the Project ‘in balance’ then APAH shall have the right to either (1) terminate the Redevelopment Agreement – in which case one half of the Deposit shall be returned to APAH and one half of the Deposit shall be disbursed to CPC, and APAH shall assign to the Church APAH’s rights in and to any of the Project Approvals, to the extent assignable or (2) waive APAH’s termination right and agree to contribute funds to the Church Component sufficient to bring the Project ‘in balance’.

**Redevelopment Process:** The redevelopment process is intended to consist of four periods – a negotiation period, a pre-development period, construction period and post-closing period. The overall project cycle starts now and involves several stages and concludes when the Church and the childcare facility are operating in the Church Component. The overall transaction can be broken-up into four periods of time (or phases) and three events.



**Negotiate Contract:** Goal is to negotiate all important agreements at the front of the transaction in order to limit risk over the life of the Project. Negotiating the contract will involve a series of documents: (1) first – detailed term sheet – approved and executed by National Capital Presbytery; and (2) second – detailed development agreement/contract that includes both closings (the land sale to APAH and the Church Component sale to National Capital Presbytery) and all significant elements anticipated in the larger development Project – approved and executed by National Capital Presbytery. The Church costs will be limited to service providers (legal, design, project management, etc.) and ongoing property management.

**Contract Execution:** Goal is to enter into a legally binding agreement that thoroughly accounts for the entire design, development, construction and stabilization process involved in the APAH and the Church relationship. The National Capital National Capital Presbytery will continue to own the Property and the Church will continue to operate at the Property and will need to prepare for temporary space once construction commences. The Church costs will be limited to service providers (legal, design, project management, etc.) and ongoing property management.

**Pre-Development Period:** Goal is to permit APAH to obtain all approvals, all capital, all plans and specifications and all design and construction contracts for the commencement and completion of the project. The National Capital National Capital Presbytery will continue to own the Property and the Church will continue to operate at the Property and will need to prepare for temporary space once construction commences. The Church costs will be limited to service providers (legal, design, project management, etc.) and ongoing property management. The Church may seek payment from APAH of an earnest money payment during this time to fund any significant costs. The Church may want to commence designing the new Church Component – but will not likely need to secure detailed plans and specifications. Towards the end of the Pre-Development Period, the Church will need to decommission the existing Church and pre-school and relocate all operations off of the Property in anticipation of construction.

**Closing #1 (a/k/a the “Land Closing”):** Goal is to convey the Property to APAH for purposes of permitting APAH to proceed with construction of the Project. APAH will need to satisfy a number of conditions in order for closing to proceed – including finalizing plans and specifications, obtaining a building permit, securing a construction loan closing, an equity closing and a condominium regime closing, etc. National Capital Presbytery will convey the entire Property to APAH – at which time a condo regime will likely be placed on the Property. APAH will pay the Purchase Price to National Capital Presbytery – a portion of which will be escrowed to fund construction of the Church Component (see below discussion re Construction Period). The Church costs will be limited to service providers (legal, design, project management, etc.), decommissioning the Property and costs associated with temporary space during construction (“swing space”). The Church may want to proceed with designing the interior of the Church Component towards securing detailed plans and specifications.

**Construction Period :** Goal is to permit APAH to construct the entire Project – including the Residential Component and the “shell” of the Church Component. Construction will commence with demolition and will conclude at substantial completion of the “shell” of the Church Component. APAH will be constructing the entire Project using construction loan proceeds as well as affordable housing funds – which will likely have specific requirements that prohibit the use of funds for uses not related to affordable housing. This restriction results in the Church needing to set aside purchase price proceeds to fund the “shell” of the Church Component during the construction process. APAH will continue to own the entire Project during the Construction Period – including the Residential Component and the Church Component. The Church costs will be limited to service providers (legal, design, project management, etc.), decommissioning the Property and costs associated with temporary space during construction (“swing space”). The Church will need to design the interior of the Church Component towards securing detailed plans and specifications and confirming construction costs. The Church will also be monitoring APAH’s progress.

**Closing #2 (a/k/a the “Unit Closing”):** Goal is to convey the Church Component to National Capital Presbytery for purposes of permitting the Church to commence interior construction of the Church Component. APAH will continue to own the balance of the Project which will include the Residential Component, any share spaces and the parking spaces. The Church costs will include service providers (primarily legal and related transaction costs).

**Post Closing Period:** Goal is to complete interior construction of the Church Component and open the Church Component for services and pre-school admissions. The Church costs will include construction costs for completing the interior construction of the Church Component as well as service providers (legal, design, project management, etc.). The Church will be actively engaged with managing the construction of the interior of the Church Component and concluding transition from APAH.

## Letter of Intent/Term Sheet - 13 Pages

Arlington Partnership for Affordable Housing, Inc.  
4318 North Carlin Springs Road  
Arlington, Virginia 22203  
Attn: Carmen Romero

November \_\_, 2023

**Re: Proposal for Redevelopment of CPC Site at  
North Jackson Street, Arlington, VA**

Dear Carmen:

This letter of intent (“**Letter of Intent**”) sets forth the general terms and conditions under which **Clarendon Presbyterian Church Corporation**, a non-stock Virginia corporation (“**CPC**”), would agree to allow **Arlington Partnership For Affordable Housing, Inc.**, a Virginia nonstock corporation or its assignee (“**APAH**”), to redevelop the below referenced property for the development of affordable housing, new church facilities and ancillary improvements, subject in all events to certain terms and conditions outlined below:

**1. Property.** The property located in Arlington County, Virginia identified on **Exhibit A** attached hereto, including those parcels located at 1301, 1305 and 1308 North Jackson Street, Arlington, Virginia (RPC# 15-077-007, 15-077-006, 15-077-009, and 15-077-010), that are currently used as a worship facility, administrative / community offices, child playground, church garden and a childcare center (collectively, the “**Property**”), plus all related improvements, including the on-going site and/or building improvements, personal property, and intangible property, including, but not limited to, all entitlements, but excluding any personal property or fixtures unique to CPC or the Presbyterian Church (“**Existing Church Fixtures**”) which may be removed prior to Closing including, without limitation, existing stained glass windows, church bells and related items that will be identified during the Feasibility Period (defined below). The legal owner of the Property is National Capital Presbytery, an affiliate of CPC.

APAH and CPC will use commercially reasonable good faith efforts to explore the possibility of acquiring three neighboring single-family homes located at 1201, 1205 and 1207 Jackson Street, Arlington, Virginia (the “**Adjacent Properties**”) for the purpose of incorporating them into the Project; provided, however, the acquisition and development of the Adjacent Properties shall not constitute a condition of any of the obligations of APAH or CPC contemplated in the Redevelopment Agreement.

**2. Purpose.**

**2.1 The Project.** Redevelop the Property as a mixed-use project consisting of (a) a church, preschool and related facilities consisting of approximately 8,000 square feet of usable ground floor space, or, if agreed to by CPC, 8,000 square feet of usable floor space on two floors (the “**Proposed Church Project**”) (b) an affordable housing multifamily building with approximately ninety-two (92) residential units – all of which shall be affordable (the “**Proposed Residential Project**”), and (c) a structured parking garage containing approximately forty-six (46) vehicular parking spaces located immediately beneath the Proposed Church Project and Proposed Residential Project, to be owned by APAH or its affiliate (the “**Garage**”). Collectively, the Proposed Church Project, the Proposed Residential Project and Garage are referred to as the “**Project**”.

The Proposed Church Project would consist of (a) at least 3,500 square of usable space for a dedicated church facility, at least 3,500 square feet of usable space for a dedicated daycare facility (serving approximately 58 seats) as well as approximately 1,000 square feet of usable space for related facilities (such as shared operating spaces and outdoor spaces exclusively serving the Proposed Church Project), and (b) no less than twenty (20) vehicular parking spaces located within the Garage for CPC's exclusive use (the "**CPC Parking Spaces**") (collectively, the foregoing are referred to herein as the "**CPC Component**"). The parties intend that the CPC Component will be designed, constructed, and operated in accordance with the CPC Program Specifications (defined in Section 4.2).

**2.2 Mission.** APAH and CPC desire the Proposed Residential Project to operate as a residential community focused on (1) providing affordable housing accommodations for senior citizens, and (2) serving as a welcoming LGBTQIA+ community (collectively, the "**Mission**"). APAH and CPC envision the Proposed Residential Project consisting of independent senior living units that would include building design elements and onsite programming in support of LGBTQ persons for the committed affordable housing component. APAH and CPC desire to incorporate design features of both the building exterior and interior space that reflect the Mission such that the Project is welcoming, open, and affirming to all – especially LGBTQIA+ persons. In addition, APAH and CPC desire to assure continued use and enjoyment of the Proposed Residential Project consistent with an express policy of prohibiting discrimination based on sexual orientation or gender identity. APAH and CPC will engage consultants, partners and other stakeholder representatives with the necessary cultural competency and experience to design, develop and promote the Mission at the Project and within the greater Arlington County community. CPC shall have the right to select the name of the Project subject to the consent of APAH (which consent shall not be unreasonably withheld, conditioned or delay and, further, such consent shall be granted so long as the proposed name is consistent with the Mission and does not reflect an overtly religious identity).

### **3. Redevelopment Transaction.**

**3.1 Redevelopment Agreement.** APAH desires to acquire and redevelop the Property to construct the Project pursuant to terms and conditions of a redevelopment agreement ("**Redevelopment Agreement**") to be entered into by and between CPC and APAH (or its wholly owned affiliate(s)) and the National Capital Presbytery substantially consistent with the terms and conditions of this Letter of Intent.

**3.2 Redevelopment Process.** The redevelopment process is anticipated to consist of three phases: (a) as described in more detail in Section 4 of this Letter of Intent, an initial or "pre-development" phase ("**Pre-Development Phase**") commencing on the date the Redevelopment Agreement is executed between CPC and APAH – during which time APAH will design the Project, obtain the Project Approvals (defined in Section 4.1) and prepare for the Project construction and development activities; (b) as described in more detail in Section 5 of this Letter of Intent, a development and construction phase ("**Development Phase**") commencing on the conveyance of the Property to APAH – during which time APAH shall develop and construct the Project in accordance with plans and specifications approved by CPC, and (c) a final phase ("**Stabilization Phase**") commencing on the date the CPC Component is conveyed to CPC in a warm-lit shell condition in accordance with plans and specifications reasonably approved by CPC – at which time APAH will convey the CPC Unit to CPC and CPC shall complete the interior construction of the CPC Component at CPC's sole cost and expense.

**3.3 Compensation.** As consideration for conveying the Property, APAH shall pay CPC at the Land Closing an amount equal to \$7,820,000 (the “**Land Payment**”) – which amount shall be payable in the form of cash or by wire transfer at Closing, as adjusted by Transaction Costs (described in Section 4.5). The Land Payment shall not be subject to adjustment based upon Project Approvals, except as otherwise described herein. CPC shall fund the CPC Component Escrow (described in Section 5.2) with proceeds of the Land Payment.

**3.4 Feasibility Period; Right of Entry.** Promptly following the execution of this Letter of Intent, CPC shall deliver to APAH copies of all surveys, plans, title commitments, appraisals, environmental and other engineering reports and other information with respect to the Property in CPC’s possession or reasonably available to CPC (“**CPC Materials**”). During the period beginning on the execution date this Letter of Intent and ending on the date which is ninety (90) days following the date of this Letter of Intent (the “**Feasibility Period**”), APAH will have the right, at its sole cost and expense to conduct a due diligence review and feasibility analysis with respect to the Property and the Project. In that regard APAH and its consultants may review the CPC Materials, prepare cost estimates and development budgets, and make such inquiries of the governmental authorities regarding the contemplated development of the Project. APAH shall have the right to enter upon the Property at all reasonable times upon no less than 48-hours-notice and in such a manner as to minimize any inconvenience to the existing occupants of the Property for the purpose of making such inspections, appraisals, surveys, engineering studies, utility investigations, environmental assessments and such other studies as APAH may deem appropriate (the “**Property Studies**”). All Property Studies shall be delivered to CPC promptly following receipt or creation by APAH without warranty or representation.

**3.5 CPC Carry Funds.** APAH and CPC acknowledge that CPC may require additional financial support during the Pre-Development Phase to continue ongoing operations at the Property. CPC and APAH will use commercially reasonable good faith efforts to cooperate in the effort to secure funds from third parties (“**CPC Carry Funds**”) necessary to pay for debt service and related costs of CPC’s existing mortgage prior to APAH’s acquisition of the Property; provided, however, that APAH shall have no obligation to provide or secure the CPC Carry Funds. Such cooperation efforts shall include identification of, introduction to and negotiations with organizations that may serve funding sources.

**3.6 Deposit.** Within five (5) Business Days of the execution of the Redevelopment Agreement, APAH shall deliver to Fidelity National Title Insurance Company, at 1620 L Street, 4<sup>th</sup> Floor, Washington, D.C. 20036; Attn: Mark Badanowski (the “**Escrow Agent**”) a deposit of \$100,000.00 (the “**Deposit**”). The Deposit shall be refundable prior to the expiration of the Feasibility Period. Following that date which is six months after the date of this Letter of Intent, the Deposit will become nonrefundable except solely in the event of a CPC default or as specifically provided for in Section 4.4 and Section 4.9 of this Letter of Intent. At any time and from time-to-time after the Feasibility Period and provided that APAH has not earlier terminated the Agreement, CPC shall be permitted to draw down on the Deposit to cover any reasonable and verifiable third-party costs (the “**Church Expenditures**”) incurred by CPC in connection with either the upkeep or repair of the existing facilities on the Property, upon receipt by Escrow Agent and APAH of (a) reasonable invoices evidencing the Church Expenditures, (b) a deed of trust (or in the case of any draw down on the Deposit after the first draw down, an amended and restated deed of trust, as applicable) granted by CPC to trustees selected by APAH for the benefit of APAH in a form reasonably acceptable to APAH and CPC (the “**Deposit Deed of Trust**”), in the amount of such Church Expenditures, which Deposit Deed of Trust will be recorded by APAH at APAH’s sole cost and expense among the land records and encumber the Property, and (c) a plan, reasonably acceptable to APAH, to reduce the costs of the

Proposed Church Project in an amount equal to or greater than the amount of the draw down. The full amount of the Deposit shall be applied to the Land Payment at the Land Closing, notwithstanding any draw down by CPC pursuant to this Section. The projected amount of the CPC Component Escrow shall be reduced by the amount of any draw down of the Deposit under this Section.

#### 4. Pre-Development Phase.

**4.1 Project Approvals.** APAH will use commercially reasonable good faith efforts to diligently pursue and obtain one or more land use applications, re-zonings, special use permits, site plans, building permits and all other necessary licenses, approvals or other filings with respect to the construction, development and operation of the Project (including the CPC Component) (the “**Project Approvals**”); provided, however, except as otherwise agreed to by APAH and CPC in the Redevelopment Agreement, the Project Approvals will not include any licenses, approvals, permits or other filings necessary for the construction of any interior improvements of the CPC Component and the operations associated with the CPC Component following completion of the CPC Component. During the submission and prosecution of all Project Approvals, APAH shall prepare for CPC’s prior review and approval all submissions relating to Project Approvals and any other approvals requiring CPC signatures. CPC agrees to respond within ten (10) business days with respect to requests for approval and if CPC does not respond within such ten (10) business day period, the request shall be deemed approved by CPC. CPC agrees not to unreasonably delay, withhold, or condition its consent; provided, however, CPC shall be entitled to an additional ten (10) business days for response during the period of time between November 1<sup>st</sup> and January 15<sup>th</sup> each year and between Palm Sunday to Easter Monday each year. During the Pre-Development Phase, CPC and APAH shall use their best efforts to preserve CPC’s existing use permit issued by the County (including, without limitation, the existing approvals permitting the operation of a pre-kindergarten facility at the Property). CPC and APAH will use commercially reasonable good faith efforts to closely cooperate with respect to the preparation, submission, and pursuit of the Project Approvals, as may be required in order for APAH to develop the Project, including without limitation, with respect to all land use applications.

**4.2 CPC Program Specifications.** The CPC Component shall be designed in accordance with the CPC Program Specifications. Prior to the execution of the Redevelopment Agreement, APAH and CPC shall meet with APAH’s architect for the purposes of confirming in writing the initial design, initial construction and subsequent operation of the CPC Component within the Project to be conveyed to CPC (including, but not limited to, confirmation of the amount of square footage, parking and other programmatic requirements for the CPC Component) (the “**CPC Program Specifications**”). A copy of the initial CPC Program Specifications approved by APAH and CPC shall be attached as an exhibit to the Redevelopment Agreement. APAH shall provide to CPC, for CPC’s review and approval, documents consisting of the design, construction, and subsequent operation of CPC Component in accordance with the CPC Program Specifications. Within ten (10) business days following receipt of the same, CPC will provide to APAH, for APAH’s review and approval, any such proposed revisions to such documents that APAH will need in order to process the Project Approvals and for the development of the Project and CPC Component; provided, however, CPC will limit proposed revisions to maintaining compliance with the CPC Program Specifications. Upon the mutual written agreement of CPC and APAH during the Project Approvals process, CPC Program Specifications may be revised from time to time. APAH shall cause schematic design plans and permit drawings to be prepared for the CPC Component, consistent with CPC Program Specifications, as may be required in order for APAH to obtain the Project Approvals (said schematic design plans and permits drawings are collectively defined as the “**Plans and Drawings**”).

**4.3 Subdivision.** The Property shall be subjected to a land condominium regime creating two (2) or more land condominium units pursuant to a plat, declaration of condominium, and related documents (the “**Condominium Documents**”): (a) one or more units consisting of the CPC Component (the “**CPC Unit**”), and (b) one or more units for the Residential Project including the Garage (collectively, the “**Residential Unit**”). CPC and APAH agree that the Project shall be designed in accordance with the CPC Program Specifications and in a manner so as to eliminate as much as possible shared or common space. Upon receiving CPC’s prior approval, APAH will submit the Condominium Documents to Arlington County for review and approval (if required by Arlington County). Upon receiving approval by Arlington County (if so required) and upon receiving prior written approval from CPC, APAH shall record the Condominium Documents at the Land Closing. The Condominium Documents shall (x) be consistent with CPC Program Specifications, (y) to the fullest extent reasonably possible delineate the CPC Unit and the Residential Unit, and (z) any condominium assessments, fees or any other such charge (if any) that will be levied, imposed or otherwise required of CPC or CPC Component shall be discussed and agreed to during the negotiation of the Redevelopment Agreement, with the understanding that the parties desire to reduce any assessments, fees or other charges incurred by CPC or upon the CPC Component to the extent feasible.

**4.4 Pre-Development Milestone Schedule and Status Reports.** Prior to the execution of the Redevelopment Agreement, APAH shall prepare and submit to CPC for CPC’s review and reasonable approval a proposed milestone schedule for the pursuit of the Project Approvals, including the preparation of the plans, documents and materials required therefor (collectively, “**Pre-Development Milestone Schedule**”). A copy of the initial Pre-Development Milestone Schedule approved by APAH and CPC shall be attached as an exhibit to the Redevelopment Agreement. APAH shall use commercially reasonable, good faith efforts to pursue the Project Approvals in a manner consistent with the Pre-Development Milestone Schedule, and APAH shall keep CPC fully and timely informed as to APAH’s progress and efforts. From time to time at CPC’s request, APAH shall provide to CPC a written update as to APAH’s adherence with the Pre-Development Milestone Schedule. APAH and CPC may periodically update the Pre-Development Milestone Schedule to reflect the then-current schedule for pursuit of the Project Approvals. The parties acknowledge and agree that, except for APAH’s failure to proceed with Land Closing prior to the Outside Land Closing Date, the Pre-Development Milestone Schedule shall be non-binding and a failure to achieve specific milestones or adhere to the Pre-Development Milestone Schedule shall not be a default under the Redevelopment Agreement or a condition precedent to either party’s obligations. Commencing with execution of the Redevelopment Agreement, APAH shall provide written status reports to CPC no less frequently than once per month (or more frequently if reasonably requested by CPC) on APAH’s efforts to consummate the transaction contemplated by the Redevelopment Agreement.

If a third party appeals, challenges, or otherwise objects to (in any case, a “**Legal Challenge**”) any of the Project’s zoning or entitlement decisions or approvals, and (i) such Legal Challenge (or Legal Challenges in the aggregate) persist for more than one year, (ii) APAH determines that litigating or otherwise defending against the Legal Challenge will be cost prohibitive or (iii) the challenging party prevails in the Legal Challenge, then APAH shall have the right to terminate the Redevelopment Agreement, in which case the Deposit shall be disbursed to CPC, and APAH shall assign to CPC any of APAH’s rights in and to any of the Project Approvals, to the extent assignable.

**4.5 Transaction Costs.** Costs associated with the negotiation and consummation of the transactions contemplated by this Letter of Intent (collectively, the “**Transaction Costs**”) shall be apportioned in accordance with this Section 4.5. APAH shall pay for the following: (a) the entire costs



incurred with the entitlement and design of the Project, preparing Plans and Specifications, obtaining or seeking to obtain the Project Approvals and in the pursuit and preparation for closing of the Project Funding; and (b) the entire costs of title insurance premiums, survey costs, and engineering and environmental studies (including, without limitation, all title insurance premiums and all other costs relating to procurement of a title policy for the CPC Component); (c) the entire costs of the transfer and recordation taxes associated with the conveyance of Property to APAH and then the conveyance of the CPC Unit to CPC; (d) the entire costs of any recordation taxes or any documentary tax stamps and applicable to the recordation of any documents associated with the Project Funding; (e) the entire costs of the recordation of any Condominium Documents, and (f) all consultant, advisory and attorneys' fees, costs and expenses incurred by APAH in connection with and reasonably related to the transactions described herein including (i) attorneys' fees of zoning and land use counsel engaged to pursue and obtain the Project Approvals, (ii) all consultant, advisory and attorneys' fees, costs and expenses incurred by APAH in the course of negotiating the transaction contemplated under this Letter of Intent and the Redevelopment Agreement, and (iii) attorneys' fees incurred in the negotiation of the Project Funding; provided, however, that at the closing of APAH's acquisition of the Property or upon a termination of the Redevelopment Agreement due to CPC default, APAH shall be reimbursed by CPC for the pro rata share of the costs listed above that are attributable to the Church Project. If such reimbursement occurs at the closing of APAH's acquisition of the Property, then it can be paid out of sale proceeds on the settlement statement or from the CPC Component Escrow (defined in Section 5.2). CPC shall pay for the entire costs and expenses associated with the cure, pay-off, satisfaction, and discharge at or before the Land Closing of the following matters of title: (w) the lien of any mortgage, deed of trust or other security instrument; (x) any mechanics' lien or materialmen's lien; (y) any judgment lien, tax lien (other than taxes not yet due and payable) or other lien securing a monetary amount which may be removed by the payment of a liquidated sum of money; and (z) any other matter not created by or on behalf of APAH on or after the end of the Feasibility Period and not otherwise expressly permitted under the Redevelopment Agreement. In addition, CPC shall pay for CPC's attorneys' fees, costs and expenses incurred by CPC in the course of negotiating the transaction and the entire costs of the transfer and recordation taxes associated with the conveyance of CPC Unit to CPC. Real estate taxes will be prorated between CPC and APAH at Closing.

**4.6 Land Closing.** At the closing under the Redevelopment Agreement with regard to the conveyance of the Property to APAH ("**Land Closing**"), CPC will convey the Property to APAH by deed with covenants of special warranty and further assurances, free and clear of liens and encumbrances. At the Land Closing, CPC shall also deliver such affidavits of title, gap indemnities and other indemnities as may reasonably be required by the title insurance company to issue title insurance policies to APAH and its lenders with all pre-printed exceptions (including but not limited to the survey exception) removed.

**4.7 Land Closing Date.** The Land Closing will take place on that date which is sixty (60) calendar days after satisfaction of the Land Closing Conditions (the actual date on which the Land Closing being the "**Land Closing Date**") but no later than December 31, 2029 (the "**Outside Land Closing Date**"). APAH shall deliver prior written notice (the "**Relocation Notice**") no less than twelve (12) months in advance of the Land Closing Date in order to permit CPC to commence decommissioning of Property as a church facility and relocation of the existing church and school operations.

**4.8 Land Closing Conditions.** The obligations of APAH and CPC to proceed with the Land Closing under the Redevelopment Agreement will be subject to satisfaction of the following conditions which, in any event, must occur no later than Outside Land Closing Date:

- (a) The condition of title to the Property as of the Land Closing Date shall be in the condition approved by APAH pursuant to the Redevelopment Agreement.
- (b) APAH shall have obtained all Project Approvals in compliance with the terms of the Redevelopment Agreement – with all appeal periods having expired with no appeals having been filed or with any appeals that have been filed having been fully and finally denied or rejected in favor of APAH or otherwise fully and finally resolved on terms and conditions in a manner acceptable to APAH and CPC, each in their respective reasonable discretion exercised in good faith.
- (c) APAH shall have provided a guaranteed maximum price contract (the “**Construction Contract**”) from a general contractor for the construction of the Project in form and substance (including allocated costs and allowances) acceptable to CPC, in its reasonable discretion exercised in good faith.
- (d) APAH shall have obtained all capital required for the acquisition, construction, and stabilization of the Project (including construction loan and permanent loan financing (the “**Project Funding**”) acceptable to APAH and CPC, each in their respective reasonable discretion exercised in good faith.
- (e) APAH shall have prepared final plans and specifications for the construction of the Project (the “**Approved Plans and Specifications**”) approved by APAH and CPC, each in their respective reasonable discretion exercised in good faith – with the parties acknowledging that CPC’s approval being limited to such plans and specifications adhering to the CPC Program Specifications.
- (f) The Land Payment proceeds available at the Land Closing shall exceed the Final Cost Estimate (defined in Section 5.2) for the CPC Component, subject to the provisions in Section 4.9.

In the event the Land Closing does not occur as a result of the failure of one or more of the above conditions to be satisfied (except solely in the event of a CPC default or as specifically provided for in Section 4.4 and Section 4.9 of this Letter of Intent), the entire Deposit shall be delivered to CPC.

#### **4.9 Termination Prior to Land Closing.**

If the final, unappealable Administrative Regulation 4.1 site plan approval for the Proposed Residential Project provides for fewer than ninety-two (92) residential units, then APAH will use good faith efforts to adjust its financing and development plans such that the Proposed Residential Project remains financially feasible, which may include a proposed reduction of the Land Payment and proposed value engineering to decrease the construction costs of the Proposed Church Project. If APAH determines that the Proposed Residential Project is not financially feasible despite such good faith efforts, or if CPC does not accept APAH’s proposed Land Payment reduction or value engineering for the Proposed Church Project, then APAH shall have the right to terminate the Redevelopment Agreement, in which case the Deposit shall be returned to APAH, and APAH shall assign to CPC APAH’s rights in and to any of the Project Approvals, to the extent assignable.

A projected budget for the Proposed Church Project shall be attached as an exhibit to the Redevelopment Agreement. On the date that is thirty (30) days after APAH receives final,

unappealable Administrative Regulation 4.1 site plan approval for the Proposed Residential Project and Proposed Church Project, and every six months after such date until the Land Closing occurs, APAH shall provide to CPC an updated budget for the Proposed Church Project, based upon APAH's good faith calculation, taking into account current and projected construction costs and the then-current plans and specifications/drawings for the Proposed Church Project (each, a "**Projected Budget**"). On the date that is six (6) months prior to the Land Closing Date, APAH shall deliver the final projected budget to CPC (the "**Final Budget**").

If any Projected Budget or the Final Budget for the Proposed Church Project is greater than 110% of the projected CPC Component Escrow, then for a period of thirty (30) days after APAH delivers such Projected Budget (or Final Budget, as the case may be), APAH and CPC shall use good faith efforts to (i) perform value engineering for the Proposed Church Project, (ii) adjust the CPC Program Specifications for the Proposed Church Project, and/or (iii) conduct a capital campaign with technical support from APAH, in order to ensure that the Projected Budget or Final Budget does not exceed the CPC Component Escrow. If the parties are not able to reduce the Projected Budget or Final Budget, as the case may be, to an amount that doesn't exceed the CPC Component Escrow, despite APAH's good faith efforts described in this paragraph, then APAH shall have the right to either (i) terminate the Redevelopment Agreement, in which case one half of the Deposit shall be returned to APAH and one half of the Deposit shall be disbursed to CPC (except if the termination occurs after issuance of the Final Budget, in which case all of the Deposit shall be disbursed to CPC), and APAH shall assign to CPC APAH's rights in and to any of the Project Approvals, to the extent assignable or (ii) waive its termination right and agree to contribute funds to the Proposed Church Project to the extent the Final Budget exceeds the CPC Component Escrow.

In the event the Redevelopment Agreement is terminated prior to a Land Closing, then APAH shall prepare a feasibility study reflecting development opportunities of the Property in addition to the Project contemplated by the Redevelopment Agreement (i.e., townhouse, single-family home, low-rise luxury or market-rate condominium residences, etc.). In addition, APAH will coordinate with CPC in identifying alternative redevelopment and/or sale opportunities for the Property.

**4.10 Childcare Facility.** In the twelve (12) month period prior to the Land Closing, at CPC's request, APAH will assist and support CPC and CCCC (CPC's current childcare provider at the Property) in the process of locating a new space for CCCC and then relocating to the new space, including, but not be limited to: providing guidance to CCCC related to elements of the relocation, to the extent APAH staff is equipped to provide such guidance based upon its professional experience; providing assistance identifying appropriate rental properties; assisting in lease negotiation as required; advising on the moving process; and advising with property modifications necessary to facilitate occupancy. APAH shall not be required to incur any monetary costs in connection with such assistance. APAH shall devote the amount of staff time for such assistance as appropriate, in APAH's reasonable determination.

## **5. Development Phase.**

**5.1 Construction.** Commencing immediately after the Land Closing Date and continuing through final completion of the Project, APAH shall construct the Project in accordance with the Redevelopment Agreement, the Condominium Documents, the Approved Plans and Specifications, the Project Funding, and the Project Approvals.

**5.2 Construction Costs; CPC Component Escrow.** The parties intend that the CPC

Component shall be constructed and then delivered to CPC at the CPC Unit Closing on a warm-lit shell basis reflecting the CPC Program Specifications. During the Feasibility Period, CPC and APAH will confirm the estimated costs of the CPC Component (the “**Initial Cost Estimate**”). Prior to APAH issuing the Relocation Notice, APAH will further confirm the estimated costs to construct the CPC Component (the “**Final Cost Estimate**”). Subject to the provisions of Section 4.9, from time to time between the expiration of the Feasibility Period and the Relocation Notice, APAH and CPC will cooperate with each other in good faith to address any cost increases relating to the CPC Component, including using value engineering applicable to the entire Project and raising funds from additional sources – provided that the CPC Component shall in all events be designed in accordance with CPC Program Specifications unless otherwise approved by CPC (in its sole unfettered discretion). In order to fund the costs of the CPC Component, proceeds from the Land Payment in the amount of the Final Cost Estimate shall be deposited at the Land Closing into escrow with the Escrow Agent (the “**CPC Component Escrow**”) pursuant to an escrow agreement between CPC and APAH (the “**CPC Component Escrow Agreement**”); provided, however, in no event shall CPC be obligated to provide additional funds to the CPC Component Escrow in excess of the proceeds from the Land Payment. The CPC Component Escrow shall be available periodically from time to time during the Development Phase for APAH to utilize to pay for actual costs associated with constructing the CPC Component. As consideration for CPC agreeing to enter into the CPC Component Escrow Agreement, APAH shall provide CPC with a guaranty of completion of the construction of the Project as provided in more detail in [Section 5.5](#)).

**5.3 Development Status Reports.** Commencing on the Land Closing Date and continuing until the CPC Unit Closing Date, APAH shall provide written status reports to CPC no less frequently than once per month (or more frequently if reasonably requested by CPC) on APAH’s efforts to consummate the transaction contemplated by the Redevelopment Agreement including, without limitation, the status of construction of the Project and the draw schedule under the Project Funding documents and the CPC Component Escrow.

**5.4 Development Milestone Schedule and Status Reports.** Prior to the Land Closing, APAH shall prepare and submit to CPC for CPC’s review and reasonable approval a proposed revised milestone schedule for the construction of the Project (“**Development Milestone Schedule**”). A copy of the Development Milestone Schedule approved by APAH and CPC shall be incorporated as an exhibit into the Redevelopment Agreement by amendment at the Land Closing. APAH shall use commercially reasonable, good faith efforts to diligently complete the construction of the Project in a manner consistent with the Development Milestone Schedule, and APAH shall keep CPC fully and timely informed as to APAH’s progress and efforts. From time to time at CPC’s request, APAH shall provide to CPC a written update as to APAH’s adherence with the Development Milestone Schedule. The parties acknowledge and agree that, except for APAH’s failure to proceed with CPC Unit Closing prior to the Outside CPC Unit Closing Date, failure to achieve specific milestones or adhere to the Development Milestone Schedule shall not be a default under the Redevelopment Agreement or a condition precedent to either party’s obligations. Commencing with Land Closing, APAH shall provide written status reports to CPC no less frequently than once per month (or more frequently if requested by CPC) on APAH’s efforts to construct the Project.

**5.5 Guaranty of Completion.** APAH shall provide to CPC a completion guaranty at the Land Closing for the Project (the “**APAH Completion Guaranty**”), the form and guarantor of which to be reasonably acceptable to CPC – which completion guaranty shall assure the guaranteed maximum price of the CPC Component shall not exceed the CPC Component Escrow plus the amount of any additional funds raised pursuant to the provisions of Section 4.9.

**5.6 CPC Unit Closing.** Closing under the Redevelopment Agreement with regard to the conveyance of the CPC Unit to CPC (the “**CPC Unit Closing**”) will take place on that date which is sixty (60) calendar days after satisfaction of the CPC Unit Closing Conditions but no later than that date which is thirty-six (36) months after the Land Closing Date (the “**Outside CPC Unit Closing Date**”). The actual date on which the CPC Unit Closing occurs shall be the “**CPC Unit Closing Date**”. At the CPC Unit Closing, APAH will convey (a) the CPC Unit to CPC (or a designee) by deed with covenants of special warranty and further assurances free and clear of liens and encumbrances (other than encumbrances contemplated in connection with the development, such as reciprocal easement agreements, and encumbrances that affected the property prior to the Land Closing) and (b) the CPC Parking Spaces located in the Garage by deed, easement, or other instrument acceptable to CPC. APAH shall also deliver such affidavits of title, gap indemnities and other indemnities as may reasonably be required by the title insurance company to issue title insurance policies to CPC and its lenders with all pre-printed exceptions (including but not limited to the survey exception) removed.

**5.7 CPC Unit Closing Conditions.** The CPC Unit Closing under the Redevelopment Agreement will be subject to satisfaction of the following conditions which, in any event, must occur no later than Outside CPC Unit Closing Date:

- (a) The CPC Component shall be in a warm-lit shell condition in accordance with the CPC Program Specifications and Approved Plans and Specifications sufficient for CPC’s intended use and occupancy of the CPC Component.
- (b) The condition of title to the CPC Component shall be free and clear of liens and encumbrances except as otherwise approved by CPC pursuant to the Redevelopment Agreement and except for encumbrances that affected the property prior to the Land Closing.
- (c) APAH shall have obtained a temporary certificate of occupancy (or equivalent) for the CPC Component.
- (d) APAH shall have assigned to CPC all assignable warranties associated with the initial construction of the CPC Component.

Within ninety (90) days following the CPC Unit Closing Date, APAH will provide an as-built survey of the CPC Component.

**6. Assignment of Development Materials.** Upon termination of this Letter for any reason other than a default by CPC hereunder, APAH shall assign to CPC all of APAH’s rights in and to such of the Development Materials as CPC may elect to assume, if any, to the extent APAH is not prohibited from assigning the same. APAH hereby agrees that the Redevelopment Agreement will provide, in the event that Land Closing does not close for any reason except for a default by CPC, CPC may (a) engage any architects, engineers, planners and other parties retained by APAH in furtherance of submitting and prosecuting the Project Approvals and/or pursuing the Project Approvals, whether directly or as subcontractors to other parties (the “**Professionals**”) to continue to perform professional services for CPC or its designee pursuant to a separate written agreement between such Professional and CPC or CPC’s designee, which agreement shall provide that CPC or CPC’s designee shall be responsible for all payments to such Professionals incurred in connection with such agreement, and (b) utilize any plans, specifications, drawings or other work product generated by the Professionals, specifically excluding any budgets prepared by or on behalf of APAH and any proprietary materials of APAH or materials related to APAH’s programming (collectively, the “**Development Materials**”). To the fullest

extent not prohibited by applicable law, APAH shall cause the removal of any liens against the Property asserted by the Professionals on account of the non-payment of any fees due under their agreements from APAH.

7. **Documentation and Consummation of the Transaction Contemplated Herein.** Upon the acceptance of this Letter of Intent by both parties, CPC's attorney will commence preparation of a Redevelopment Agreement and such other documents contemplated by the Letter of Intent.

8. **Exclusive Dealing; Confidentiality.** During such period of time as provided in that certain Pre-Development Agreement dated June 16, 2022 (as amended from time to time, the "MOU"), CPC agrees to deal exclusively and in good faith with APAH with respect to the transactions contemplated herein unless and until negotiations between CPC and APAH are terminated prior to execution of the Redevelopment Agreement. CPC and APAH will each maintain the terms of this transaction confidential, not disclosing to any person that negotiations are underway or the terms that are under negotiation, provided that the parties may disclose such matters to their respective attorneys, accountants, lenders, consultants and others, to the extent reasonably necessary in connection with APAH's due diligence and the consummation of this transaction. The Redevelopment Agreement shall contain customary provisions, including, customary representations and warranties, for transactions similar to the transaction contemplated in this Letter of Intent – provided the same are substantially consistent with the terms and conditions of this Letter of Intent. CPC shall forward a draft Redevelopment Agreement following execution of this Letter of Intent. CPC and APAH shall negotiate the terms of the Redevelopment Agreement in good faith consistent with the terms of this Letter of Intent, and shall endeavor to enter into the Redevelopment Agreement within ninety (90) days after the date hereof.

9. **Effect of Letter of Intent.** Except with respect to Section 6 and Section 8, the terms of this Letter of Intent are intended to be non-binding and the transaction contemplated hereby is subject in all respects to the execution of the Redevelopment Agreement. Without limiting the foregoing, the provisions of this Letter remain subject to the review, comment, and approval of the final form of the Redevelopment Agreement by the National Capital Presbytery (which review, comment and/or approval may be granted in its unfettered discretion). The only binding obligations of the parties under this Letter of Intent are (a) to negotiate in good faith with a view toward execution of Redevelopment Agreement consistent with the terms of this Letter of Intent and (b) to abide by the provisions contained in Section 6 and Section 8. If the Redevelopment Agreement has not been executed within ninety (90) days from the date hereof, this Letter shall be null and void and neither party shall have any further responsibility or liability to the other under this Letter of Intent.

**[END OF TEXT – SIGNATURE COMMENCE ON FOLLOWING PAGE]**

If this Letter of Intent sets forth our mutual understanding, please sign and return an executed copy of this Letter of Intent. This Letter of Intent may be executed in counterparts – each of which shall constitute an original and both of which (when taken together) shall constitute one instrument.

**ARLINGTON PARTNERSHIP FOR  
AFFORDABLE HOUSING, INC.,**  
a Virginia nonstock corporation

By: \_\_\_\_\_  
Carmen Romero, President

**CLARENDON PRESBYTERIAN  
CHURCH CORPORATION,**  
a Virginia nonstock corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**THE ADMINISTRATIVE COMMISSION  
ON CONGREGATIONAL PROPERTY,  
ON BEHALF OF THE NATIONAL CAPITAL PRESBYTERY**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**EXHIBIT A**  
Church Property Identification

