



Wednesday, Mar 9 at 3:35 PM

**From:** Alison Bourne <alison\_bourne@verizon.net>  
**To:** Paul Smith marpauls@comcast.net, "Alison\_Bourne@verizon.net" Alison\_Bourne@verizon.net  
**Cc:** "Smith, Paul", Steve Jones  
**Subject:** RE: CVS @ Telegraph LOI offer-1

Please find the updated LOI attached, in word and pdf. Please let me know if you have any additional edits.

Thanks

Ali

Sent from [Mail](#) for Windows 10

---

**From:** [Paul Smith](#)  
**Sent:** Wednesday, March 9, 2016 12:45 PM  
**To:** [Alison\\_Bourne@verizon.net](#)  
**Cc:** [Smith, Paul](#); [Steve Jones](#)  
**Subject:** CVS @ Telegraph LOI offer-1

Alison:

Good to see you this morning.

The big and only issue at this time is the Exhibit A = need to take out the CVS layout at spotswood and replace with CVS layout at Telegraph.

Also, please put border around the CVS site and take out the word "Sheetz"

Sheetz could be replaced - all other lines etc are ok.

Upon receipt back from you, I will complete the body of the LOI and get Chris to review the "A-1" Exhibit.

Thanks, paul

Paul L. Smith  
VP Sales & Leasing  
SILVER COMPANIES  
1201 Central Park Blvd  
Fredericksburg, VA 22401  
540.786.1405 - Office  
540.972.9489 - Lake Office  
540.847.8383 - CELL  
[psmith@silverco.com](mailto:psmith@silverco.com)  
[marpauls@comcast.net](mailto:marpauls@comcast.net)

March 9, 2016

CVS Real Estate Development  
Attn: Sue Reardon, Director  
8333 Old Keene Mill Road  
Springfield, VA 22152

RE: Approximately 1.65 acres of a commercial development located on the NE corner of Route 1 and Telegraph Road Extension, in Stafford County, Stafford, VA,

Sue:

I am pleased to present you with a Letter of Intent (LOI) offer (the "Proposal") for a Ground Lease on the above property (the "Leased Premises"). The entire Development at this Letter of Intent date consists of approximately 6.51 acres.

Landlord: SH Development Company, Inc.  
Silver Companies  
1201 Central Park Boulevard  
Fredericksburg, VA 2401

Tenant: CVS Caremark, Inc  
ATTN: Sue Reardon  
8330 Old Keene Mill Road  
Springfield, VA. 22152

ECM Approval: This letter of intent ("Proposal") is subject to approval by Tenant's Executive Committee Members ("ECM").

Leased Premises: Approximately 3.47 acres of land located on the northwest corner of Route 3 and Spotswood Furnace Road in Spotsylvania County, Fredericksburg, VA, as shown on EXHIBIT A.

Tenant's Use: Tenant's proposed use is a 24-hour pharmacy store with a drive through window. The architectural design will be similar to the other CVS Pharmacy Stores being constructed in Virginia.

Any lawful use, which may include a CVS retail drug/health and beauty aids store and related uses. Lessee shall have the right to assign the Lease and sublet the Premises. In the event of an assignment, Lessee shall remain liable to the Lessor for the performance of the Lessee's obligations under the Lease.

Lease Type: Triple Net Ground Lease. The Tenant shall be responsible for all real estate taxes, insurance, and its common area maintenance on its parcel.

**Term:** Initial Term: 20 years with ten (10) five (5) year renewal options. The Term of the Lease commences on the Lease Commencement Date which is defined as the last to occur of the following events: (a) thirty (30) days after Tenant obtains all permits; or (b) ten (10) days after Landlord delivers improved pad site as defined in EXHIBIT A-1.

**Rent:** Rent commences on the one hundred twenty first (121<sup>st</sup>) day after the Lease Commencement Date. Ground rent will be paid monthly at \$16,250.00 or annualized at \$195,000.00. Beginning with the eleventh (11<sup>th</sup>) year of the 20 year initial period the rent shall be increased by five percent (5%).

**Extension Options:** The Tenant shall receive ten (10) five (5) year options to extend the Lease term. Rent for each option period shall be increased ten percent (10%) at the beginning of each renewal period.

**Property Taxes, Utilities & Insurance:** Lessee shall be responsible for payment of these expenses pertaining to its Premises.

**Common Area Maintenance:** Lessee shall be responsible for the maintenance of its Premises and all improvements thereon. There will be no Property Owners Association for this development.

**Subdivision & Zoning:** Landlord will obtain all subdivision and zoning approvals required to lease parcel to Tenant. Landlord shall pay for the cost of such subdivision and zoning.

**Due Diligence:** Lessor agrees to a one hundred twenty (120) day evaluation/due diligence period from date of executed LOI, during which time the Ground Lease will be executed and approvals by CVS Real Estate Committee will be obtained. During the Due Diligence Period, Tenant, at Tenant's cost, will determine availability of public water and the sewer disposal system, clear and acceptable title, and acceptable Phase I Environmental Site Assessment. Tenant shall have option to extend Due Diligence Period into the first sixty (60) days of Permitting Period (defined below) if necessary to complete. Such option shall be submitted to the Landlord in writing.

**Permitting:** Permitting Period shall be two hundred and seventy (270) days commencing upon expiration of the Due Diligence Period. During Permitting Period, Landlord shall obtain all zoning approvals and prepare and submit to the County of Spotsylvania the site plan, including all documents for the permitting of the onsite sewer disposal system (collectively the "Landlord Permits"). Tenant shall assist in the coordination of the site plan and mutually agree on the plan with the Landlord prior to the submission of the plans. The site plan shall include the demolition, clearing and grading of the site, and all plans for approvals to construct entrances from Route #3 and Spotswood Furnace Road and other related improvements as shown on EXHIBIT A-1.



Within thirty (30) days of Landlord obtaining all of Landlord's Permits, Tenant shall submit for all necessary permits for its intended development, including building plans and signage (Tenant's Permits) Tenant shall have obtained all of Tenant's Permits prior to Landlord's completion of Landlord's Work, as defined below.

- Landlord's Work: Within one hundred and twenty (120) days of Landlord obtaining Landlord's Permits, Landlord will provide a pad-ready site pursuant to the requirements set forth on EXHIBIT A-1.
- Access Easement: Landlord shall obtain if necessary a non-exclusive access easement from the adjacent property owner on the existing entrance road shown on EXHIBIT A for the benefit of the Tenant. Tenant acknowledges that the access easement may require Tenant to pay for the maintenance costs of the access easement travel lane from Spotswood Furnace Road.
- Tenant's Work: Tenant, at Tenant's cost, is responsible for all work not included in EXHIBIT A-1. Tenant shall be responsible for all utility connection and availability fees.
- Title: Lessor's title shall be good and clear record and marketable title. Lessee's obligations shall be contingent upon its obtaining, at normal premium rates, a leasehold title insurance policy from a title insurer acceptable to the Lessee, without exception for matters other than those acceptable to Lessee.
- Environmental: Prior to the expiration of the Due Diligence Period, Tenant shall notify Landlord of any environmental issues identified on the Leased Premises. Landlord shall have the right, but not the obligation, to mitigate any environmental issues identified by Tenant as part of Landlord's Work, or terminates the Lease. Tenant shall indemnify Landlord against any hazardous wastes spills during the term of the Lease caused by the Tenant or its customers.
- Monument Signage: Lessee shall be entitled to install building, directional and road signage at the maximum allowance permissible under applicable governmental codes and appropriate approvals from Spotsylvania County, VA. Lessee shall be entitled to construct its' own monument-style sign structure on the Premises.
- Broker: None
- No Disclosure: Landlord shall not disclose the fact that discussions or negotiations are taking place concerning the possible lease of the Leased Premises or any of the terms thereof, with any other person or entity (including existing tenants) except for such persons who, because of their involvement with the transaction, need to know such information for the purpose of giving advice to Landlord; provided, however, that said persons shall be informed by Landlord of the confidential nature of such information and shall be directed by Landlord to keep all such information in the strictest confidence.

Form: Lessor agrees to use Lessee's ground lease form, subject to Lessor's review and approval.

Stand Still: Landlord shall not initiate or carry on negotiations for sale or lease of the Leased Premises with any party other than Tenant unless either (1) Landlord or Tenant fail to enter into the Lease Agreement by September 30, 2015 or (2) Landlord and Tenant agree in writing to abandon this letter or extend the September 30, 2015 date.

Right of First Opportunity: During the term of the Lease and in the event Lessor receives a bona fide offer to purchase the Premises, Lessee shall be afforded the right of first opportunity to purchase the Premises at the same purchase price and upon the same terms and conditions of said offer. Upon receipt of such offer, Lessor shall provide Lessee written notice and a copy of the offered real estate contract and Lessee shall have fifteen (15) business days

No contract or lease shall be deemed to exist between Landlord and Tenant, unless and until the Lease Agreement has been mutually executed between Landlord and Tenant in form and substance satisfactory to the Tenant's legal counsel and to the officers of Tenant authorized to execute such agreements. Without limiting the generality of the foregoing, and because this letter is intended solely as a proposal for the terms to be incorporated in the Lease Agreement, by receipt of this letter you hereby agree: (1) that this letter is and will remain non-binding on Tenant, its officers, directors, employees and agents; (2) you may not rely upon this letter for any reason; and (3) Tenant, its officers, directors, employees and agents are released and discharged from any claim of liability on the grounds that this letter is a binding contract. Notwithstanding the provisions of this paragraph to the contrary, Landlord and Tenant agree that the above paragraphs entitled "No Disclosure" and "Stand Still" shall be binding, regardless of whether a Lease Agreement is entered into by the parties.

If the above is acceptable to you, please acknowledge by returning a signed copy of this letter. Upon receipt and acceptance by Tenant, Landlord will draft a proposed Lease Agreement for your review. Thank you and we look forward to hearing from you shortly.

By: \_\_\_\_\_  
B. Judson Honaker, JR  
SH Development Company, Inc.

READ AND ACCEPTED this \_\_\_\_\_ day of \_\_\_\_\_, 2015:

By: \_\_\_\_\_  
Title:



# EXHIBIT A



**SILVER**

COMPANIES  
1201 Century Park East  
Friedrichsburg, Virginia 22427  
540 786 1405 • FAX 540 786 1406

TELEGRAPH ROAD  
DEVELOPMENT  
ALTERNATIVE 2  
STAFFORD COUNTY, VA  
01-21-16

**Faibanks &  
Franklin**

CIVIL ENGINEERING • LAND PLANNING  
1803 Midway Street • Stafford County, VA 22421 • 540 896 2700



## **EXHIBIT A-1**

### **LANDLORD'S WORK**

Landlord and/or the Landlord's site contractor will be responsible for the following permitting/construction tasks in accordance with the Site-Specific Site Plans (defined below) and coordinated with Tenant's Plans and Specifications (defined below).

Landlord work to be completed prior to Tenant taking possession of site:

#### **Site Plan Preparation**

Landlord, at Landlord's sole cost and expense, shall prepare the site-specific Site plans (including site photometric) (the "Site-Specific Site Plans"). The Site-Specific Site Plans must be prepared in accordance with Tenant's SK-1 plan and Tenant's Prototype Construction Specifications for the Building (collectively, "Tenant's Plans and Specifications") provided to Landlord by Tenant. Any deviations from the Site-Specific Site Plans must be approved in writing by Tenant prior to any submissions for permitting to state or local authorities. The Site-Specific Site Plans must be submitted to Tenant for review and approval at least two weeks prior to being submitted to any municipality or state authority for approval.

#### **Federal, State and Local Approvals/Permits**

Landlord is responsible to obtain all Federal, State and Local approvals necessary to construct and operate a CVS store as depicted on the Site-Specific Site Plans and Tenant's Plans and Specifications. The Building Permit and operating licenses are excluded from the list of approvals to be obtained by the Landlord and are the responsibility of Tenant.

The approvals that the Landlord must obtain include, but are not limited to:

- All zoning approvals including; zoning permits, variances, special/conditional permits (including, without limitation, for a double drive-through, retail health center, 24 hour operation, or any other zoning relief required.
- Planning Board Approvals, Site Plan Approvals, Design Review Approvals, or any other approvals required from the local governmental authority.
- Design review approvals from any private entity having the right to review any aspect of the design or construction of Tenant's store, including, without limitation, building elevations, materials, signage, layout, parking or access.
- State or Local Highway Approvals necessary to construct access (ingress/egress) points as shown on the Site-Specific Site Plans.
- Federal, State, or Local storm water management approvals for both construction activities and normal store operation.
- Federal, State, or Local Conservation/Wetland approvals for both construction activities and normal store operation.
- Utility Approvals necessary to provide services to the proposed store, including will serve letters, indicating that the respective utility companies will provide service to the proposed facility in the capacity required by Tenant's Plans and Specifications.

#### **Environmental**

If any Hazardous Substances are discovered during any testing or construction activities by Landlord, Landlord shall promptly notify Tenant of their existence and Landlord's plan for dealing with them. Landlord shall dispose of such Hazardous Substances in accordance with all environmental laws and regulations and shall provide a "no further action" letter or equivalent to Tenant prior to delivery of possession as provided in the Lease.

Landlord shall provide to Tenant all documentation prepared by or on behalf of Landlord or submitted to any governmental authority with respect to the environmental condition of the Premises, together with any correspondence or other response received from any governmental authority. Landlord shall not agree to any activity or use limitation on the Premises without Tenant's prior consent. Landlord shall provide the written consent of the preparer that Tenant (and its affiliates and subsidiaries, successors and assigns) shall be entitled to rely on all reports and studies as if they were addressed to Tenant.

#### **Site**

Landlord shall grade the site to within six (6") inches of design subgrade. The existing subgrade shall be cleared of all large stones, sod, wood, mud and other debris, including all foundations and underground tanks. All holes, other irregularities and soft or spongy soil shall be removed and replaced with granular material before site cut and fill activities commence. All site cut and fill activities shall be observed and documented by a Tenant approved geotechnical consultant. Any fill and/or cut slopes constructed at a 3:1 or greater slope shall be approved and certified by a Tenant approved geotechnical consultant.

#### **Certified Building Pad**

Landlord shall construct the building pad per the Tenant approved geotechnical report recommendations to support a shallow spread footing type foundation. Soil compaction shall be to 95% Standard Proctor and within 5% of optimum moisture content.

Prior to acceptance of certified building pad, Landlord shall provide Tenant with the following items:

- A certification to be in form and substance acceptable to Tenant, issued to Tenant and prepared by a Tenant approved geotechnical consultant certifying that the pad fill materials and compaction percentage comply with Tenant's Plans and Specifications and the approved geotechnical consultant's recommendations.
- A certification to be in form and substance acceptable to Tenant, issued to Tenant and prepared by Landlord's civil engineer of pad location and elevation.
- An as-built grading plan showing that the grading complies with Tenant's Plans and Specifications and the approved geotechnical consultant's recommendations.
- Staking of Building corners with 5 foot offsets.

#### **Storm Drainage**

Landlord is responsible to provide a storm water drainage/management system to the property boundary as shown on Tenant's site plan to dispose of surface water and roof water per Federal, State, and Local requirements. All costs, including but not limited to permit fees, tap fees, utility connection fees, utility extension fees, licenses, the cost of all labor and materials, project management, etc., and coordination associated with providing this utility service shall be the sole responsibility of Tenant.

#### **Sanitary Sewer**

Landlord shall provide either (a) Municipal Sanitary Sewer Service to the property boundary, or (b) certification from the Health Department for a drain field on the property as shown on Exhibit A-1 to be constructed by the Tenant. The cost of all labor and materials, construction permits, project management, etc., and coordination associated with providing this (a) above utility service shall be the sole responsibility of Landlord. Tenant shall be solely responsible for any tap fees and/or availability or connection fees.



**Water**

Landlord shall provide Municipal Water Service to the property boundary as shown on Tenant's site plan. The cost of all labor and materials, construction permits, project management, etc., and coordination associated with providing this utility service shall be the sole responsibility of Tenant.

**Gas**

Landlord shall grant necessary easements through the property to enable extension by Tenant of Natural Gas Service to the Building (within 5' of Building or within curb line whichever is closer if available at this location) if available at this location. Service locations shall be located and installed in accordance with Tenant's Plans and Specifications.

**Electric**

Landlord shall grant necessary easements through the property to enable extension by Tenant of Electrical Service to the Building (within 5' of Building or within curb line whichever is closer). Service locations shall be located and installed in accordance with Tenant's Plans and Specifications.

**Telephone**

Landlord shall grant necessary easements through the property to enable extension by Tenant of Underground Telephone Service to the Building (within 5' of Building or within curb line whichever is closer). Service locations shall be located and installed in accordance with Tenant's Plans and Specifications.

**Protected Driveway and Offsite Improvements**

Landlord shall obtain across easements and maintenance agreements for the existing entrance road as shown on Exhibit A-1, subject to Tenant's reasonable approvals construct the development internal roadway in accordance with Landlord's Plans and Specifications, to include all off-site improvements required by any governmental authority and/or in connection with the approved Site-Specific Site Plans and Tenant's Plans and Specifications, including but not limited to a right turn lane and taper and signal modifications at the existing signalized entrance on Virginia Route # 3 West, and any other intersection improvement, traffic lights, deceleration lanes, turn lanes, driveways, road extensions or widenings, grading, slopes, utility extensions, etc., shall be completed by Landlord, at Landlord's sole cost and expense, and available for Tenant's use. Final construction shall be completed no later than 30 days prior to Tenant's scheduled opening for business.

**Possession Inspection**

Prior to possession, an inspection with Tenant's construction representative and Landlord will be conducted and a punch list generated of any outstanding items remaining. This punchlist will be forwarded as part of the possession acceptance from Tenant.