

Mayor and Council Executive Session and Work Session February 20, 2024 Agenda

"The City of Hagerstown will inspire an inclusive, business-friendly, and sustainable community with clean, safe, and vibrant neighborhoods."

"The City of Hagerstown shall be a community focused municipality"

**The agenda and meeting packet is available at
www.hagerstownmd.org/government/agenda**

"Never put off till tomorrow what you can do today." - Lord Chesterfield

EXECUTIVE SESSION

- 3:00 PM** 1. The Mayor and Council will meet in Open Session only for the purpose of voting to close its meeting to discuss matters that the Open Meetings Act permits it to discuss in Executive/Closed Session.
- 3:00 PM** 2. Executive Session Agenda - February 20, 2024

4:00 PM WORK SESSION

- 4:00 PM** 1. Housing Authority Merger - *Sean Griffith, Executive Director*
- 4:15 PM** 2. Preliminary Agenda Review
- 4:25 PM** 3. FY 2025 Downtown Event Grant Process - *Brittany Arizmendi, Community Engagement Officer*
- 4:35 PM** 4. Approval to Submit Application for FY24 Maryland SOLE Grant Funding - *Nathan Fridinger, Deputy Director of Electric Operations*
- 4:40 PM** 5. American Rescue Plan of 2021 (ARPA) Allocations and Update - *Michelle Hepburn, Chief Financial Officer, and Brooke Garver, Accounting and Budget Manager*
- 5:00 PM** 6. A-2023-04 – Heavens Heights Homes, LLC Annexation, J. Wu, Planner
- 5:15 PM** 7. Circuit Court Location - *Councilmember Peter E. Perini, Sr.*
- 5:30 PM** 8. Transient Housing Update – *Paul Fulk, Neighborhood Services Manager and Emily McFarland, Neighborhood Services Programs Coordinator II*
- 5:45 PM** 9. Hagerstown Field House - Lease Agreement - *Jim Bender, City Engineer*

CITY ADMINISTRATOR'S COMMENTS

MAYOR AND COUNCIL COMMENTS

ADJOURN

**REQUIRED MOTION
MAYOR AND CITY COUNCIL
HAGERSTOWN, MARYLAND**

Topic:

The Mayor and Council will meet in Open Session only for the purpose of voting to close its meeting to discuss matters that the Open Meetings Act permits it to discuss in Executive/Closed Session.

Mayor and City Council Action Required:

Discussion:

Financial Impact:

Recommendation:

Motion:

Action Dates:

**REQUIRED MOTION
MAYOR AND CITY COUNCIL
HAGERSTOWN, MARYLAND**

Topic:

Executive Session Agenda - February 20, 2024

Mayor and City Council Action Required:

Discussion:

Financial Impact:

Recommendation:

Motion:

Action Dates:

ATTACHMENTS:

File Name

February_20__2024_Executive_Session.pdf

Description

Executive Session Agenda



MAYOR AND CITY COUNCIL EXECUTIVE SESSION FEBRUARY 20, 2024 AGENDA

Vision Statement:

The City of Hagerstown will inspire an inclusive, business-friendly, and sustainable community with clean, safe and vibrant neighborhoods.”

Mission Statement:

“The City of Hagerstown shall be a community focused municipality.”

The agenda and meeting packet is available at www.hagerstownmd.org/government/agenda

3:00 p.m. EXECUTIVE SESSION

1. To consult with counsel to obtain legal advice; (#7)

**Legal Counsel for the Various Boards and Commissions*

**Legal Advice: Pending Project*

**Possible amendment to Joint Sewer Service Area (JSSA) Agreement*

***AUTHORITY: Annotated Code of Maryland, General Provisions Article: Section 3-305(b)**
(Subsection is noted in parentheses)

*City Hall • Council Chamber • 1 East Franklin Street • Hagerstown, MD 21740
301.739.8577, Ext. 113 • Telephone for the Hearing Impaired 301.797.6617*

CITY OF HAGERSTOWN, MARYLAND

PUBLIC BODY: Mayor & City Council

DATE: February 20, 2024

PLACE: Council Chamber, 2nd floor, City Hall

TIME: 3:00 p.m.

AUTHORITY: **ANNOTATED CODE OF MARYLAND, GENERAL PROVISIONS ARTICLE:** **Section 3-305 (b) :**

1. To discuss:
 - ☐ (i) the appointment, employment, assignment, promotion, discipline, demotion, compensation, removal, resignation or performance evaluation of appointees, employees, or officials over whom it has jurisdiction; or
 - ☐ (ii) any other personnel matter that affects one or more specific individuals;
- ☐ 2. To protect the privacy or reputation of individuals with respect to a matter that is not related to public business;
- ☐ 3. To consider the acquisition of real property for a public purpose and matters directly related thereto;
- ☐ 4. To consider a matter that concerns the proposal for a business or industrial organization to locate, expand, or remain in the State;
- ☐ 5. To consider the investment of public funds;
- ☐ 6. To consider the marketing of public securities;
- ☒ 7. To consult with counsel to obtain legal advice;
- ☐ 8. To consult with staff, consultants, or other individuals about pending or potential litigation;
- ☐ 9. To conduct collective bargaining negotiations or consider matters that relate to the negotiations;
- ☐ 10. To discuss public security, if the public body determines that public discussions would constitute a risk to the public or public security, including:
 - (i) the deployment of fire and police services and staff; and
 - (ii) the development and implementation of emergency plans;
- ☐ 11. To prepare, administer or grade a scholastic, licensing, or qualifying examination;
- ☐ 12. To conduct or discuss an investigative proceeding on actual or possible criminal conduct; or
- ☐ 13. To comply with a specific constitutional, statutory, or judicially imposed requirement that prevents public disclosures about a particular proceeding or matter; or
- ☐ 14. Before a contract is awarded or bids are opened, discuss a matter directly related to a negotiation strategy or the contents of a bid or proposal, if public discussion or disclosure would adversely impact the ability of the public body to participate in the competitive bidding or proposal process.
- ☐ 15. Administrative Function

EXECUTIVE SESSION AGENDA

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**REQUIRED MOTION
MAYOR AND CITY COUNCIL
HAGERSTOWN, MARYLAND**

Topic:

Housing Authority Merger - *Sean Griffith, Executive Director*

Mayor and City Council Action Required:

Discussion:

Financial Impact:

Recommendation:

Motion:

Action Dates:

**REQUIRED MOTION
MAYOR AND CITY COUNCIL
HAGERSTOWN, MARYLAND**

Topic:

Preliminary Agenda Review

Mayor and City Council Action Required:

Discussion:

Financial Impact:

Recommendation:

Motion:

Action Dates:

ATTACHMENTS:

File Name

February_27__2024_PRELIMINARY_Agenda.pdf

Description

Preliminary Agenda -
February 27, 2024



**MAYOR AND CITY COUNCIL
REGULAR SESSION
(87TH VOTING SESSION)
FEBRUARY 27, 2024
AGENDA**

Vision Statement:

The City of Hagerstown will inspire an inclusive, business-friendly, and sustainable community with clean, safe and vibrant neighborhoods.”

Mission Statement:

“The City of Hagerstown shall be a community focused municipality.”

PRELIMINARY AGENDA

The agenda and meeting packet is available at www.hagerstownmd.org/government/agenda

7:00 p.m. REGULAR SESSION – Council Chamber, 2nd floor, City Hall

I. CALL TO ORDER - Mayor Tekesha Martinez

II. INVOCATION

III. PLEDGE TO THE FLAG

IV. ANNOUNCEMENTS

- A. Rules of Procedure – *Effective December 15, 2020*
- B. Use of cell phones during meetings is restricted.
- C. All correspondence for distribution to Elected Officials should be provided to the City Clerk and should include a copy for the City Clerk for inclusion in the official record.
- D. Meeting Schedule:
 - 1. Tuesday, March 5, 2024 - State of the City at 7:00 a.m.
 - 2. Tuesday, March 5, 2024 - Work Session at 4:00 p.m.
 - 3. Tuesday, March 12, 2024 - Work Session at 4:00 p.m.
 - 4. Tuesday, March 19, 2024 - Work Session at 4:00 p.m.
 - 5. Tuesday, March 26, 2024 - Regular Session at 7:00 p.m.

V. APPOINTMENTS

Public Service Citizen Advisory Committee

VI. CITIZEN COMMENTS

Citizens are welcome to provide comments in person or by sending an email to councilcomments@hagerstownmd.org no later than 5:00 p.m. on Tuesday, February 27, 2024. Include your full name, home street address, and topic of your comments. You may attach a letter to the email or write your comments in the body of the message. The City Clerk will read your name, address, and provide a summary of the comments. The full copy of the comments will be provided for public viewing as part of the minutes.

**** Please note all times are approximate and subject to change. Meetings are televised and recorded. ****

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VII. MINUTES

January 9, 2024, January 18, 2024, and January 30, 2024

VIII. CONSENT AGENDA

A. Community Engagement

1. Open Container Exemption and Street Closure - St. Patrick's Day Street Festival – March 16, 2024

B. Engineering:

1. Medway Road Drainage Improvements – Henson & Son, Inc. (Hagerstown, MD) \$ 73,000.00
2. MKS Business Park Stormwater Retrofit Project – Change Orders to Project – Superior Facilities Management Services (SFMS) (Bethesda, MD) \$ 60,000.00
3. Trash Totes - *Material to be presented*

C. Information Technology:

1. Cisco Duo MFA Software Renewal – SHI (Somerset, NJ) \$ 26,940.00

D. Police:

1. Mobile Radios – Washington County Wireless Communications (Hagerstown, MD) \$ 20,502.15
2. Annual Mid-Atlantic Regional Gang Investigators Network (MARGIN) Conference – Mid-Atlantic Regional Gang Investigators Network (Fairplay, MD) \$ 20,000.00

E. Public Works:

1. City Hall Improvements - 1st floor Renovations – Newcomers (Chambersburg, PA) \$ 38,940.00
2. Gasboy Islander Prime Pedestal and Software – Spigler Petroleum Equipment, LLC (Westminster, MD) \$ 12,574.80
3. Signal Controller Upgrades for S. Potomac St. and Memorial Blvd. – Econolite (Glen Burnie, MD) \$ 27,191.00
4. Hellane Park West End Little League Roof Replacements – Restoration Unlimited, Inc. (Williamsport, MD) \$ 33,940.00
5. Potterfield Pool Chemicals – Amato Industries, Inc. (Silver Spring, MD) \$ 28,000.00
6. Downtown Beautification Program - Litter Receptacles – Victor Stanley (Dunkirk, MD) \$ 14,992.40

F. Utilities:

1. Light: Vegetation Management Blanket Contract – N. G. Gilbert (Muncie, IN) \$ 580,616.10
2. Water: Annual Maintenance Contract for Hach Analyzers – Hach Company (Loveland, CO) \$ 20,872.00
3. Wastewater: Defoamer – Maryland Biochemical (Bel Air, MD) \$ 29,284.80
4. Wastewater: SCADA System Spare Parts – Capital Electric (Hagerstown, MD) \$ 14,939.47
5. Wastewater: Automatic Vehicular Entrance Gate System – ProMax Fence Systems, Inc. (Reading, PA) \$ 165,805.00

IX. UNFINISHED BUSINESS

- A. Approval of an Annexation Resolution: A-2023-02: Blaine Properties, LP
- B. Approval of an Ordinance: Acquisition of Property – Hillside Manor Pump Station

X. NEW BUSINESS

- A. Introduction of an Ordinance: Conveyance of Pump Station 30 Lot by Richmond Homes of Maryland, Inc.
- B. Approval of Annexation Plan: Heavens Heights Homes – Southern Blvd
- C. Introduction of an Annexation Resolution: Heavens Heights Homes – Southern Blvd
- D. Approval of a Resolution: Addendum to Agreement with Sierra Nevada Corporation
- E. Approval of a Resolution: Enforce Lease Agreement with DairyOne

**** Please note all times are approximate and subject to change. Meetings are televised and recorded. ****

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New Business Continued

- F. Approval of a Resolution: Terminate of User Agreement for American Little League
- G. Approval of a Resolution: Terminate the User Agreement for West End Little League
- H. Approval of a Resolution: User Agreement with Hub City Little League
- I. Approval of a Resolution: Lease Agreement with ESM Hagerstown, LLC for Operation and Maintenance of the Hagerstown Field House, 290 Memorial Boulevard
- J. Approval of a Memorandum of Understanding: With State Highway Administration for Intersection Improvements at Potomac Street and Baltimore Street
- K. Approval of the Conversion of the Records Specialist from Part-Time to a Full-Time Position
- L. Approval of City-Wide Mowing Contract 2024: 03/15/24-12/15/24

XI. CITY ADMINISTRATOR COMMENTS

XII. MAYOR & COUNCIL COMMENTS

XIII. ADJOURN

Some items that have been discussed and reviewed previously, or are of a routine nature, may not have additional information attached to this agenda.

**REQUIRED MOTION
MAYOR AND CITY COUNCIL
HAGERSTOWN, MARYLAND**

Topic:

FY 2025 Downtown Event Grant Process - *Brittany Arizmendi, Community Engagement Officer*

Mayor and City Council Action Required:

Discussion:

Financial Impact:

Recommendation:

Motion:

Action Dates:

ATTACHMENTS:

File Name

Event_Grant_Process.pdf

Description

FY25 Event Grant Process



CITY OF HAGERSTOWN, MARYLAND

Office of Community Engagement
1 E Franklin Street, Suite 210A, Hagerstown, MD 21740

TO: Scott Nicewarner
FROM: Brittany Arizmendi, Community Engagement Officer
DATE: February 14, 2024
SUBJECT: Downtown Event Grant Process

The Office of Community Engagement will present updates to the Downtown Event Grant application and process.

Changes include:

- Cap funding at \$3,000
- Funding range is from \$500 - \$3,000
- Events must take place on public property (City parks, street, public-owned spaces)

The FY25 application will launch on Wednesday, March 6, 2024, and remain open through May 1, 2024. Applications will be reviewed by staff and awards will be sent out by mid-June.

Applications received after May 2, 2024 will be reviewed if funds are still available.

The goal of the Downtown Event Grant is to have organizations host events within the Main Street district to help bolster economic growth and encourage community involvement.



DOWNTOWN EVENT GRANT

This grant opportunity was established to better connect our community with Downtown Hagerstown, to help energize our local economy, build meaningful partnerships, and elevate community stakeholders. Grant applicants must demonstrate a well-thought-out event experience that considers safety, anticipated attendance, marketing considerations, likelihood of the event continuing, and inclusion.

Applications must be submitted 60 days or more before the event is slated to occur. If approved, applicants will be notified and will enter into a grant agreement with the City. Funds will be disbursed on **a reimbursement basis ONLY with proof of payment**. This application should be submitted along with the City of Hagerstown Special Events Application, as this grant application will not be considered without it. If the event application has already been submitted, this application can be emailed to events@hagerstownmd.org.

Guidelines:

- Will not grant to an individual, and the organization must be in good standing with the City of Hagerstown & the State of Maryland
- Funding levels
 - \$500-\$3,000 (*\$3,000 is the maximum amount the City will provide in support of an event*)
- All proposed events must be family-friendly and accessible to the general public
- Funding is on a first come, first served basis, until funds are no longer available
- *Event must be held on City or public property and be within the designated Main Street or Arts and Entertainment districts. Exceptions may be granted for an event happening at a City-owned park.*
- Applications will be graded by a committee on the following criteria
 - Continuance of event (likeliness that event will continue into the future)
 - Anticipated attendance/historical attendance
 - Organizational capacity
 - Funding already present – how much will these funds help, are they necessary?
 - Does the proposed event connect the community to the larger Downtown community? How will the proposed event elevate existing Downtown assets?
 - The committee will consider the principles of equity, diversity, and inclusivity in its assessment of these grant applications.
- Grant claw back: the City reserves the right to cancel any grant agreement that doesn't meet the guidelines or misspends grant monies. All receipts and proof of payment must be submitted in order to receive funds.
- Acknowledgement: Successful applicants will be required to provide on their website a graphic/link to the www.downtownhagerstown.org website and display City of Hagerstown's logo in all public facing project collateral. Grantees must follow the grant agreement which will be communicated to successful applicants.

Eligible Uses:

- Marketing expenses related to the event
- Event expenses (rentals, equipment, bookings, etc.)

Ineligible Uses:

- No purchase of food or alcohol is permitted from grant monies



ORGANIZER INFORMATION

EVENT NAME:

EVENT ORGANIZER:

ORGANIZER PHONE #:

ORGANIZER EMAIL:

REGISTERED ENTITY NAME:
State of Maryland Filing Name

STATE OF MARYLAND ID:

Describe your organization
and its mission:

EVENT OVERVIEW

Briefly describe the event
your organization is holding
(festival, car show, beer
tasting, etc.) Please
mention number of years
event has been held, if this
is a first time event, and
how will City funds help the
event.

Will this event be held in Downtown Hagerstown?	YES	NO
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Is this the first time this event has been held?	YES	NO
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If no, how many people
attended last year's event?

Is there a cost to attend this
event? If yes, provide cost.



BUDGET QUESTIONS

What is the total cost of the event? Please provide a budget with line items for anticipated costs.

How much are you requesting from the City of Hagerstown?
\$500 - \$3,000

What do you plan to use the funding for?

What other funding sources are going towards the event? Please name source and amount.

What funding gaps exist?

SAFETY AND ACCESSIBILITY QUESTIONS

How many attendees are you expecting?

What is your safety plan?

Is the event accessible to persons with disabilities?

MARKETING AND INCLUSIVITY QUESTIONS

How do you plan to attract a diverse crowd to your event?

How will you engage the Downtown businesses to participate in your event?



I (we) agree to the following as a condition of receiving a grant from the City of Hagerstown:

1. Participation in the program related to this grant is open to the public and is subject to the availability of funds.
2. The organization will not deny any person participation in the program based on race, creed, gender, age, political affiliation, marital status, religion, national origin, or disability.
3. The organization will comply with the Americans with Disabilities Act and other antidiscrimination laws and indemnify the City against responsibility for actions taken by the Grantee that fail to honor these laws.
4. There will be no religious, political, or legislative theme or content in the program, except when strictly a matter of artistic or historical expression. By entering your name, title and date in the fields below, you are indicating that you are the authorized person to certify this non-discrimination document on behalf of the applicant organization. This constitutes an electronic signature.
5. If granted funds, I will provide receipts evidencing the use of City funds within 10 days of the event. I understand that funds will only be issued on a reimbursement basis and must be in keeping with what is in the grant agreement.
6. If granted funds, I understand I will need to and have the authority to enter into a grant agreement that spells out the use of grant funds and will be legally bound to it.
7. By entering your name and title in the fields below, you are indicating that you are the authorized person to certify this document on behalf of the applicant organization.

Signature

Printed Name

**REQUIRED MOTION
MAYOR AND CITY COUNCIL
HAGERSTOWN, MARYLAND**

Topic:

Approval to Submit Application for FY24 Maryland SOLE Grant Funding - *Nathan Fridinger, Deputy Director of Electric Operations*

Mayor and City Council Action Required:

Discussion:

Financial Impact:

Recommendation:

Motion:

Action Dates:

ATTACHMENTS:

File Name

20240220_FY24_SOLE_WS_Packet.pdf

Description

Work Session Packet



CITY OF HAGERSTOWN, MARYLAND

Hagerstown Light Department

425 E Baltimore St • Hagerstown, MD 21740

Telephone: 301-790-2600

Website: www.hagerstownlight.org

Date: February 15, 2024

To: Scott Nicewarner, City Administrator
Nancy Hausrath, Director of Utilities

From: Nathan Fridinger, Deputy Director of Electric Operations

Subject: February 20, 2024 – Work Session - FY24 Maryland SOLE Grant

Action: Approval to submit application

The Maryland Energy Administration is seeking applications from Maryland nonprofits, state agencies, counties and incorporated cities, public and private schools, and community colleges for the FY24 Streetlight and Outdoor Lighting Efficiency (SOLE) pilot program for conversion of outdoor High Intensity Discharge (HID) lighting to Light-Emitting Diode (LED) technology. A total of \$1 million is being offered on a first-come first-served basis with a cap of up to \$250,000 per application due by March 8, 2024.

Reimbursements are limited to \$150 per lamp rated less than 176 Watts, \$200 per lamp rated between 176 and 250 Watts, and \$300 per lamp rated between 251 and 400 Watts. Staff identified 521 lamps meeting this criteria along certain routes and is requesting approval to apply for a grant amount of \$111,000, with a total project cost estimated to be \$233,630. The Light Department will donate \$122,630 in Capital. A projected annual energy savings of \$34,328 to the General Fund is anticipated. The routes, quantities, and energy savings are subject to change depending on the amount awarded by the State.

The proposed routes are:

Antietam St
Garland Groh Blvd
Baltimore St
Locust St
Mt. Aetna Rd / Memorial Blvd
Summit Ave / Jonathan St, from Baltimore St to Pennsylvania Ave
Church St / East Ave, from Mulberry St to Burhans Blvd
Cleveland Ave / Security Rd
Cannon Ave from Eastern Blvd to Jefferson St



Streetlight and Outdoor Lighting Efficiency FY24 Grant Program Application Form

Application Deadline: March 8th, 2024 at 5:00 P.M. ET

Instructions: Applicants are strongly encouraged to thoroughly read the Streetlight and Outdoor Lighting Efficiency [FY2024 Funding Opportunity Announcement \(FOA\)](#), available on the SOLE FY24 [web page](#), prior to completing and submitting this application package. Providing concise and accurate information is important for the application review process.

Submit your complete application package via email to
lighting.mea@Maryland.gov.

Section 1: Requirements

Please refer to the requirements presented in the FOA. An application must meet all requirements to qualify for consideration under the SOLE Program.

Signature requirements: Refer to the FOA and Section 7 of this application for details.

Required documents: Verify that all required documentation, which is described in the FOA, has been completed and is included. **Failure to submit documentation may result in an application being deemed ineligible.**

Section 2: Applicant Information

Complete all information regarding the Applicant organization below. **All information is required**, unless otherwise noted.

Organization Legal Name as shown on the IRS W-9 form	City of Hagerstown
Type of Organization (e.g., local government, non-profit organization, etc.)	Local Government

Applicant Organization Street Address where payment would be sent, if selected for an award (this should match the IRS Form W-9)		1 East Franklin Street			
City	Hagerstown	State	MD	Zip Code	21740
Federal Tax ID Number / Employer Identification Number		52-6000794			

Authorized Representative* (First and Last Name)		Scott Nicewarner			
Title		City Administrator			
Phone Number	301-739-8577 X114	Email Address	snicewarner@hagerstownmd.org		

****This is the individual with signatory authority to enter the Applicant organization into a Grant Agreement with MEA, if selected for an award. The Grant Agreement will list this individual (name and title) as the signatory on behalf of the Grantee.***

Application Contact** (First and Last Name)	Nathan Fridinger
Title	Deputy Director of Electric Operations

Phone Number	301-790-2600	Email Address	nfridinger@hagerstownlight.org
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**** Individual that MEA will contact regarding any questions or concerns about the material in the Application package.**

Legal Counsel*** (First and Last Name)	Jason Morton		
Title	City Attorney		
Phone Number	301-739-3600	Email Address	jmorton@salvatoremorton.com

*****Legal counsel representing the Applicant organization that is responsible for legal review of the Grant Agreement, if awarded.**

Project Contact**** (First and Last Name)	Nathan Fridinger		
Title	Deputy Director of Electric Operations		
Phone Number	301-790-2600	Email Address	nfridinger@hagerstownlight.org

******Individual who will serve as Applicant's point of contact for MEA throughout the duration of the Project, if selected for an award. The Project Contact must be a representative of the Applicant organization.**

Section 2-A: Contractor Information

Please complete all information below regarding the project contractor, **if known at the time of application to the Streetlight and Outdoor Lighting Efficiency Program**, that is tasked with installation of fixtures per the scope of the project described in Section 3 of this application.

- The project contractor **IS** CURRENTLY KNOWN, please fill out the section below.
- If the project contractor **IS NOT** CURRENTLY KNOWN, or the project installation will be completed by Applicant staff, skip the section below.

The grantee is responsible for ensuring that any contractor complies with the terms of the grant agreement.

NOTE: if more than one contractor is to be engaged, please copy this table and paste below as needed, or append a document with this information.

Contractor Organization Name		City of Hagerstown, Light Department			
Street Address	425 East Baltimore Street				
City	Hagerstown	State	MD	Zip Code	21740
Federal Tax ID Number / Employer Identification Number			52-6000794		
Contractor Contact (First and Last Name)		Nathan Fridinger			
Title	Deputy Director of Electric Operations				
Phone Number	301-790-2600	Email Address	nfridinger@hagerstownlight.org		

Section 3: Project Information

Complete all information regarding the project below. **All information is required**, unless otherwise noted.

OPTIONS	<input checked="" type="checkbox"/>	Option 1: Street lighting for any vehicular or pedestrian right-of-way, as well as parking lots
	<input type="checkbox"/>	Option 2 Exterior lighting for athletic fields, parks, or other outdoor spaces

EXISTING FIXTURES. Provide a listing of light fixtures currently in place and subject to replacement with LED or other efficient technology. If more space is needed, present this information in a spreadsheet/table to be submitted in concert with this application.

FIXTURE TYPES	NUMBER OF EXISTING FIXTURES <u>TO BE REPLACED</u>	
	Option 1	Option 2
	Street lighting for any vehicular or pedestrian rightsof-way, as well as parking lots	Exterior lighting for athletic fields, parks, or other outdoor spaces
Metal halide	0	
High pressure sodium	427	
Mercury Vapor	94	

Additional comments or clarifications:

ELECTRIC UTILITY BILLS. Attach one or more PDF files that present copies of one month’s history of past utility bills for all electricity accounts that represent utility meters dedicated to outdoor lighting per the scope of this project. Bills issued within the past 12 months will suffice.

The Applicant must contact a representative with the local utility to identify and apply for any specific incentives that are available. A completed application for utility incentives must be attached. Please indicate if no program is available to the Applicant.

NAME OF ELECTRIC UTILITY OR COOPERATIVE	REBATE OR INCENTIVE AVAILABLE? Y/N	APPLIED DATE	SECURED DATE	DOLLAR AMOUNT (IF SECURED)
Hagerstown Light Department	N			

Additional comments or clarifications:

Section 4: Summary of Project Cost and Applicant Contribution

Total Project Cost (Acquisition and Installation). Provide the anticipated total project cost (acquisition, installation, and installation-related utility fees) for the proposed fixture upgrade for which the Applicant organization seeks SOLE Program grant funding.

Anticipated Total Project Cost	\$ 233,630.00
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Applicant contribution and Grant Request Amount. Applicants are required to provide a minimum 15% cost-share of the proposed net total project cost (where “net total project cost” is total project cost minus the value of any expected utility rebate and other incentives). The Applicant’s SOLE award, when combined with any utility incentives or state, federal, or other grant and rebate funds, shall not exceed 85% of the total Project costs (inclusive of equipment, materials, and labor). In a circumstance where the 85% threshold would be exceeded if the maximum SOLE incentive were used, the MEA SOLE incentive will be lowered to make the combined SOLE plus utility incentive total no more than 85% of total project costs.

While a single applicant may submit applications for multiple projects, the aggregate maximum award per applicant is capped at \$250,000. For the purposes of the program, an applicant is identified by a unique federal tax identification number, and not per individual project site. MEA is targeting projects of a certain minimum size and will not award projects valued at less than \$20,000.

Applicants are encouraged to download from MEA’s SOLE FY24 program web page an award calculator provided as an Excel worksheet. The award calculator can illustrate the applicant’s potential award value.

Please indicate the type and amount of contribution below.

Type of Contribution (If a combination of both, check both boxes)	<input checked="" type="checkbox"/> Capital cost-match <input checked="" type="checkbox"/> Value of Donated Labor	
Amount of Contribution (Minimum is 15% of anticipated total project cost*)	Capital cost-match Amount	\$ 80,950.00
	Value of Donated Labor	\$ 41,680.00

**To calculate minimum contribution, multiply the Anticipated Total Project Cost, net of any utility rebates, from Section 5 by 0.15. Example: <Anticipated total cost of \$120,000 minus rebate of \$20,000> x 0.15 = \$15,000 minimum Applicant contribution.*

Section 5: Grant Request Amount

Please provide the total amount requested by the Applicant Organization from the SOLE FY24 Program. Applicants are encouraged to download from MEA’s SOLE FY24 program webpage an Excel worksheet, which serves as a template for calculating the award value for the applicant’s proposed project. The **maximum amount** is provided in the FOA (see p. 1, “Funding”). The grant request amount should reflect the anticipated total project cost minus applicant contribution. **Note** that MEA will determine the final grant amount for each Grantee after review of all proposals received and consistent with funding availability at that time.

Grant Request Amount	\$ 111,000.00
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Section 6: Electronic Communication

Electronic communication provides the fastest and most efficient method of interacting with MEA; therefore, MEA encourages the use of electronic communication for all matters relating to this grant program. Unless the applicant opts out as indicated below, MEA will require the electronic submission and receipt of all documents (including but not limited to the application, the grant agreement, reports, and invoices.

The Applicant agrees to use electronic communication for all purposes relating to this grant program:

<input checked="" type="checkbox"/> I agree	The contact information MEA should use to communicate with the Applicant electronically is:	nfridinger@hagersownlight.org	
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Applicants may contact MEA via lighting.MEA@Maryland.gov.

OR

The Applicant does not agree to communicate electronically with MEA:

☐ I do not agree

Section 7: Applicant Certification and Signature

Instructions: The Authorized Representative for the Applicant organization (hereafter “Applicant”) should carefully read the attestations and acknowledgements below before signing this Application form. If the Applicant has contracted with a project contractor at the time of submitting the Application package, the Authorized Representative for the project contractor should also carefully read the attestations and acknowledgements before signing the Application Form.

Attestations and Acknowledgements

By signing this Application, I certify under penalty of perjury that the information provided on this Application form and in each of its attachments (hereafter “Application Package”) is complete, accurate, and true, and that I am authorized to submit this Application Package on behalf of the Applicant, and agree to the terms and conditions stated below on behalf of the Applicant:

1. I affirm to the best of my knowledge, information, and belief, that the entire contents of this Application Package meet all requirements of the Streetlight and Outdoor Lighting Efficiency FY24 Program Funding Opportunity Announcement (FOA).
2. I understand and acknowledge that MEA accepts Application Packages and awards Grants on a first-come, first-served basis until program funding is depleted, and that Application packages are due to MEA **no later than March 8th, 2024 at 5:00 P.M. ET.**
3. I affirm that the project for which the grant funds have been requested, will be located within the State of Maryland.
4. I understand and acknowledge that the use of any funds awarded under this Grant Program for projects benefitting facilities and/or offtakers not located within the State of Maryland **is strictly prohibited.**
5. I understand and acknowledge that submission of this Application Package does not guarantee that a Grant will be awarded for the project.
6. I affirm that any funds awarded under this Grant Program will not be used for any feasibility studies, evaluations, or costs associated with any remediation and repair costs related to streetlight poles, fuses, and other hardware distinct from the fixtures themselves.
7. I understand and acknowledge that Grant funds cannot be used to offset costs incurred by the Applicant or any project contractor prior to the execution of a Grant Agreement between the Applicant and the Maryland Energy Administration.

8. I understand and acknowledge that the Maryland Energy Administration will determine the final award amount for each grant.
9. All information submitted to MEA is subject to the Maryland Public Information Act, Md. Code Ann., General Provisions §§ 4-101 to 4-601, (“PIA”). If an applicant believes information is confidential and therefore should be exempt from disclosure under the PIA, the applicant should clearly mark this information and identify it by page and section or line number. Upon request for information from a third party, MEA is required to make an independent determination whether the information must be disclosed under the PIA. Designating information as confidential does not guarantee that it will be exempt from disclosure.
10. I have read MEA’s Grant Agreement General Provisions (“[General Provisions](#)”) and understand the General Provisions will be incorporated into any grant agreement under this program.
11. I understand and acknowledge that, if selected for a Grant award, an Applicant must provide the Maryland Energy Administration with an IRS Form W-9. All Applicant information on the IRS Form W-9 must match the information provided on this Application form.
12. (For taxable applicants only) I understand and acknowledge that any Grant award received through this program is taxable as income. Therefore, if a Grant award is provided to the Applicant for this project, the State of Maryland will send a 1099-G form, which the Applicant must report as income on its federal and state tax returns. For more information, Applicants should contact a qualified tax professional.
13. I understand and acknowledge that the program terms and conditions for the MSEC AOI2 Streetlight and Outdoor Lighting Efficiency FY24 Grant Program are subject to change at the discretion of MEA.
14. I understand and acknowledge that if MEA awards a Grant to the Applicant, any Grant award payment will be contingent upon MEA review and approval of the Grantee’s submissions, including progress reports and requests for reimbursement (including supporting documentation).
15. I understand and acknowledge that Streetlight and Outdoor Lighting Efficiency FY24 Grant Program funding is available as outlined in the SOLE Program FOA.

AUTHORIZED APPLICANT SIGNATURE (REQUIRED)

An authorized representative of the applicant must sign the Application Form.

Authorized Signature:

Name (First and Last):

Scott Nicewarner

Title:

City Administrator

Applicant Organization Name:

City of Hagerstown

Date:

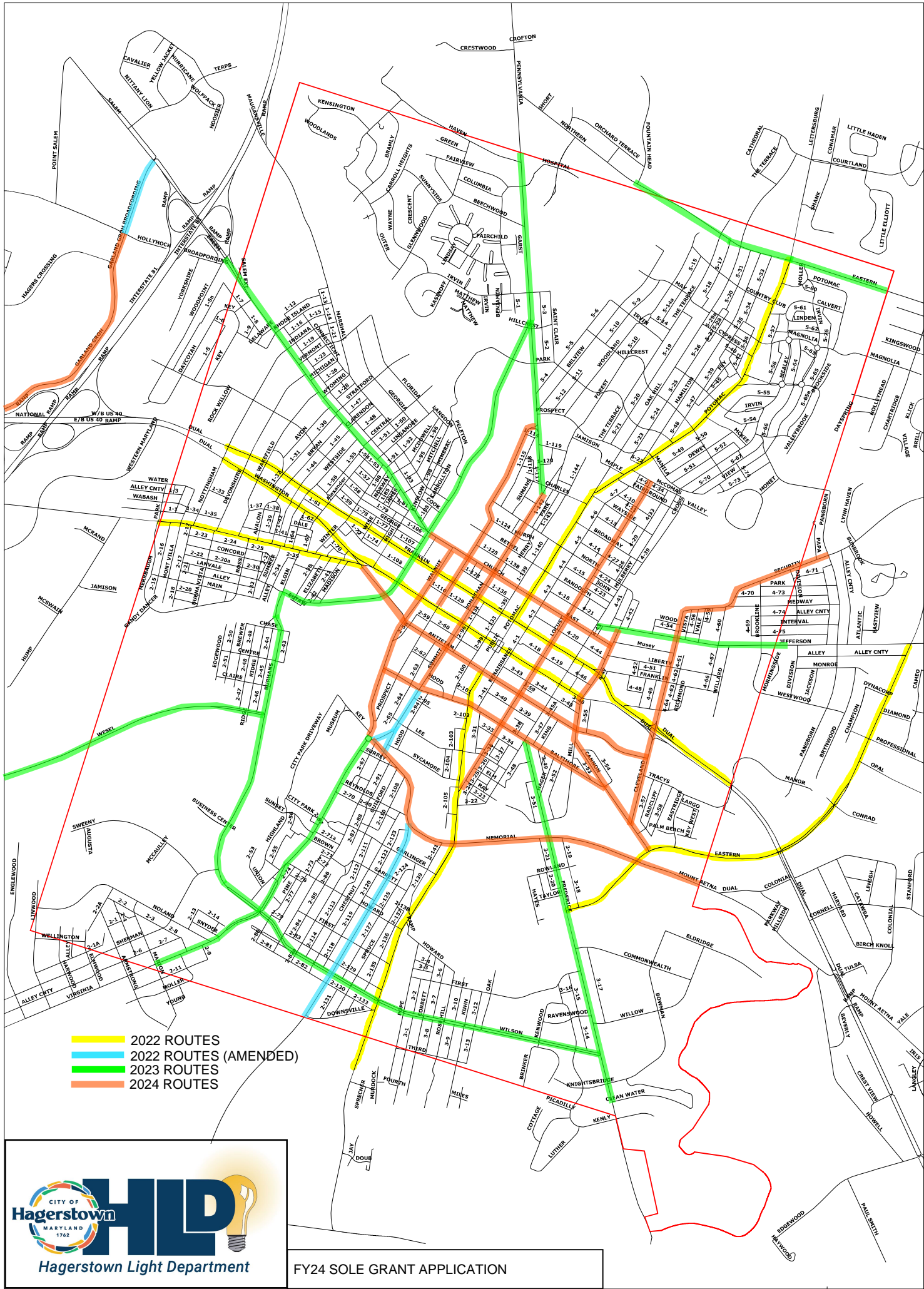
SUBMIT THIS APPLICATION VIA EMAIL TO:

>>> LIGHTING.MEA@Maryland.gov <<<

APPLICATIONS ARE DUE BY 5:00 P.M. EDT, March 8th, 2024.

NOTE, the Program may close early if funding is fully committed.

Any questions or concerns regarding Program requirements, Application instructions, or general SOLE FY24 Program questions should be directed to lighting.mea@maryland.gov.



FY24 SOLE GRANT APPLICATION

**REQUIRED MOTION
MAYOR AND CITY COUNCIL
HAGERSTOWN, MARYLAND**

Topic:

American Rescue Plan of 2021 (ARPA) Allocations and Update - *Michelle Hepburn, Chief Financial Officer, and Brooke Garver, Accounting and Budget Manager*

Mayor and City Council Action Required:

Discussion:

Financial Impact:

Recommendation:

Motion:

Action Dates:

ATTACHMENTS:

File Name

Description

02.20.24_ARPA_Allocations_and_Quarterly_Update_Memo_Combined.pdf

American Rescue
Plan of 2021
(ARPA) Allocations
and Update



CITY OF HAGERSTOWN, MARYLAND

Finance & Accounting Department

One East Franklin Street • Hagerstown, MD 21740

Telephone: 301.766.4142 • Website: www.hagerstownmd.org

To: Scott Nicewarner, City Administrator

From: Michelle Hepburn, Chief Financial Officer
Brooke Garver, Accounting & Budget Manager

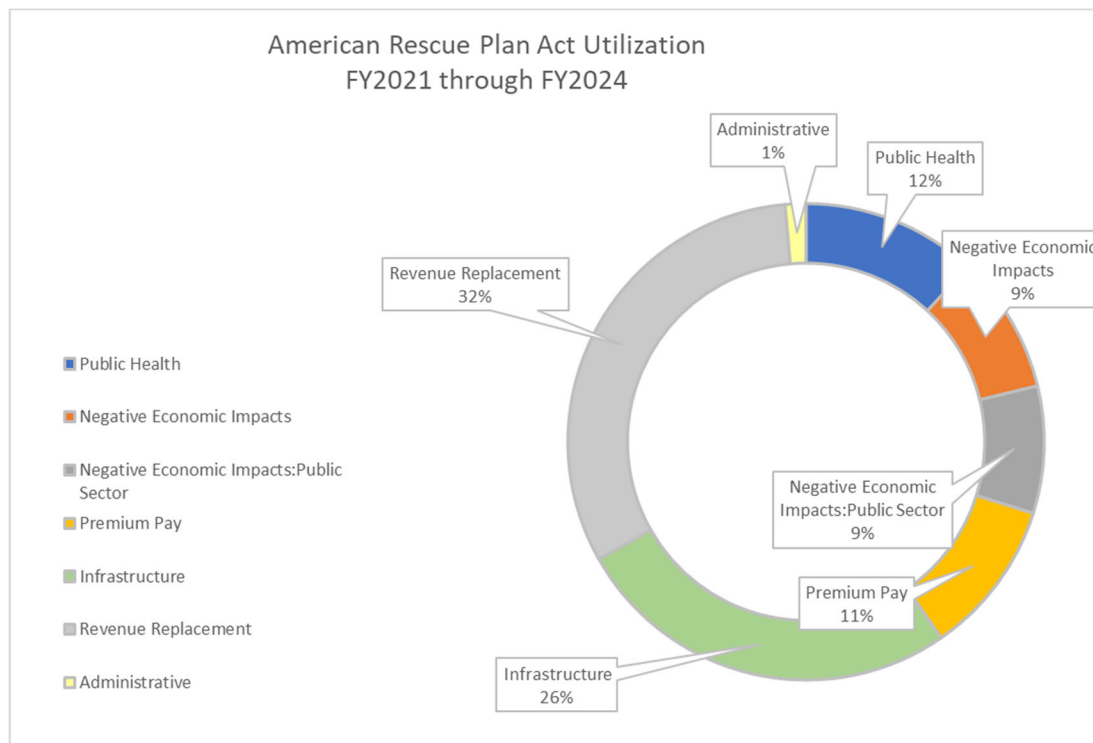
Date: February 20, 2024

Subject: American Rescue Plan Act of 2021 (ARPA) Allocations and Update

ARPA funding provided to the City totals \$20.4 million dollars. The City has spent \$8.1 million or approximately 39.8% of that total funding as of December 31, 2024. The totals below do not include amounts that are obligated and encumbered on open purchase orders:

- FY21 - \$2.15 million
- FY22 - \$2.11 million
- FY23 - \$1.96 million
- FY24 through December 31 - \$1.90 million

As a reminder, the IRS defined seven different eligible categories in which this funding can be spent. Each category has specifications on eligibility criteria. The seven categories include the following: Public Health, Negative Economic Impacts, Negative Economic Impact: Public Sector, Premium Pay, Infrastructure, Revenue Replacement, and Administrative. The chart below reflects the current allocation and strategy of how the City plans to spend the \$20.4 million.



City staff will review the attached ARPA Funding charts and status of the overall allocation plan.



City of Hagerstown

ARPA Funding Summary as of December 2023: Completed Projects

Public Health	Negative Economic Impact	Negative Economic Impact: Public Sector	Infrastructure	Revenue Replacement	Premium Pay/Administrative
Hagerstown Ice Rink Description: Required upgrades to air intake dehumidification system	FSU HUB @USMH Description: Provide temporary funding to maintain early childhood learning program, plus legal fees	2-Factor Authentication Software Description: Additional security for the City's network		Backhoe Purchase Description: For service and maintenance in Public Works and Parks/Rec Dept	Premium Pay (city employees) Description: Pandemic compensation for essential employees
\$190,425	\$20,250	\$26,675		\$128,414	\$2,153,000
Goodwill Community Outreach Description: Recruit/Hire 2 Outreach Coordinators for homeless coordinated entry services (includes legal fees)		Public Facility Emergency Equipment Description: For the purchase of Automated External Defibrillators (AEDs), carbon monoxide detectors, and Stop the Bleed® trauma kits for large public facilities, including CPR/AED training		Camera Truck Description: Replacement of camera rig for pipe system maintenance	
\$13,150		\$117,098		\$415,137	
		HPD Firing Range Security Gate Description: Purchase of security gate system and improvements at firing range		HPD Firing Range Target System Description: Upgrade for the existing firearms system and modernization of training facility	
		\$12,660		\$23,900	
				PAL Roof Description: Fairgrounds Park Police Athletic League roof replacement	
				\$424,332	
				Drones Description: Purchase of drones for HPD	
				\$140,371	
				HFD Ladder Truck Description: Purchase of additional ladder truck for fire department	
				\$1,200,000	
				Community Outreach Vehicle Description: Purchase of a vehicle for the Community Outreach Coordinator position	
				\$43,200	
				HFD Natural Gas Generator Description: Replacement of the natural gas powered diesel generator at fire station 3.	
				\$132,533	
\$203,575	\$20,250	\$156,433	\$0	\$2,507,887	\$2,153,000

Total Spent on Completed Projects:

\$5,041,145

Total Spent on Allocated and Started Projects:

\$3,085,636

Grand Total Spent to Date:.

\$8,126,781

39.8%

City of Hagerstown

ARPA Funding Summary as of December 2023: Projects Allocated and Started

Public Health	Negative Economic Impact	Negative Economic Impact: Public Sector	Infrastructure	Revenue Replacement	Premium Pay/Administrative
32 N. Potomac Purchase and Renovation Description: Purchase and renovation costs for the relocation of Customer Service/Billing Spent to Date: \$1,797,754 \$2,200,000	Convention and Visitor's Bureau (CVB) Description: Aid to assist with marketing, advertising and sponsorships for tourism industry impacted by COVID-19 (includes legal fees) Spent to Date: \$122,945 \$125,350	Outreach Coordinator Position Description: New position to be a liaison between the city and social service agencies. Includes estimated salary/benefits and administrative costs Spent to Date: \$124,097 \$90,000	Pump Station #13 Description: Will address service demands from flow transfer area Spent to Date: \$0 \$2,420,000	HPD Body-Worn Cameras Description: Purchase of Cameras/Taser/Virtual Training Program Spent to Date: \$347,781 \$522,796	Grant Coordinator Description: Estimated annual salary/benefits and administrative costs for 3-year temporary position Spent to Date: \$207,465 \$288,000
\$0	\$0	\$0	-\$2,142,607	\$0	\$0
\$2,200,000	\$125,350	\$90,000	\$277,393	\$522,796	\$288,000
ENVY Initiatives Description: Funding to develop a youth violence prevention program and other programs to help support the youth in collaboration with multiple external partners. Spent to Date: \$1,292 \$0	Support Local Artists & Bands Description: Provide incentives and support to local artists - Heart of Art Grant Program Spent to Date: \$6,500 \$25,000	Office 365 Implementation Description: Purchase of software for upgrade and standardization of all city employee workstation systems, stabilizing operational environment. Spent to Date: \$161,894 \$155,000	Pump Station #9/#33 Description: Will address service demands from flow transfer area Spent to Date: \$0 \$3,000,000	Solid Waste Collection Totes Description: For the purchase of new totes for residents Spent to Date: \$46,302 \$1,000,000	
\$25,000	\$0	\$7,560	\$1,700,000	\$0	
\$25,000	\$25,000	\$162,560	\$4,700,000	\$1,000,000	
	City-Wide Restaurant Ready Grant Program Description: New incentive program to assist with opening a restaurant within the City Spent to Date: \$0 \$250,000	Trash Truck Description: Replacement of trash truck servicing trash collection customers, City events and general maintenance Spent to Date: \$0 \$121,875	Stormwater Project Description: Stormwater retention area at municipal stadium site Spent to Date: \$0 \$700,000	Professional Court Extension Description: Costs shared with the County for development of new road access beyond the eastern edge of the City to Robinwood/hospital area. Spent to Date: \$0 \$1,150,000	
	\$0	\$0	-\$290,000	\$0	
	\$250,000	\$121,875	\$410,000	\$1,150,000	
	Blight Eradication/Operation Takeback Initiative Description: Acquire, demolish/renovate blighted buildings, work with landlords to rehab rental properties or non-profit facilities; fund Operation Takeback projects to improve community safety Spent to Date: \$122,019 \$500,000	City Hall Elevator Replacement Description: Design and replacement of second elevator in City Hall due to unavailability of required repair parts Spent to Date: \$11,300 \$591,780		Traffic Signal Upgrade Description: Funding to upgrade two traffic signals at Antietam & Summit and Salem & West Side Spent to Date: \$11,300 \$1,000,000	
	\$0	\$0		-\$200,000	
	\$500,000	\$591,780		\$800,000	
	Brothers United Who Care Speak Up! Community News Description: Funding to support summer internships for youth within the City Spent to Date: \$23,038	Arctic Wolf Software Description: Purchase of Information Technology cybersecurity application and monitoring system Spent to Date: \$97,907			

	\$25,000	\$100,000			
	\$0	\$0			
	\$25,000	\$100,000			
	Negative Economic Impact: Assistance to Nonprofits Description: Project funding assistance to nonprofits to address negative social and economic impacts exacerbated by the pandemic, i.e. increase career education/training assistance, employment transportation for City residents, Affordable daycare programs for students and job seekers; Increase community health, counseling and rehabilitation services and resources, assistance for seniors, children, families, or neighborhoods; youth violence prevention Spent to Date: \$0 \$0				
	\$961,036				
	\$961,036				
\$2,225,000	\$1,886,386	\$1,066,215	\$5,387,393	\$3,472,796	\$288,000

Total ARPA Funds Received: \$20,421,010

Total Allocated and Started Projects: \$14,325,790

Total Allocated and Completed Projects: \$5,041,145

Remaining Unallocated Funds: \$1,054,075

City of Hagerstown

ARPA Funding Summary as of December 2023: Projects Proposed and Not Started

Remaining Unallocated Funds:

\$1,054,075

Public Health	Negative Economic Impact	Negative Economic Impact: Public Sector	Infrastructure	Revenue Replacement	Premium Pay/Administrative
Behavioral and Mental Health Description: Community Health and Rehabilitation Resources, ie. 24-Hour Crisis Center, accreditation costs for service providers, expanding availability of counselors, bridge the funding gap for treatment, rehab referrals and assistance, peer recovery support	Negative Economic Impact Description: Increase educational/training opportunities for City residents, Expand transit for employment, HCC and USMH Scholarships, Affordable daycare program for students and new job seekers, Downtown Training Space	Citywide Phone System Upgrade Description: Upgrade of phone system to streamline and stabilize operations.		HPD Generator Description: To assist in relocation.	
\$500,000	\$425,000	\$75,000		\$0	
-\$500,000	-\$425,000	-\$75,000		\$75,000	
\$0	\$0	\$0		\$75,000	
Youth Violence Prevention Description: Funding to develop a youth violence prevention program.		Public Safety Radios & In-Station Alerting Description: To supplement Washington County grant funding for the purchase of portable radios, accessories and dispatch system improvements		Fuel Station Dispensing Units Description: Replacement of city fuel station dispensers	
\$25,000		\$187,500		\$35,000	
-\$25,000		-\$187,500		-\$35,000	
\$0		\$0		\$0	
		HPD Firing Range Description: Purchase of additional storage space.		Placeholder for other eligible projects or costs	
		\$0		\$40,005	
		\$40,000		-\$40,005	
		\$40,000		\$0	
		HFD Community Risk Reduction Boards Description: Purchase electronic sign boards to provide fire prevention and life safety information to citizens		IT Generator Description: Back-up standby generator for server room; installation costs	
		\$0		\$0	
		\$150,000		\$75,000	
		\$150,000		\$75,000	
		HFD Flashover Simulator Description: Training tool that provides firefighters a safe and secure system to recognize the signs of a flashover.		HFD Windows	
		\$0		\$0	
		\$100,000		\$87,500	

		\$100,000		\$87,500	
		Wheaton Park Phase II Description: Play equipment and stage. \$0		Engineering Survey Grade RTK GPS Receiver \$0	
		\$250,000		\$13,000	
		\$250,000		\$13,000	
				Wastewater Pump Station Generator Description: Replace stolen generator. \$0	
				\$41,000	
				\$41,000	
				Gasboy Fleet System \$0	
				\$12,575	
				\$12,575	
				Sidewalk Replacement \$0	
				\$135,000	
				\$135,000	
				HFD Generator Description: To assist in relocation. \$0	
				\$75,000	
				\$75,000	
\$0	\$0	\$540,000	\$0	\$514,075	\$0

Remaining Unallocated Funds

\$1,054,075

Proposed Not Started Projects

\$1,054,075

Remaining Available ARPA Funds

\$0

**REQUIRED MOTION
MAYOR AND CITY COUNCIL
HAGERSTOWN, MARYLAND**

Topic:

A-2023-04 – Heavens Heights Homes, LLC Annexation, J. Wu, Planner

Mayor and City Council Action Required:

Discussion:

Financial Impact:

Recommendation:

Motion:

Action Dates:

ATTACHMENTS:

File Name

MCC_Packet_Feb_20.pdf

Description

Memo and Attachments A-
2023-04



CITY OF HAGERSTOWN, MARYLAND

Planning & Code Administration Department

One East Franklin Street • Hagerstown, MD 21740

E-mail: planning@hagerstownmd.org

Telephone: 301-739-8577, ext. 138 • Website: www.hagerstownmd.org

MEMORANDUM

TO: Scott Nicewarner, City Administrator

FROM: Joanna Wu, Planner

DATE: February 15, 2024

SUBJECT: A-2023-04 – Heavens Heights Homes, LLC Annexation

Background

A formal petition for the annexation of the Lands of Heavens Heights Homes, LLC was submitted on December 8, 2023. The property is located on the west side of Southern Boulevard and north of East Oak Ridge Drive.

The current County zoning for the property is Residential Suburban (RS). The applicant requested Residential-Moderate Density (RMOD) zoning, a comparable City zoning classification to the current designation, which allows for single-family and two-family dwellings.

Annexation Plan

- The area of the property is +/-12.08 acres.
- It is within the City's MRGA, County's UGA, and State's PFA.
- Wastewater and Water will be provided by the City upon development.
- Electric is provided by Potomac Edison.
- Maintenance of ROWs will remain the same.
- Emergency services will be provided by City Police, City Fire, Meritus, and Community Rescue Service.

Proposal

The owner plans to build 1 single-family home and 30 two-family units. Staff has conferred with the Washington County Public Schools on school capacity.

Recommendations

The Planning Commission reviewed the annexation plan and the proposed zoning at their January 31 meeting and recommend RMOD zoning.

Next Steps

If the Mayor and Council are ready to move forward with this annexation request, the petition will be presented at the February 28th meeting. Following that, the annexation plan will be placed on the agenda for approval and the annexation resolution will be placed on the agenda for introduction.

C: Directors Team

Attachments: Petition, Annexation Plan, Annexation Resolution

ANNEXATION BY:

HEAVENS HEIGHTS HOMES, LLC

PROPERTY ADJACENT TO:

HAGERSTOWN, MARYLAND

A Municipal Corporation

existing under and by virtue of the laws of the State of Maryland

SUBJECT PROPERTY:

**+/- 12.08 acres along the Northside of Southern Boulevard,
Hagerstown, Maryland 21740**

**ADJACENT TO THE SOUTHCENTRAL CORPORATE LIMITS OF THE
CITY OF HAGERSTOWN**

TABLE OF CONTENTS

ANNEXATION BY HEAVENS HEIGHTS HOMES, LLC

- Petition for Annexation
 - Attachments to Petition
 - Exhibit 1: Annexation Plat
 - Exhibit 2: Metes and Bounds Description

**PETITION FOR ANNEXATION OF
12.08 acres, Southern Boulevard, Hagerstown, Maryland 21740
INTO THE CITY OF HAGERSTOWN**

PURSUANT to §4-402 and §4-404 of the Local Government Article of the Annotated Code of Maryland as amended, the undersigned, **Heavens Heights Homes, LLC a Maryland limited liability company**, (the "Petitioner") does hereby petition and request, subject to the terms and conditions stated herein, that the City of Hagerstown, Maryland, a Maryland municipal corporation (the "City") through its governing body, the Mayor and City Council, enlarge the corporate boundaries of the City of Hagerstown by annexing and including therein +/- 12.08 acres of real property located on the north side of Southern Boulevard and shown as Parcel: 1207 on Tax Map 49 (the "Property"), together with all of the improvements, rights-of-ways, privileges and appurtenances thereunto belonging.

The Property is shown and described as the "Lands of Heavens Heights Homes, LLC" on the plat entitled "Annexation of Heavens Heights Homes, LLC" prepared by Frederick, Seibert & Associates, Inc. dated November 28, 2023, which is attached hereto and incorporated herein as **Exhibit #1**, and more particularly described by the metes and bounds legal description attached hereto and incorporated herein as **Exhibit #2**, which shall be appended to the current legal description of the City of Hagerstown.

The Property is contiguous and adjoining to the existing corporate limits of the City of Hagerstown (MD Code, Local Govt. §4-401(b)(1); and this annexation will not create any unincorporated area which is bounded on all sides by (i) real property presently within the corporate limits of the City, (ii) real property proposed to be within the corporate limits of the City as a result of the proposed annexation, or (iii) any combination of such properties. (MD Code, Local Govt. §4-401(b)(2)(i-iii).

There are no residents living in the area to be annexed; and the Petitioner is the owner of at least twenty-five percent (25%) of the assessed valuation of the real property located in the area to be annexed. (MD Code, Local Govt. §4-404(a).

The specific conditions upon which this Petition is submitted are as follows:

1. Petitioner shall pay the costs of all public notices and advertisements, all survey costs, and engineering costs necessary to effectuate the purpose of this Petition.
2. The Property shall be added to the corporate boundaries of the City of Hagerstown and the Property and any persons now or hereafter residing on the Property shall be generally subject to the provisions of the Charter of the City, the Code of the City of Hagerstown, including those related to the installation and connection to existing utilities, facilities and municipal services, except as may be set forth to the contrary in this Petition.
3. Extension of sanitary sewer, water and storm drain lines, streets, curbs, gutters, and all other public improvements, not currently existing, which may be required by the City to be installed, constructed and maintained as part of the development or re-development of the property, shall be at the expense of the then owner(s) or developer(s) of the Property requesting same and shall be at no cost to the City.

4. The Property shall be zoned by the City, as of the effective date of the Annexation Resolution, RMOD-(Residential Moderate-Density).
5. Pursuant to Maryland Code, Local Govt. §4-416, express approval of the zoning Classification by the Washington County Board of County Commissioners shall not be required because RMOD does not permit development of the Property for land-uses substantially different or at a substantially higher density than could be granted in accordance with the current RS (Residential Suburban) Washington County zoning classification.
6. Upon verifying that the requirements of Maryland Code, Local Govt. §4-104 have been compiled with, the presiding officer of the City's legislative body shall promptly cause to be introduced a resolution proposing to enlarge the City of Hagerstown's corporate boundaries and to establish the zoning classification of the Property pursuant to the terms and conditions of this Petition.
7. In addition to, but not as part of the resolution proposing to enlarge the City of Hagerstown's corporate boundaries, an annexation plan shall be prepared by City staff and presented to the City and at least thirty (30) days before the public hearing on this annexation, a copy of the annexation plan shall be provided to (i) the Board of County Commissioners for Washington County, Maryland, (ii) the Department of Planning; and (iii) any regional or State planning agency with jurisdiction in Washington County, as Required under Local Govt. §4-415.
8. Petitioners agree that neither the receipt of this Petition nor the presentment of a Resolution to the Mayor and Council by the City is to be considered a waiver of any provisions of the Annotated Code of Maryland, or the common law thereof.
9. Petitioners further agree that the final determination as to whether or not the City shall enlarge its corporate boundaries as requested herein lies exclusively within the discretion of the legislative body.
10. All conditions of annexation shall be either specifically provided for herein or shall be Mutually agreed upon in the Resolution adopting this annexation.
11. The Petitioner reserves the right to withdraw this Petition and to terminate any agreement contained herein, if the conditions of annexation specified herein are materially changed to the Petitioner's detriment, as determined in the sole and absolute discretion of the Petitioner.

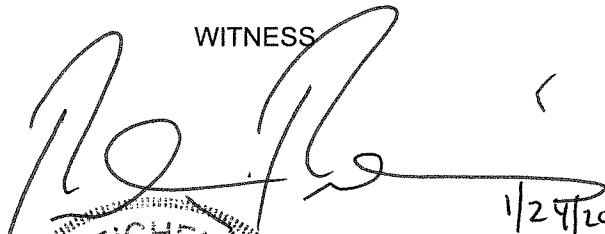
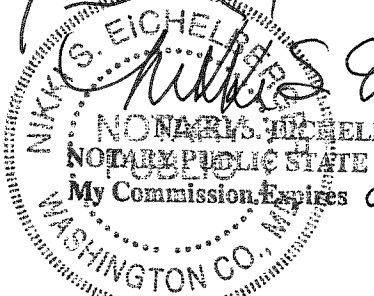
The assessed valuation of the property requested to be annexed is as shown on the Maryland Department of Assessments and Taxation information sheet(s) attached hereto as Exhibit #3.

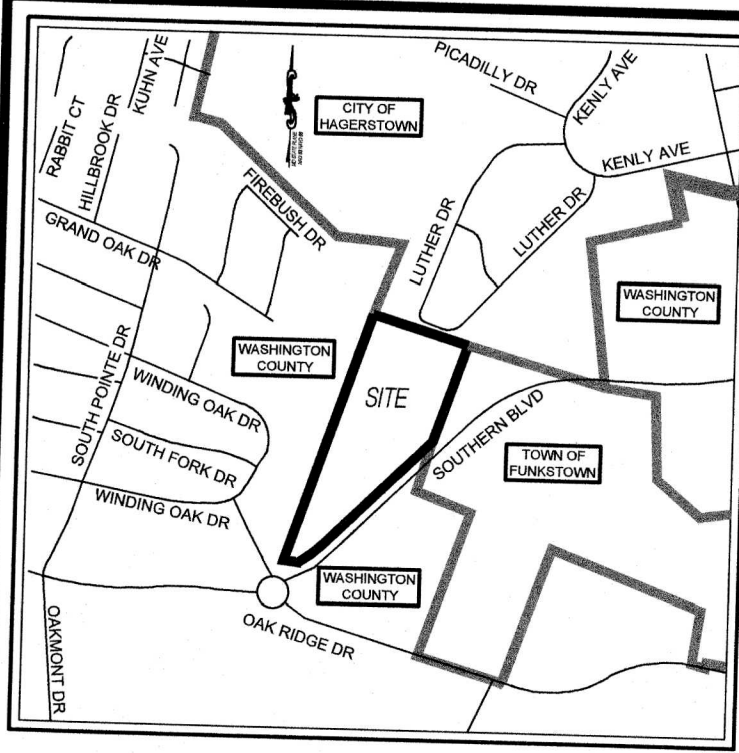
WITNESS

PETITIONER
Heaven Heights Homes, LLC
a Maryland limited liability company

By:  (SEAL)
Emad Hassan

1/24/2024


1/24/2024

NIKKY S. EICHELBERGER
NOTARY PUBLIC STATE OF MARYLAND
My Commission Expires 9/15/2024
WASHINGTON CO., MD



VICINITY MAP
SCALE 1"=1000'

- General Notes**
- Coordinates and rotation based on FSA Control Point #502 (An iron pin & cap located North West Margin of the traffic circle at E Oak Ridge Drive and Southern Blvd, in front of The Meadows Original Frozen Custard) Established by opus having horizontal coordinates X:1109085.54, Y:709243.36.
 - The current owners of record are Heavens Heights Homes LLC.
 - The current County Zoning Classification for this parcel is RS - Residential, Suburban
 - The proposed City Zoning Classification for this parcel is RMOD (Residential Moderate Density).
 - This plat does not represent any property line subdivision at this time.
 - Annexation Case Number A-2023-04
 - Annexation Resolution was adopted by the Mayor & Council on XXXX. Annexation became effective on XXXX.

LANDS OF HEAVENS HEIGHTS HOMES LLC TO BE ANNEXED: 12.08 ACRES

Land Surveyor's Certification
I hereby certify that the plat shown hereon is a true and correct survey to the accuracy required by the Hagerstown Planning Commission and that the monuments have been placed as shown hereon to the specifications of the Hagerstown Subdivision Ordinance. This plat was prepared by and supported by field surveys done by me or by my responsible charge all with requirements set forth by COMAR 09.13.06.12.

Date: Nov. 29, 2023

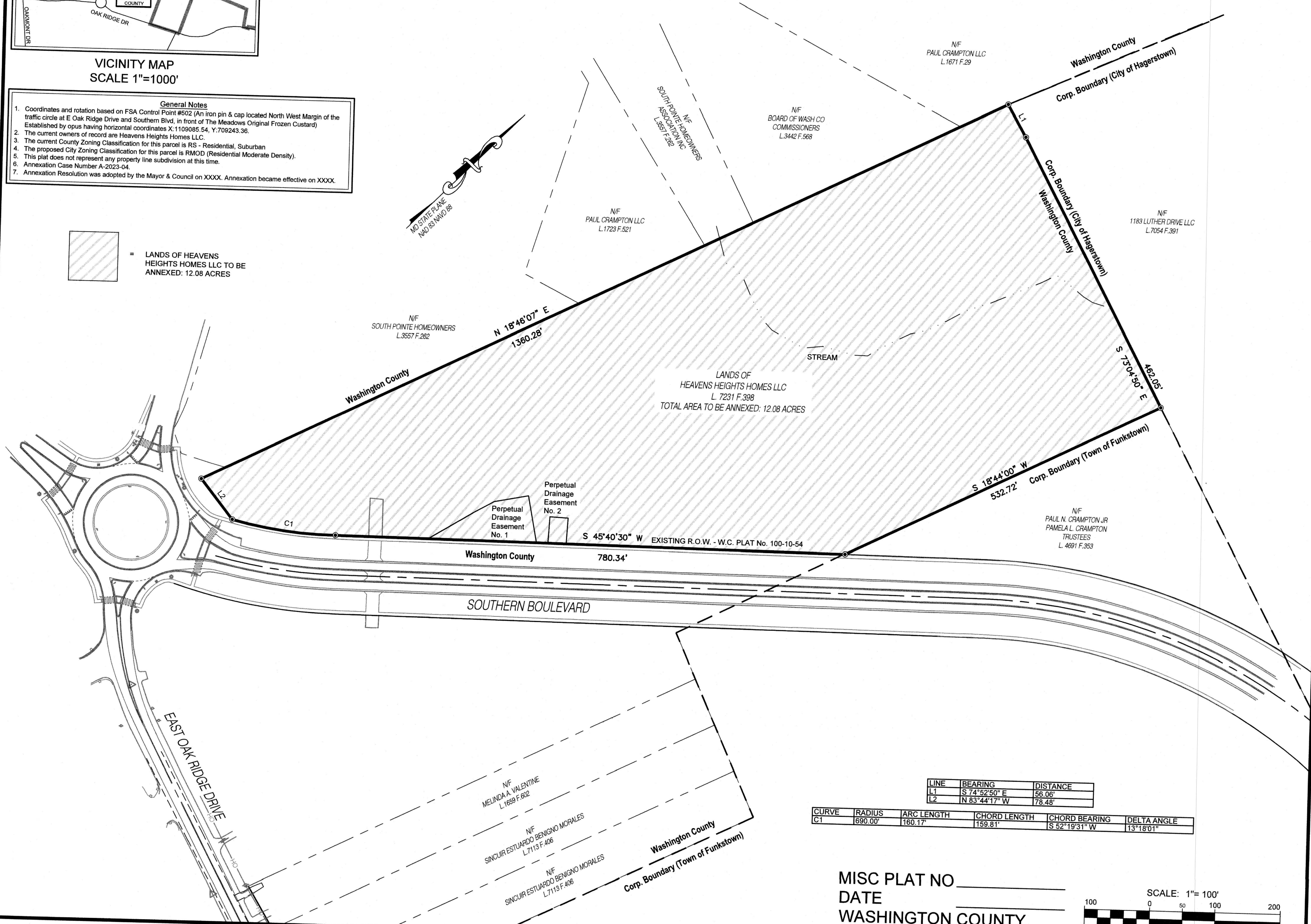
Professional Land Surveyor

Mayor's Certificate
I hereby certify that the intent of this annexation plat is to incorporate these parcel into the corporate limits of the City of Hagerstown. The legal owners of record is Heavens Heights Homes LLC. The undersigned adopted Resolution No. _____ on _____ Heavens Heights Homes LLC consented to the Annexation of its parcel, which consent is evidenced in Exhibit _____ attached to the Resolution"

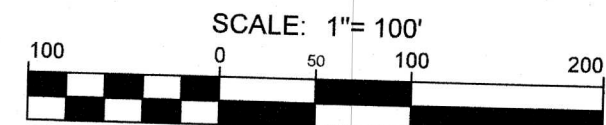
Date: _____

Tekesha A. Martinez
Mayor, City of Hagerstown

Professional Certification:
I hereby certify that these documents were prepared or approved by me, and that I am a duly licensed professional under the laws of the State of MARYLAND License # 10731
Expiration Date 01-16-2024



MISC PLAT NO _____
DATE _____
WASHINGTON COUNTY



Annexation Plat-Lands of Heavens Heights Homes LLC
Washington County - L.7231, F.398

TAX MAP: 49 - PARCEL: 1207
HAGERSTOWN MARYLAND, 21740
WASHINGTON COUNTY

PROJECT NO. 7862
DWN BY MTJ DATE 11-28-2023
PROJECT MANAGER: FFrederick
EMAIL: FFrederick@fsa-inc.com
PROPERTY INFORMATION
0049-0023-0034
SCALE 1" = 100'

ANNEXATION PLAT
LANDS OF HEAVENS HEIGHTS HOMES LLC TO BE ANNEXED INTO THE CITY OF HAGERSTOWN, MD

FSA
FREDERICK SEIBERT & ASSOCIATES, INC.
CIVIL ENGINEERS • SURVEYORS • LANDSCAPE ARCHITECTS • LAND PLANNERS

128 SOUTH POTOMAC STREET
HAGERSTOWN, MD 21740
301.931.8600

506 SOUTH HANOVER STREET
CARLSLE, PA 17013
717.701.8111

15 EAST MAIN STREET
NEW BOWFIELD, PA 17058
717.275.7351

© 2023
fsa-inc.com

November 29, 2023

Description of lands of Heavens Heights Homes LLC (Liber 7239, folio 398) to be annexed into the City of Hagerstown.

Situate along the North side of Southern Boulevard just east of its intersection with the roundabout with East Oak Ridge Drive, in Election District Number 10, Washington County, Maryland and being more particularly described in accordance with a survey dated June 2023 by Frederick, Seibert and Associates, Inc. as follows:

Beginning at an iron pin and cap located along the Northern right of way line of Southern Boulevard, said right of way line being at the roundabout intersection of Southern Boulevard with East Oak Ridge Drive and being further shown on Washington County right of way plat 100-10-54, thence leaving said right of way and running along the Eastern boundary of lands now or formerly of South Pointe Homeowners Association (Liber 3557, folio 262) and also along other lands of Paul Crampton LLC and the Board of Washington County Commissioners (Liber 3442, folio 568) N 18° 46' 07" E 1360.28 feet to a corner fence post, thence along lands now or formerly of 1183 Luther Drive LLC (Liber 7054, folio 391) S 74° 52' 50" E 56.06 feet to a recovered iron pin, thence along the same S 73° 04' 50" E 462.05 feet to a punch hole in a rock, thence along lands now or formerly of Paul N. Crampton, Jr. and Pamela L. Crampton, Trustees (Liber 4691, folio 353) S 18° 44' 00" W 532.72 feet to an iron pin set on the northern right of way line of Southern Boulevard, thence running with said right of way line of Southern Boulevard per Washington County Plat Number 100-10-54 S 45° 40' 30" W 780.34 feet to a point, thence with a curve to the right having a radius of 690.00 feet an arc length of 160.17 feet and a chord bearing and distance of S 52° 19' 31" W 159.81 feet to an iron pin and cap set, thence N 83° 44' 17" W 78.48 feet to the place of beginning;

Containing, 12.08 acres of land, more or less;

Said lands are subject to any conditions, restrictions, easements, or rights of way of record and applicable thereto.

Said lands being all of the same lands as conveyed by Carroll E. Stottlemeyer, Shannon M. Malott, April D. Weaver and Betty A. Stottlemeyer, by Richard E. Scott, her Attorney in Fact, to Heavens Heights Homes LLC by deed dated April 18, 2023, and recorded at Liber 7231, folio 398 among the Land Records of Washington County, Maryland.

FMF/nse

Verification

I HEARBY CERTIFY that I have verified the signatures contained on the Petition for annexation dated ____ day of _____, 2024, for the property described and shown in said Petition of Annexation which is attached hereto; and I do hereby certify that they are true and correct signature of said persons and I further certify, pursuant to Maryland Code, Local Government §4-404 that the Petition in fact is signed by the owners of not less than twenty-five (25%) of the assessed valuation of the real property located in the area proposed to be annexed and who are registered voters in the Washington County Election District in which the area to be annexed is located.

The assessed valuation of the real property referred to herein as of January 1, 2022, is

**ONE HUNDRED TWENTY FOUR THOUSAND AND SEVEN HUNDRED DOLLARS
(\$124,700).**

WITNESS my hand and seal this ____ day of _____, 2024.

Donna Spickler, City Clerk

Tekesha Martinez, Mayor

City of Hagerstown, Maryland

Annexation Case No. A-2023-04

Property Owners: Heavens Heights Homes, LLC

Applicant: Heavens Heights Homes, LLC

Location of Property: Situated at the Northside of Southern Blvd (Tax Map 49 Grid 23 Parcel 1207)

Annexation Plan

Pursuant to the Annotated Code of Maryland, Local Government Article, Section 4-415, herewith is a proposed outline for extension of services and public facilities into the areas proposed to be annexed.

It is also noted that any future amendments to the Annexation Plan may not be construed in any way as an amendment to the resolution, nor may they serve in any manner to cause a re-initiation of the annexation procedure then in process.

I. Land Use Patterns of Areas Proposed to be Annexed

- A. The area of annexation is approximately +/- 12.08 acres.
- B. The proposed zoning is RMOD (Residential-Moderate Density). The purpose of the RMOD Zoning District is to provide locations for moderate density residential uses including single family, duplex, and semi-detached dwellings.
The property is designated as Medium Density on the City's Future Land Use Map which identifies RMOD, RMED (Residential-Medium Density), or RO (Residential-Office) as compatible zoning districts.
The RMOD zoning classification proposed for this site allows uses permitted in the County's current zoning of RS (Residential Suburban).
- C. It is within the City's Medium Range Growth Area, an area intended for new or expanded water and wastewater service based on development potential, as defined in the City's 2018 Comprehensive Plan, visionHagerstown 2035.
- D. It is within the County's Urban Growth Boundary and the State's designated Priority Funding Area.

II. Availability of Land Needed for Public Facilities

- A. The uses of the annexation area will be residential in nature and the tract is within the Washington County Public Schools (WCPS) system's school attendance boundaries for Emma K. Doub Elementary School, E. Russell Hicks Middle School, and South Hagerstown High School. Per the September 2023 enrollment report from WCPS, Emma K. Doub Elementary School was over capacity by 73 students, E. Russell Hicks Middle School was under by 14 students, and South Hagerstown High School was over by 286 students. Per the WCPS FY 2023 Facilities Master Plan and the County's FY 2023 Capital Improvement budget, there are plans for a replacement elementary school in the system with local funding planned for FY 2025-2027. The WCPS planner anticipates that the proposed development would severely impact the existing schools ability to accommodate the additional students. Development of the annexation area will generate revenues for the County which could be earmarked for school capacity enhancement funding from excise tax on all building permits and from real property tax payments on all new homes.
- B. The uses of the annexation area will be residential in nature and residents resulting from development of the land would be served by the Washington County Free Library. The central library in Downtown Hagerstown was expanded in 2011-2013 to better serve our community.

III. Schedule and Method of Financing the Extension of Each Municipal Service Currently Performed Within the City of Hagerstown into the Area Proposed to be Annexed

- A. The area of annexation is not currently served by Utilities. The property will be served by extension of City Water and Wastewater lines as part of development following annexation. Sufficient capacity exists to serve the property.
- B. Extension of sanitary sewer, water and storm drain lines, streets, curbs, gutters and all other public improvements, not currently existing, which may be required by the City to be installed constructed and maintained as part of the development or re-development of the area of annexation, shall be that the expense of the then owner(s) or developer(s) of the area of annexation requesting same, and shall be at no cost to the City.

- C. The Electric Distribution System is external to the Hagerstown Light Department electric utility operating territory. Electric utility service is provided by the Potomac Edison Company of First Energy.
- D. The property will be served by existing emergency medical services provided by Meritus Medical Center, Community Rescue Service, Inc., and the City of Hagerstown Fire Department.
- E. The area proposed for annexation fronts Southern Boulevard. This annexation does not include the right-of-way of Southern Boulevard so no change to current ownership or service is proposed. Any public roads constructed in the future within the area of annexation will be completed at the direction of the City Engineer at the developer's expense and constructed per the City's Public Ways Construction Standards by the developer.
- F. Parks and recreation facility expansion are not proposed for this annexation.
- G. Police protection will be provided by the Hagerstown Police Department. Fire protection will be provided by the Hagerstown Fire Department.
- H. Maintenance (i.e. snow removal, mowing of right-of-way, litter removal) of Southern Boulevard is performed by Washington County. Any public roads constructed in the future within the area of annexation will be maintained by the City Public Works Department.
- I. All future persons within the area proposed to be annexed shall obtain or be entitled to existing benefits of the City of Hagerstown. They shall also be required to pay for all applicable utility services, charges, assessments, taxes, and other costs and expenses which are required of the residents of the City of Hagerstown, unless alternative arrangements are provided for the Annexation Resolution.

RESOLUTION NO. A-2023-04

RESOLUTION OF THE COUNCIL OF THE CITY OF HAGERSTOWN TO ENLARGE THE CORPORATE BOUNDARIES AND THEREBY AMEND THE CORPORATE BOUNDARIES AS CONTAINED IN SECTION 104 OF ARTICLE 1 OF THE CHARTER OF THE CITY OF HAGERSTOWN, MARYLAND AND AT THE SAME TIME ESTABLISH THE ZONING CLASSIFICATION OF THE AREA TO BE ANNEXED.

RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF HAGERSTOWN, adopted pursuant to the authority of Article XI-E of the Constitution of Maryland and MD Code, Local Government §4-401, et seq., to enlarge the corporate boundaries of the CITY OF HAGERSTOWN, a municipal corporation existing under and by virtue of the Laws of the State of Maryland, by adding or annexing to said corporate boundaries areas immediately adjacent and adjoining the present corporate boundary thereof, and to be popularly known as the "*Heavens Heights Homes, LLC Annexation, Case No. A-2023-04.*"

WHEREAS, the City of Hagerstown, pursuant to its rights and authority under the Local Government Article §4-404 of the Annotated Code of Maryland, may annex into the City additional lands in accordance with the requirements set forth therein; and

WHEREAS, the proposal to enlarge the corporate boundaries of the City of Hagerstown by adding or annexing thereto the below described areas which are immediately adjacent to and adjoining the present corporate boundaries thereof, as contained in the Petition for Annexation of +/- 12.08 acres Southern Boulevard into the City of Hagerstown, submitted to this legislative body on December 8, 2023, by Heavens Heights Homes, LLC, and signed by the requisite number of persons as prescribed and set forth in MD Code, Local Government §4-404(a), as residents, registered voters, and/or owners of the realty contained within the area to be annexed; the Petition being incorporated herein by reference as if set forth herein and made a part hereof; and

WHEREAS, all other necessary documents have been introduced, and will be made available for public viewing, and made available for discussion at the public hearing to held on March 26, 2024; and

WHEREAS, the Mayor, who is the presiding officer of the legislative body, has caused to be made a verification of the signatures on said Petition, and has ascertained that the requirements of MD Code, Local Government §4-404(b) have been met; and

WHEREAS, the Petition for Annexation meets all requirements of the law, and pursuant to MD Code, Local Government §4-406(d), the Annexation shall be referred to the appropriate State, Regional and County planning authorities; and

WHEREAS, in accordance with City practice in processing annexations, the proposed zoning of the area to be annexed to the corporate limits was referred to the Planning Commission for the City of Hagerstown, which said Commission has studied the proposed zoning of the tracts described herein in relation to the Comprehensive Plan, the Zoning Ordinance, and all other applicable ordinances, the needs of the City and County, and the needs of the particular neighborhoods and vicinities of the areas, and have approved the same and that the rezoning of said tract of land is proper and desirable under all the circumstances and should be accomplished at this time;

NOW THEREFORE, BE IT RESOLVED, by the Mayor and Council of the City of Hagerstown, that the boundaries of the City, pursuant to the provisions of MD Code, Local Government §4-401, et seq., be and the same are hereby amended and enlarged so as to annex and include within said City all that certain area of land contiguous to the corporate limits of the City and being more particularly shown and described as the “Lands of Heavens Heights Homes, LLC” on the survey plat entitled “Annexation Plat – Lands of Heavens Heights Homes, LLC Washington County – L.7321, F. 398” prepared by Frederick Seibert & Associates, dated November 28, 2023, which is attached hereto and incorporated herein as Exhibit 1, and more particularly described by the metes and bounds description attached hereto and incorporated herein as Exhibit 2.

AND BE IT FURTHER RESOLVED, that the subject property to be annexed shall have zoning classification of RMOD (Moderate Density Residential) upon annexation, as more depicted on the Zoning Exhibit attached hereto and incorporated herein as Exhibit 3.

AND BE IT FURTHER RESOLVED, that the conditions and circumstances applicable to the change in said corporate boundaries and to the residents and property within the area so annexed shall be subject to the provisions of the Charter of the City of Hagerstown, the Code of the City of Hagerstown, and all acts, ordinances, resolutions, and policies.

AND BE IT FURTHER RESOLVED, that this Resolution shall become effective at the end of forty-five (45) days following its final enactment, unless a proper petition for referendum hereon shall be filed.

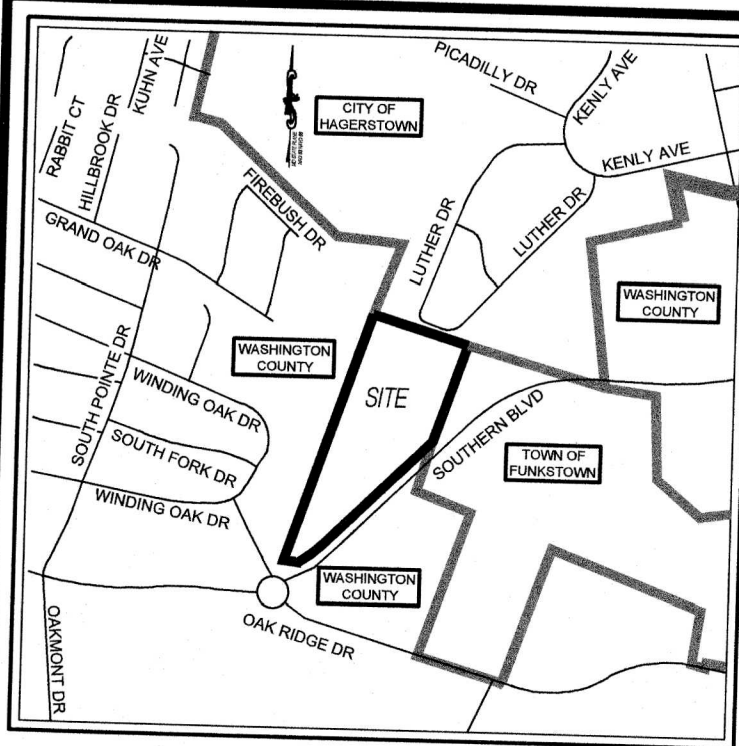
WITNESS AND ATTEST AS TO CORPORATE
SEAL

BY THE MAYOR AND THE CITY COUNCIL OF
HAGERSTOWN, MARYLAND

Donna K. Spickler
City Clerk


Tekesha Martinez
Mayor

Date Introduced: February 27, 2024
Public Hearing Date: April 23, 2024
Date of Passage: May 28, 2024
Effective Date: July 12, 2024



VICINITY MAP
SCALE 1"=1000'

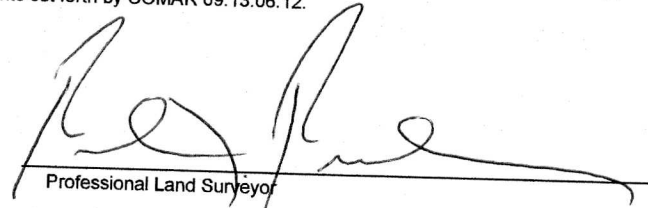
- General Notes**
- Coordinates and rotation based on FSA Control Point #502 (An iron pin & cap located North West Margin of the traffic circle at E Oak Ridge Drive and Southern Blvd, in front of The Meadows Original Frozen Custard) Established by opus having horizontal coordinates X:1109085.54, Y:709243.36.
 - The current owners of record are Heavens Heights Homes LLC.
 - The current County Zoning Classification for this parcel is RS - Residential, Suburban
 - The proposed City Zoning Classification for this parcel is RMOD (Residential Moderate Density).
 - This plat does not represent any property line subdivision at this time.
 - Annexation Case Number A-2023-04
 - Annexation Resolution was adopted by the Mayor & Council on XXXX. Annexation became effective on XXXX.

 = LANDS OF HEAVENS HEIGHTS HOMES LLC TO BE ANNEXED: 12.08 ACRES

Land Surveyor's Certification

I hereby certify that the plat shown hereon is a true and correct survey to the accuracy required by the Hagerstown Planning Commission and that the monuments have been placed as shown hereon to the specifications of the Hagerstown Subdivision Ordinance. This plat was prepared by and supported by field surveys done by me or by my responsible charge all with requirements set forth by COMAR 09.13.06.12.

Date: Nov. 29, 2023


Professional Land Surveyor

Mayor's Certificate

I hereby certify that the intent of this annexation plat is to incorporate these parcel into the corporate limits of the City of Hagerstown. The legal owners of record is Heavens Heights Homes LLC. The undersigned adopted Resolution No. _____ on _____ Heavens Heights Homes LLC consented to the Annexation of its parcel, which consent is evidenced in Exhibit _____ attached to the Resolution"

Date: _____

Tekesha A. Martinez
Mayor, City of Hagerstown

STATE OF MARYLAND
FREDERICK MARK FREDERICK
PROFESSIONAL LAND SURVEYOR
LS 10731
11-29-23

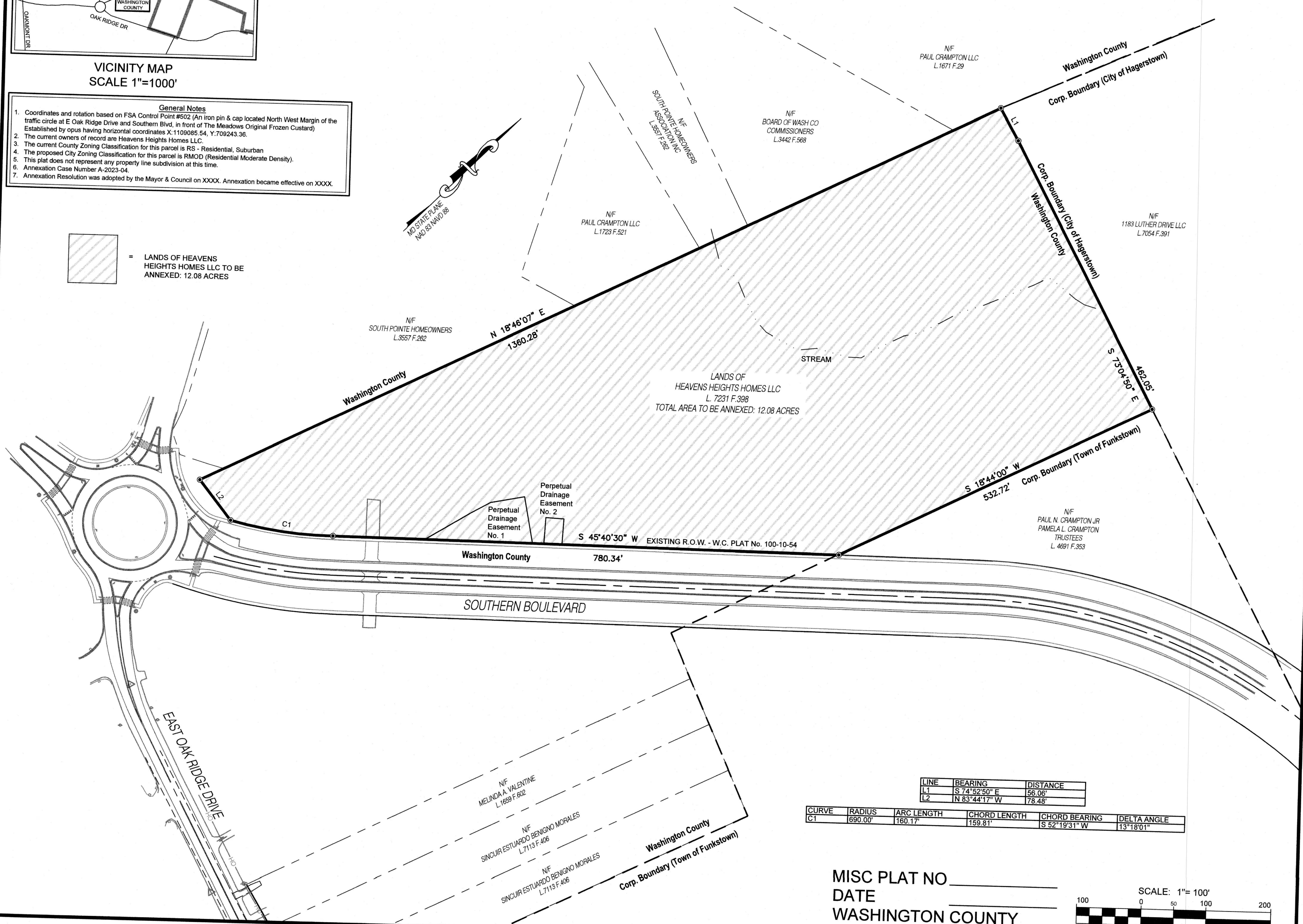
Professional Certification:
I hereby certify that these documents were prepared or approved by me, and that I am a duly licensed professional under the laws of the State of MARYLAND. License # 10731
Expiration Date 01-16-2024

isa-inc.com
© 2023
FREDERICK SEIBERT & ASSOCIATES, INC.
CIVIL ENGINEERS • SURVEYORS • LANDSCAPE ARCHITECTS • LAND PLANNERS

15 EAST MAIN STREET
NEWBOMFIELD, PA 17058
717.276.7331

606 SOUTH HANOVER STREET
CARLSLE, PA 17013
717.701.8111

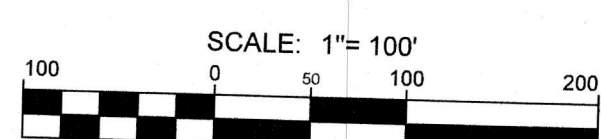
20 WEST BALTIMORE STREET
HAGERSTOWN, MD 21740
301.931.3600



LINE	BEARING	DISTANCE
L1	S 74°52'50" E	56.06'
L2	N 83°44'17" W	78.48'

CURVE	RADIUS	ARC LENGTH	CHORD LENGTH	CHORD BEARING	DELTA ANGLE
C1	690.00'	160.17'	159.81'	S 52°19'31" W	13°18'01"

MISC PLAT NO _____
DATE _____
WASHINGTON COUNTY



Annexation Plat-Lands of Heavens Heights Homes LLC
Washington County - L.7231, F.398

TAX MAP: 49 - PARCEL: 1207
HAGERSTOWN MARYLAND, 21740
WASHINGTON COUNTY

PROJECT NO. 7862

DWN BY MTJ DATE 11-28-2023

PROJECT MANAGER: FFrederick
EMAIL: FFrederick@fisa-inc.com

PROPERTY INFORMATION
0049-0023-0034

SCALE 1" = 100'

SHEET TITLE
ANNEXATION PLAT
LANDS OF HEAVENS HEIGHTS HOMES LLC TO BE ANNEXED INTO THE CITY OF HAGERSTOWN, MD

SHEET 01 OF 01

November 29, 2023

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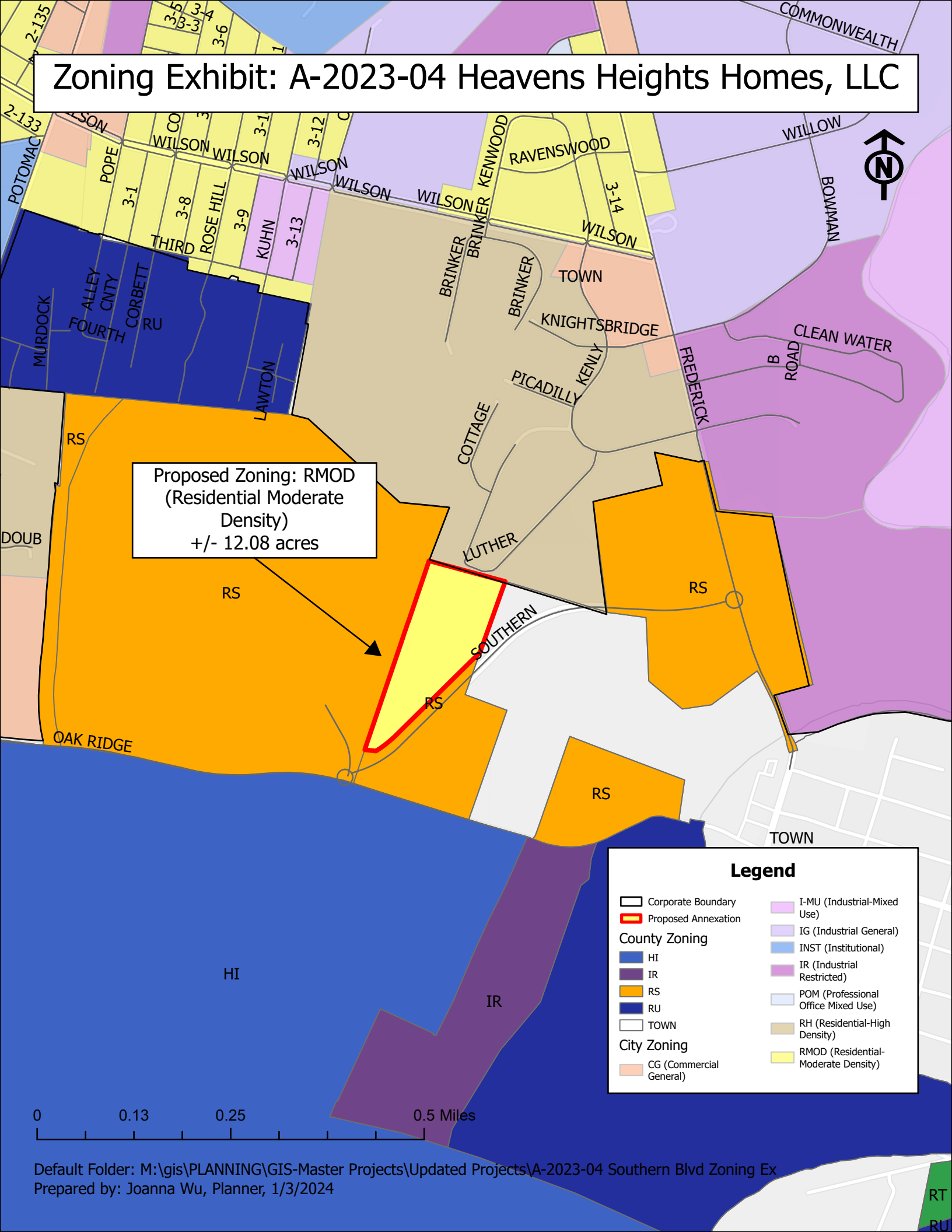
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FMF/nse

Zoning Exhibit: A-2023-04 Heavens Heights Homes, LLC



**REQUIRED MOTION
MAYOR AND CITY COUNCIL
HAGERSTOWN, MARYLAND**

Topic:

Circuit Court Location - *Councilmember Peter E. Perini, Sr.*

Mayor and City Council Action Required:

Discussion:

Financial Impact:

Recommendation:

Motion:

Action Dates:

**REQUIRED MOTION
MAYOR AND CITY COUNCIL
HAGERSTOWN, MARYLAND**

Topic:

Transient Housing Update – *Paul Fulk, Neighborhood Services Manager and Emily McFarland, Neighborhood Services Programs Coordinator II*

Mayor and City Council Action Required:

Discussion:

Financial Impact:

Recommendation:

Motion:

Action Dates:

ATTACHMENTS:

File Name

M_CC_Packet_Transient_Housing_Update_2_14_2024.pdf

Description

Transient Housing Update



CITY OF HAGERSTOWN, MARYLAND

Planning and Code Administration Department

MEMORANDUM

TO: Scott Nicewarner, City Administrator

FROM: Paul W. Fulk, Neighborhood Services Manager *P*
Emily McFarland, Neighborhood Services Programs Coordinator II *EM*

DATE: February 14, 2024

SUBJECT: Transient Housing Update

Staff from the Planning & Code Administration Department will be present at the February 20th Mayor and City Council meeting to provide an update on the Transient Housing Licensing Program, Chapter 230 which became effective on July 21, 2023.

Summary of Inspections

The Planning & Code Administration Department sent initial applications to all thirteen hotels in August of 2023 to collect contact information for the transient housing facilities along with a form seeking an inspection of the property. The hotel property owner or representative was asked to provide three dates the hotel would be available for a joint inspection during September and October.

Code Administration along with the Fire Marshal's Office performed the required joint inspections at eleven of the thirteen hotels during September and October. One hotel was inspected in November and the other was performed in January. Accumulatively, there were 2,297 code violations identified during the joint inspections. 64% of the rooms inspected were vacant during the inspection, 22% were occupied by transient guests, and 13% were occupied by residents at the hotels.

Licensing of Transient Housing Hotels

The joint inspections were performed to determine the tier status of each hotel as required by the ordinance. There are two tiers for the transient housing hotel license. A Tier 1 hotel is required to have less than 0.50 code violations per room during the initial year of the application and a Tier 2 is above 0.50 code violations per room.

Applications for the 2024 license year were mailed on December 1, 2023 with the tier determination based on the joint inspections performed prior to the mailing. If a hotel did not

schedule an inspection with the Department prior to December 1st the hotel was deemed a tier 2 hotel.

There were 6 hotels qualifying as Tier 1 and 7 hotels as Tier 2. A Tier 2 hotel has a \$500 license fee.

Training

The ordinance requires hotel staff to obtain two trainings. The trainings are the Overdose Response Program Training provided by the Washington County Health Department and the other training is on how to identify human trafficking activities and human trafficking victims. The human trafficking training must be approved by the Maryland Governor's Office of Crime Prevention, Youth, and Victim Services and the Maryland Department of Labor. There are currently three trainings approved by the state for human trafficking. Each hotel is to provide written proof of completing the trainings. Staff are in the process of collecting this proof of completion.

Code Administration staff attended training provided by the Department of Homeland Security and the Maryland State's Attorney's Office in Frederick. The training was provided by the attorneys which assisted with drafting the state legislation regarding human trafficking and a homeland security agent for investigating human trafficking crimes for Western Maryland.

Recommendations

The inspections of hotels identified areas of the code that do not clearly identify items for correction. To improve communications with the code, amendments will need to be made to the property maintenance code, plumbing code, and mechanical code. The property maintenance code updates would address codes related to fire protection, smoke/carbon monoxide alarms, documentation of third party inspections, closing of unsafe transient housing units, and adding definitions. The updates to the plumbing and mechanical codes would clarify stop work orders for unpermitted work and the code appeal process.

Staff recommend requiring the transient housing license to be posted in the lobby of a transient housing facility. Hagerstown is expecting an increase in transient guests within the next few months with the completion of several projects such as the Field House and Multi-Use Sports and Events Facility. The posting of the license would allow guests at the time of check-in to know the condition of a hotel related to maintenance.

Next Steps

Staff would present at a work session next month on the recommended changes to Chapter 64 (Property Maintenance, Plumbing and Mechanical Codes) and changes to the Transient Housing Ordinance, Chapter 230, regarding the posting of licenses. The changes would be introduced at the March 26th Regular Session.

Attachments:

Exhibit 1: HPD Total Calls for Service at Transient Housing Facilities

- c: City Attorney
Kathleen Maher, Director of Planning and Code Administration
John DiBacco, Fire Chief
Paul Kifer, Police Chief
Dale Fishack, Fire Marshal



Hagerstown Police Department

50 N. Burhans Blvd., Hagerstown, MD 21740

Criminal Intelligence



(U) Statistics Request

Total Calls for Service				
Location	Name	2021	2022	2023
89 All Star Ct	Fairfield Inn & Suites	1	13	24
900 Dual Hwy	Econolodge	158	123	108
920 Dual Hwy	Quality Inn & Suites	87	77	69
931 Dual Hwy	Garden Plaza Hotel	214	176	167
1101 Dual Hwy	Days Inn	107	108	80
1220 Dual Hwy	Super 8	157	135	113
1716 Dual Hwy	Hampton Inn	29	31	41
1801 Dual Hwy	Comfort Suites	34	26	31
1650 Pullman Ln	Homewood Suites	40	27	21
1661 Pullman Ln	Home2 Suites	36	30	19
17270 Valley Mall Rd	Courtyard	11	23	67
17280 Valley Mall Rd	Springhill Suites	14	17	9
50 Summit Ave	Dagmar	99	86	50

Created: 02/13/2024
Analyst: T. Mateo-Dotson

**REQUIRED MOTION
MAYOR AND CITY COUNCIL
HAGERSTOWN, MARYLAND**

Topic:

Hagerstown Field House - Lease Agreement - *Jim Bender, City Engineer*

Mayor and City Council Action Required:

Discussion:

Financial Impact:

Recommendation:

Motion:

Action Dates:

ATTACHMENTS:

File Name

Field_House_Lease_memo_Feb_16__24.pdf

Description

Field House Lease
Agreement



CITY OF HAGERSTOWN, MARYLAND

Engineering Department

February 20, 2024

TO: Scott Nicewarner, City Administrator

FROM: Jim Bender, City Engineer Jim

RE: Hagerstown Field House – Lease Agreement

1. Background:

Over the past twelve months, staff and the City Attorney have negotiated a lease agreement with Eastern Sports Management (ESM) for the operation of the Field House, using initial guidance and parameters set by the City Council. There have been a number of iterations of the agreement, but staff feel that the current version (attached) protects the interests of the City while being fair to ESM and their business plan.

2. Council Action Requested:

Review the attached information and the draft lease agreement, and determine whether or not to approve execution of the lease. If the Council is in agreement, a resolution approving the lease agreement will be presented at the regular session meeting on February 27th. Staff will be present at the work session to discuss.

3. Discussion:

The full agreement is attached for your review; the bullet points below highlight the major points of the lease.

- Lease Term: the term will be twenty (20) years, starting from Completion of Construction.
- Rent: ESM will pay the City \$1 per year in basic rent, and will pay Additional Rent consisting of any property taxes (or Payment in Lieu of Taxes).
- Revenue Sharing: ESM will pay the City fifty percent (50%) of the net operating income for each year of the lease.
- Minimum Payment to the City: the agreement commits ESM to pay to the City a minimum of \$350,000 per year - if Basic Rent, Additional Rent, Amusement and Admission taxes, and Revenue Sharing are less than \$350,000.00, ESM will pay the difference to the City; over the 20-year term of the lease, this represents a \$7 million commitment by ESM.

- Capital Reserve account: ESM shall create and fund a capital reserve account for items that are ESM's responsibility to maintain; those items are identified on Exhibit G of the agreement and ESM's guaranteed annual funding amounts are set forth on Exhibit H. ESM must coordinate with the City on large expenditures from this account.
- Naming Rights: ESM shall have the naming rights for the building, pending City approval; however, any net proceeds from the sale of building naming rights shall be placed in the Capital Reserve account and this amount is in addition to ESM's guaranteed annual funding. ESM will hold the naming rights for individual spaces or rooms within the building, and any proceeds from the sale of those rights shall be placed in the Capital Reserve account as part of its guaranteed annual funding of Capital Reserves.
- City responsibilities for operation and maintenance: the City will be responsible for the maintenance of the structural parts of the building, including the foundations, walls, roof, windows, etc. The City will also be responsible for maintaining the building's HVAC system, elevator, sprinkler system, paved parking lots, and stormwater management facilities.
- ESM responsibilities for operation and maintenance: ESM will be responsible for normal maintenance of the items within the building, including flooring, carpet, bathrooms, and trash removal. In addition, ESM will be responsible for snow removal and lawn/landscaping maintenance.
- Furniture, Fixtures, and Equipment replacement: Exhibit G in the agreement lists the various equipment and fixtures in the building, and identifies whether the City or ESM will be responsible for their replacement. The main items that the City will be responsible for are the sports flooring, basketball backstops, volleyball standards, divider curtains, glass sport wall panels, sport wall panels, netting, dasher boards, artificial turf, and the exhaust hood in the kitchen. ESM will be responsible for the remaining items on the FF&E schedule.

Staff feels that the terms of the lease agreement are fair to both parties, and that the lease adequately protects the City's interests. Staff recommends approval of the lease agreement.

attachment: draft lease agreement

Cc: Michelle Hepburn
Eric Deike
Brooke Garver
John Wack

CITY OF HAGERSTOWN, MARYLAND

**A RESOLUTION AUTHORIZING THE CITY OF HAGERSTOWN
TO ENTER INTO A LEASE AGREEMENT WITH ESM HAGERSTOWN, LLC FOR
THE OPERATION AND MAINTENANCE OF THE HAGERSTOWN FIELD HOUSE
TO BE LOCATED AT 290 MEMORIAL BOULEVARD, HAGERSTOWN, MARYLAND**

RECITALS

WHEREAS, the City is constructing the Hagerstown Field House, consisting of approximately 117,000 square feet of indoor sports and entertainment facilities located on the Municipal Stadium site;

WHEREAS, in April of 2021, the City issued a Request for Qualifications for the design, construction, operations, and maintenance of an indoor turf facility (RFQ 21-ITF-07) and the City selected ESM, the parent company of ESM Hagerstown, LLC as the successful firm under the RFQ;

WHEREAS, ESM formed ESM Hagerstown, LLC for the purposes of operating and maintaining the Hagerstown Field House; and

WHEREAS, the Mayor and Council have determined that it is in the best interest of the City and citizenry to enter into this Lease.

NOW THEREFORE, BE IT RESOLVED, by the Mayor and Council of the City of Hagerstown, Maryland as its duly constituted legislative body as follows:

1. That the foregoing recitals are incorporated herein as if fully set forth.
2. That the City of Hagerstown be and is hereby authorized to enter into a Lease with ESM Hagerstown, LLC for the operation and maintenance of the Hagerstown Field House to be located at 290 Memorial Boulevard, Hagerstown, Maryland, pursuant to the terms of the Lease attached hereto and incorporated herein by reference.
3. That the City of Hagerstown be and is hereby authorized to execute and deliver the Lease attached hereto, and to execute any additional documentation required to effectuate the purposes of this Resolution.

BE IT FURTHER RESOLVED, that this Resolution shall become effective immediately upon its approval.

WITNESS AND ATTEST
AS TO CORPORATE SEAL

MAYOR AND COUNCIL OF THE CITY
OF HAGERSTOWN, MARYLAND

Donna K. Spickler, City Clerk

By: _____
Tekesha Martinez Mayor

Date of Introduction: February 27, 2024
Date of Passage: February 27, 2024
Effective Date: February 27, 2024

PREPARED BY:
SALVATORE & MORTON, LLC
CITY ATTORNEYS

LEASE
BETWEEN
CITY OF HAGERSTOWN, MARYLAND, a municipal corporation, as landlord

(City)

AND
ESM HAGERSTOWN, LLC, a Virginia limited liability company, as tenant

(Tenant)

Operation and Maintenance of the HAGERSTOWN FIELD HOUSE

February 1, 2024

TABLE OF CONTENTS

	Page
Article I DEFINITIONS AND RULES OF CONSTRUCTION	4
I.1 Definitions	4
I.2 Rules of Construction	7
Article II REPRESENTATIONS	7
II.1 Representations by the City	7
II.2 Representations by Tenant	7
Article III LEASE OF THE IMPROVEMENTS	8
III.1 Lease of the Leased Premises	8
III.2 Use, Operation and Compliance with Laws	8
Article IV LEASE TERM AND RENT PROVISIONS	9
IV.1 Term of Lease; Delay	9
IV.2 Payment of Rental Payments	9
IV.3 Revenue Sharing	10
IV.4 Minimum Payment Commitment of Tenant	10
IV.5 Capital Reserves	10
IV.6 Reports	10
IV.7 Indemnification	10
Article V OPERATION AND MAINTENANCE; INSURANCE	11
V.1 City Services	11
V.2 Operation, Maintenance, and Modifications by Tenant	11
V.3 Sponsorship, Exclusive Use, Use Restrictions and Signage	12
V.4 Alcohol	12
V.5 Taxes, Other Governmental Charges, and Utility Charges	12
V.6 Additional Rights of the Tenant	13
V.7 Tenant's Liability and Property Insurance	13
V.8 Advances by the City	13
V.9 Liens	13
V.10 Subletting and Assigning	13
V.11 Estoppel Certificates	14
V.12 Subordination	14
V.13 Personal Property Taxes	15

V.14 Real Property Taxes	15
Article VI DAMAGE, DESTRUCTION, OR CONDEMNATION	15
VI.1 City Not Obligated	15
VI.2 No Abatement of Rent	15
VI.3 Partial Damage or Destruction	15
VI.4 Complete Damage or Destruction	15
VI.5 Damage Near End of Term	16
VI.6 Effective Date of Termination; Rent Apportionment	16
Article VII SPECIAL COVENANTS	16
VII.1 Tenant's Right to Possession	16
VII.2 Quiet Enjoyment	16
VII.3 Environmental Matters	16
Article VIII EVENTS OF DEFAULT; REMEDIES	17
VIII.1 Default by Tenant	17
VIII.2 Default by City	18
VIII.3 Remedies in the Event of Tenant's Default	18
VIII.4 Remedies in the Event of City's Default	18
VIII.5 Election of Remedies	19
Article IX MISCELLANEOUS	19
IX.1 Successors and Assigns	19
IX.2 Severability and Construction	19
IX.3 Time of Essence	19
IX.4 Governing Law	19
IX.5 Counterparts	19
IX.6 Notices	19
IX.7 Entire Agreement	20
IX.8 Excused Delay and Force Majeure	20
IX.9 Captions	20
IX.10 Amendments	20
IX.11 Venue	21
IX.12 Memorandum of Lease	21
IX.13 Calculation of Time Periods	21
IX.14 Employment of Unauthorized Workers	21
IX.15 Independent Contractors	21

IX.16 Conflict of Interest	21
IX.17 Nondiscrimination	22

Exhibit A	–	Leased Premises
Exhibit B	–	Memorandum of Lease
Exhibit C	–	Business Plan and Pro Forma
Exhibit D	–	Pre-Opening Budget
Exhibit E	–	Floor Plan
Exhibit F	–	Insurance Requirements
Exhibit G	–	Tenant FF&E Replacement Responsibilities
Exhibit H	–	Capital Reserve Account Contributions

LEASE

THIS LEASE (this "Lease") is made this ____ day of February, 2024 ("Effective Date"), between the City of Hagerstown, a municipal corporation and political subdivision of the State of Maryland (the "City"), as landlord, and ESM Hagerstown, LLC, a Virginia limited liability company registered as a foreign company and in good standing with the State of Maryland ("Tenant"), as tenant.

RECITALS

A. Eastern Sports Management, LLC, the holding company of Tenant ("ESM"), submitted a solicited proposal under the City's RFQ-21-ITF-07, "Request for Qualifications (RFQ): Design, Construction, Operation, and Maintenance of an Indoor Turf Facility in the City of Hagerstown Maryland". The City accepted and approved ESM's proposal.

B. Tenant desires to lease from the City and the City desires to lease to Tenant the Leased Premises (as defined herein) under the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and permises contained in this Lease, and intending to be legally bound, the City and Tenant agree as follows:

Article I

DEFINITIONS AND RULES OF CONSTRUCTION

I.1 Definitions. The following words and terms have the following meanings in this Lease unless the context clearly requires otherwise:

"Activation Expenses" means all expenses incurred by Tenant or the City in the execution of all contracts for sponsorship, advertising, or naming rights within or on the exterior of the Leased Premises, whether the contract is executed by the City or Tenant, and whether the expense is a capital or operating expense.

"Additional Rent" means the Additional Rent that is payable pursuant to Section 4.2.

"Architect" means Hughes Group Architects, its successors and permitted assigns.

"Basic Rent" means the Basic Rent that is payable pursuant to Section 4.2.

"Building" means the indoor sports and event center consisting of approximately 117,156 square feet of finished space.

"City" means City of Hagerstown, Maryland.

"Code" means the Maryland Code.

"Commencement Date" means the date that is ten (10) days after the date of the Completion of Construction.

"Council" means the City Council of the City.

“Eligible Operating Expenses” means expenses incurred by Tenant in connection with the operation, promotion, maintenance, and management of the Leased Premises, expressly including but not limited to the following: (i) payroll, benefits, and related costs for employees of Tenant; (ii) costs of operating supplies, including general office supplies; (iii) advertising, marketing, group sales and public relations costs; (iv) janitorial and cleaning expenses; (v) repairs and maintenance of plumbing and electrical; (vi) security and security systems; (vii) telephone, wi-fi, fiber-optic cables and internet; (viii) computer, software, hardware, and training; (ix) accounting and audit fees; (x) insurance costs as required in this Lease or necessary in the business judgment of Tenant including but not limited to property, casualty, “all-risk” and workers compensation; (xi) permits and licenses to operate the Leased Premises as an indoor athletic facility, tournament and event center; (xii) commissions to third-party operators for food, beverage and merchandise concessions or costs of food and beverage products related to tournament and events center operations; (xiii) commissions paid to third-party operators of leagues, tournaments, camps, and clinics managed by Tenant; (xiv) interest and principal payments on financing obtained by Tenant to fund the Pre-Opening Budget Expense (as defined below); (xv) contributions to the Capital Reserve Account; (xvi) Cost of Goods Sold (the “COGS”) related to tournament programming, merchandise, food and beverage, event operations, and sponsorships and fixed costs generated by the operation of the Leased Premises; (xvii) any taxes paid by Tenant related to its business operations or tenancy in the Leased Premises; (xviii) ESM Management Fees (as defined below) paid by Tenant to ESM; (xix) marketing expenses; (xx) any utility expenses. Eligible Operating Expenses shall not include bad debt or depreciation.

“ESM” means Eastern Sports Management, LLC, a Virginia limited liability company, the holding company of Tenant.

“ESM Management Fee” means the monthly fee paid by Tenant, at Tenant’s sole cost and expense, to ESM, for and in consideration of ESM’s financial and business support to Tenant. The initial amount of this fee is 9% of gross revenue for the first 12 months of the Lease Term; 7.5% of gross revenue for the second 12 months of the Lease Term; and 6% of gross revenue thereafter. Payment of any such ESM Management Fee does not impact Tenant’s obligations to City in Section 4.4.

“Governmental Authority” means any governmental or quasi-governmental entity, including any court, department, commission, board, bureau, agency, administration, service, district or other instrumentality of any governmental entity.

“Improvements” means the Building, as well as on-site parking spaces, including but not limited to equipment, personal property, fixtures and supplies.

“Internal Revenue Code” means the Internal Revenue Code of 1986, as amended.

“Lease” means this Lease between the City and Tenant, as it may be modified, altered, amended, and supplemented.

“Lease Term” means the duration of the leasehold estate created by this Lease as specified in Section 4.1.

“Leased Premises” means the Building and the Improvements as reflected on Exhibit A and Exhibit E, the **“Floor Plan”**.

“Net Operating Income” means that Total Revenue, less the Eligible Operating Expenses.

“Permitted Encumbrances” means (i) TDZ bonds, either currently in existence or which may be issued by the City; (ii) liens for ad valorem taxes and special assessments not then delinquent; (iii) liens or taxes and assessments which are delinquent but the validity of which is being contested in good faith and with respect to which Tenant has set aside adequate reserves for payment, unless, as a result of the lien, the Leased Premises or the interest of the City in it may be in danger of being lost or forfeited; (iv) mechanics’ and materialmen’s liens incident to the maintenance of the Leased Premises which are being contested in good faith and have not proceeded to judgment, provided Tenant has set aside adequate reserves for payment, unless, as a result of the lien, the Leased Premises or the interest of the City in it may be in danger of being lost or forfeited; (v) restrictions and easements, rights of way, exceptions or reservations for the purpose of utilities (including but not limited to water and gas pipelines, sanitary and storm sewers, telephone lines, telegraph lines, power lines, substations and other facilities and equipment used in connection with such utilities), roads, streets, alleys, highways, railroads, dikes, canals, laterals, ditches, and other like purposes; and (vi) present or future zoning ordinances and regulations.

“Plans & Specifications” means the architectural plans and specifications prepared by the Architect.

“Pre-Opening Budget Expenses” means the expenses incurred by Tenant prior to the Commencement Date as set forth in Section 4.1 for the following: pre-opening wages for Tenant’s employees; pre-opening management fees for ESM; pre-opening marketing; working capital; temporary space expenses such as rent, electricity, and telecommunication charges; travel, meals, and lodging for ESM employees in support of pre-opening; legal expenses; design and third-party consulting fees including any market studies or other market due-diligence; interest carry on any financed amounts of the Pre-Opening Budget Expenses; any and all other closing expenses related to Tenant’s financing of the Pre-Opening Budget including points, brokers fees, and legal fees, as set forth on Exhibit D. Not all expenses listed on the Pre-Opening Budget Expenses shall be deductible as Eligible Operating Expenses.

“Rental Payments” mean the sum of the Basic Rent and the Additional Rent set forth in Section 4.2.

“State” means the State of Maryland.

“Total Revenue” means any and all revenue that the Leased Premises generates through programs and operations, including but not limited to rent, dues, registration fees, service fees, rental fees, usage fees, event sponsorships, naming rights, sales commissions, food and beverage sales, merchandise sales, governmental aid and assistance, grant funding, and other miscellaneous revenues.

I.2 Rules of Construction. Except where the context otherwise requires, (i) singular words connote the plural number as well as the singular and vice versa, and (ii) pronouns inferring

the masculine gender include the feminine and neuter genders, and vice versa. All references to particular articles or sections are references to articles or sections of this Lease unless otherwise indicated. The headings and Table of Contents in this Lease are solely for convenience of reference and do not constitute a part of this Lease or affect its meaning, construction, or effect.

Article II REPRESENTATIONS

II.1 Representations by the City. The City makes the following representations as the basis for its undertakings under this Lease:

- (a) The City is a political subdivision of the State.
- (b) This Lease is authorized by the affirmative vote of a majority of the members of the Council present at a meeting at which a quorum was present and acting throughout.
- (c) The City is fee simple owner of the Real Estate.
- (d) The City is authorized to enter into and to carry out its obligations under this Lease.
- (e) The execution, delivery, and compliance by the City with this Lease will not conflict with or constitute or result in a default under or violation of any indenture, mortgage, deed of trust, lien, lease, contract, note, order, judgment, decree, or other agreement, instrument, or restriction of any kind to which the City or any of its assets is subject.
- (f) No litigation, inquiry, or investigation of any kind in or by any judicial or administrative court or agency is pending or, to the City's knowledge, threatened against it with respect to its execution and delivery of this Lease.

II.2 Representations by Tenant. Tenant makes the following representations as the basis for its undertakings under this Lease:

- (a) Tenant has the power to enter into and to perform its obligations under this Lease and by proper action has duly authorized the execution and delivery of this Lease.
- (b) No litigation, inquiry, or investigation of any kind or by any judicial or administrative court or agency is pending or, to Tenant's knowledge, threatened against it with respect to the execution and delivery of this Lease or operation of the Leased Premises.
- (c) Tenant is lawfully permitted to conduct business in the State and enter into this Lease as evidenced by the Maryland Certificate of Good Standing provided by Tenant to the City.
- (d) Tenant, through its association with ESM, has extensive knowledge and experience operating similar facilities for youth and amateur sports, identifying revenue opportunities, developing operations efficiencies, and improving the spectator and player experience.

Article III
LEASE OF THE IMPROVEMENTS

III.1 Lease of the Leased Premises. The City leases to Tenant, and Tenant leases from the City, the Leased Premises in accordance with the terms and conditions of this Lease. The City retains the right to use portions of the parking lot for City uses and community events in conformance with its historical use. The City shall coordinate all such uses and events with Tenant, whose consent shall not be unreasonably withheld. The City will not schedule any event such that it interferes with the normal revenue generating operations of Tenant.

III.2 Use, Operation and Compliance with Laws. Throughout the term of this Lease, Tenant or any successor permitted under this Lease shall be permitted to operate and maintain the Leased Premises solely as an indoor tournament, sports and event center, and for no other purpose, in compliance with this Lease and all applicable laws, rules, ordinances and regulations in any way affecting the Leased Premises. The City shall provide Tenant a copy of the final certificate of occupancy for the Improvements and Leased Premises. Tenant shall, at its own sole risk and expense, obtain and keep in force all other governmental licenses and permits necessary for its business use. Tenant or any successor permitted under this Lease and any and all subcontractors or assignees shall at all times comply with all federal, state, and City laws, statutes, regulations, requirements, codes, and ordinances applicable. Tenant shall have the right to contest in good faith the validity of any requirement of Governmental Authority by appropriate legal proceedings, unless such proceedings shall operate to cause the sale of the Real Estate or any part, or the placing of any lien thereon or the imposition of fines or other civil or criminal liability prior to the final determination of such proceedings.

Tenant shall manage and organize all aspects of the Leased Premises and its operation, including, but not limited to, the various recreational and athletic programs and competitive events for individuals and teams, including, but not limited to, leagues and tournaments for basketball, volleyball, field hockey, futsal (indoor soccer), tennis, gymnastics, cheer, dance, wrestling, grappling, track and field, future sports (i.e. pickleball), and other indoor sports and in general conformance with the Five-Year Business Plan and Pro Forma attached hereto and incorporated herein as Exhibit C. The Business Plan (as defined in Exhibit C attached hereto and referenced herein) may be modified from time to time as agreed upon by Tenant and the City. City acknowledges and confirms that such modifications or amendments to the Business Plan only require administrative approval by the City Administrator. If a conflict exists between this Lease and the Business Plan, the terms of this Lease shall control. The City acknowledges that Tenant has prepared the Business Plan based upon its current understanding of the industry, the market and its future plans. No independent public accountants have audited or compiled the various financial projections set forth in the Business Plan, and, accordingly, none express an opinion or any other form of assurance with respect to such projections. The projected financial information is Tenant's projection of possible future results and is dependent on many factors over which Tenant has no control. Neither Tenant nor any of its representatives makes any express or implied representation or warranty as to the attainability of these projections or the accuracy, completeness or reasonableness of the assumptions from which they are derived. The projections of Tenant's future performance are necessarily subject to a high degree of uncertainty and may vary materially from actual results. The City and Tenant shall meet at least once annually, within three months of the closing of Tenant's fiscal year, (the "Yearly Review") throughout the Term to review, revise

and modify the terms of the Business Plan based upon demand for the services offered and the costs associated with providing those services to the public, including but not limited to review of Capital Reserves (as defined in Section 4.5) and maintenance priorities. In addition to the Yearly Review, Tenant shall present to Mayor and Council at least annually.

When scheduling the fields and courts for use throughout each week, Tenant will schedule time for unstructured community access through payment of drop-in fees for pick up play as is common in all of Tenant's other sports facilities.

Article IV LEASE TERM AND RENT PROVISIONS

IV.1 Term of Lease; Delay. The Lease Term for the Leased Premises will commence on the Commencement Date, which shall occur no later than _____, 202_, and shall terminate on December 31 of the twentieth (20th) consecutive Lease Year, December 31, 204_ (the "Lease Term"). "Lease Year" shall mean a period of twelve (12) consecutive full calendar months from January 1 to December 31, except for the first Lease Year. The first Lease Year shall begin on the Commencement Date and shall conclude on December 31 of the following calendar year (December 31, 202_). If the Commencement Date is not the first day of a calendar month, or the final portion of the Lease Term is a partial calendar year, then the Rental Payments shall be adjusted and pro-rated accordingly.

Based upon suitable conditions and subject to agreement with its General Contractor, the City may allow Tenant to begin moving in its furniture, fixtures, and equipment prior to the Commencement Date. Any occupancy of the Leased Premises by Tenant prior to the Commencement Date shall be subject to this Lease (including, without limitation, insurance and indemnity).

IV.2 Payment of Rental Payments. Tenant shall pay to the City as rent under this Lease One Dollar (\$1.00) per Lease Year ("Basic Rent") payable on the Commencement Date and January 1 of each subsequent Lease Year. In addition, Tenant shall pay to the City any City property taxes and any sums paid under a Payment In Lieu of Taxes, which shall be collectively referred to as "Additional Rent." Additional Rent shall exclude any Admission and Amusement taxes and any Revenue Sharing (as defined below in 4.3) paid to the City. During the Lease Term, Tenant will pay absolutely the Rental Payments and all other payments required under this Lease, free of any or all deductions, diminutions, and set-offs.

IV.3 Revenue Sharing. In addition to the payment of Basic Rent and Additional Rent, Tenant shall pay to the City for the use and benefit of the Leased Premises, a sum equivalent to fifty percent (50%) of the Net Operating Income for each Lease Year, due and payable within thirty (30) days of the end of the Lease Year.

IV.4 Minimum Payment Commitment of Tenant. Tenant agrees that, in the event that the collective annual sum of Rent, Additional Rent, Admissions and Amusement Taxes, and Revenue Sharing do not exceed \$350,000, Tenant will pay the difference between \$350,000 and such collective annual sum within thirty (30) days of the Lease Year, provided such shortfall is not caused by a default of Landlord.

IV.5 Capital Reserves. Tenant shall create, fund, and maintain a Capital Reserves Account as separate account that shall be used for capital expenses that are the responsibility of the Tenant as set forth in Exhibit G, "Tenant's FF&E Replacement Responsibilities". Tenant shall obtain consent of the City for all expenditures made from this account greater than \$10,000. Tenant shall add funds to the Capital Reserves annually, as set forth in Projected Capital Reserve Account Contributions, which is attached hereto as Exhibit H. These contributions to the Capital Reserves are in addition to and independent of any funding Tenant receives from the sale of the naming rights for the Building. Tenant shall provide an annual report to the City, specifically its Director of Finance, setting forth in detail the funding added to the account and any and all expenditures made from the account.

IV.6 Reports. Tenant shall provide to the City, specifically its Director of Finance, on a monthly basis a financial statement generated by its Quickbooks or similar software covering all income and expenses related to the Leased Premises during the preceding month, and quarterly financial statements within ninety (90) days from the end of each calendar quarter, covering all income and expenses related to the Leased Premises during the preceding quarter which is prepared in accordance with generally accepted accounting principles by an independent certified public accountant that is approved by the City, such approval not to be unreasonably withheld. In addition, Tenant shall, within three (3) business days of the City's request, provide any additional information prepared by Tenant regarding the income and expenses related to the Leased Premises that the City reasonably determines is necessary or appropriate, and any other operating or financial information from Tenant regarding its operation of the Leased Premises. To the extent necessary, Tenant agrees to assist the City, as reasonably requested, in its compilation of the annual report and the production of documentation requested by the State during monitoring which the State may perform.

IV.7 Indemnification. Tenant, at all times, shall protect, indemnify, and save harmless the City and its elected and appointed officials, officers, employees, agents, and representatives (collectively, "Indemnitees") from and against all liabilities, obligations, claims, damages, penalties, fines, losses, costs, and expenses (including, without limitation, reasonable attorneys' fees) for all negligent acts or failure to act in connection with the Leased Premises, and the operation, maintenance, and preservation of the Leased Premises, including, without limitation: (i) all amounts paid in settlement of any litigation commenced or threatened against the Indemnitees, if such settlement is effected with the written consent of Tenant, such consent not to be unreasonably withheld; (ii) all expenses reasonably incurred in the investigation of, preparation for, or defense of any litigation, proceeding, or investigation of any nature whatsoever, commenced or threatened against Tenant, the Leased Premises, or the Indemnitees; (iii) the full amount of any judgments, orders, penalties, fines, damages, assessments, indemnities, or contributions; and (iv) the reasonable fees and expenses of attorneys, auditors, experts, and consultants, and other legal expenses.

The benefits of this Section shall not inure to any person other than the Indemnitees. Nothing in this Lease shall require Tenant to indemnify the Indemnitees for any (i) claim or liability resulting from the Indemnitees' gross negligence or willful or wrongful acts, or (ii) any liabilities, obligations, claims, damages, penalties, fines, losses, costs, and expenses resulting from Indemnitees' personal and non-governmental use of the Leased Premises.

Tenant expressly understands and agrees that any insurance coverages required by this Lease or otherwise provided by Tenant shall in no way limit Tenant's responsibility to indemnify, defend, save and hold harmless the City or its elected or appointed officials, officers, and employees as herein required. Tenant acknowledges that the City has no obligation to provide legal counsel or defense to Tenant, its employees or subcontractors in the event that a suit, claim or action of any character is brought by any person not a party to this Lease against Tenant. The City shall have no obligation for the payment of any judgments, or the settlement of any claims asserted against Tenant or its subcontractors or employees as a result of or relating to Tenant's obligations hereunder, provided such judgment or settlement is not due to an Event of Default by the City as contemplated in Section 8.2.

This Section 4.6 shall survive the expiration or termination of this Lease, regardless of (i) the reason for termination, (ii) which party terminates the Lease, or (iii) when this Lease expires or is terminated.

Article V OPERATION AND MAINTENANCE; INSURANCE

V.1 City Services. City shall maintain in good order, condition, repair and replacement: (a) the exterior structural walls, load-bearing walls, the outside face of the exterior walls, and all exterior windows and doors of the Building; (b) foundations and exterior roofs, including gutters and downspouts, of the Improvements; (c) the stormwater management facilities serving the Leased Premises; (d) electric, gas, water, and sewer facilities, as applicable, up to the meter (for electric, gas, and water) or the face of the curb (for sewer) with Tenant responsible from that point up to, and into, the Building; (e) HVAC, elevators, and sprinkler system and/or fire suppression system including any annual inspections of these systems and any fees related thereto; (f) re-striping and repaving the parking areas, (g) repair and replacement of parking lot light fixtures, and (h) pest control ("City Services"), except in the event any damage is caused by Tenant, its officers, agents, employees, contractors, or anyone else acting by or on behalf of Tenant. While Tenant shall repair and maintain flooring, including but not limited to basketball courts and turf fields (see Section V.2 below), City shall be responsible for replacement of said flooring. Except in an emergency, City shall use reasonable efforts to perform any repairs or maintenance during the non-peak business hours of Tenant and in such a manner so as not to materially interfere with the normal operation of Tenant's business. The City will not be required to make any repairs, renewals, or replacements of the Leased Premises of any nature whatsoever except as provided in this paragraph.

V.2 Operation, Maintenance, and Modifications by Tenant. During the Lease Term, Tenant will, at its own sole expense, operate and maintain the Leased Premises, in good repair, attractive appearance, and good operating condition (City Services as provided in Section 5.1 and normal wear and tear excepted), including the sidewalk on the Property, parking areas (including but not limited to trash removal and snow removal), bathrooms, carpets and flooring (including but not limited to basketball courts and turf fields), lawn and landscaping on the Property. Tenant shall operate and maintain the Leased Premises in accordance with the standard of care as set forth in the Business Plan and shall pay the cost of such operation and maintenance, including, but not limited to, water, light fixtures and bulbs, electricity, natural gas, repairs, interior security cameras, janitorial, dumpster service and trash removal, cleaning and caretaking services (excluding utility

installation and connection charges that the City will pay), and security all at Tenant's sole expense and without the right of reimbursement from the City. In addition, Tenant shall have any kitchen exhaust hood and related system cleaned professionally at least quarterly. Tenant shall use commercially reasonable efforts to prohibit Cannabis and tobacco use and smoking of any kind within the Building. Any contract for the maintenance of such systems shall be subject to the prior written consent of the City, which consent shall not be unreasonably withheld, conditioned or delayed. If Tenant fails to start any maintenance, repairs, or replacement within fifteen (15) calendar days after written notice by the City or to promptly complete such maintenance, repairs, or replacement, then the City may without first obtaining the prior written consent of Tenant, (i) provide such repairs, maintenance or replacement for the account of Tenant in which case the costs shall be added to and collected with the next monthly installment of the Rental Payments; and (ii) City may unilaterally instruct Tenant to release funds from the Capital Reserve Account to pay the costs of such repairs, maintenance or replacement. None of the repairs, maintenance or replacements paid for using funds from the Capital Reserve Account will be deducted as expenses when calculating Revenue Sharing.

V.3 Sponsorship, Exclusive Use, Use Restrictions and Signage. Tenant shall have the right to sell, license, and convey naming rights of the Building with City approval. Tenant will pursue any naming rights leads brought to it by the City. Tenant will contribute all net proceeds from any naming rights sale to the Capital Reserve Account. Tenant shall have the right to sell, license and convey naming and sponsorship rights within the Building and digital platforms for its events at the Leased Premises. Tenant shall not place or suffer to be placed or maintained on any exterior door, wall or window of the Leased Premises any sign or advertising matter or other thing of any kind, and shall not place or maintain any decoration, lettering or advertising matter on the glass of any window or door of the Leased Premises without first obtaining the prior written consent of the City, which consent shall not be unreasonably withheld, conditioned or delayed. Notwithstanding the City's consent, any signs installed by Tenant shall comply with all applicable laws and regulations. Tenant further agrees to maintain such signs, lettering, advertising matter or other thing as may be approved in good condition and repair at all times.

V.4 Alcohol. Tenant may routinely serve alcoholic beverages on the Leased Premises, pursuant to an on-premises license from the Board of License Commissioners ("Liquor Board"). The City, through its Mayor and Council, hereby grants Tenant, and any subtenants, express permission to serve alcoholic beverages on the Leased Premises for the Term. This express permission shall include any third-party vendor serving alcoholic beverages on the Leased Premises episodically, provided the vendor and/or Tenant complies with all requirements of the Liquor Board. Tenant shall not sell for purchase any Adult-Use Cannabis, as defined by Maryland law, and shall use commercially reasonable efforts to prohibit consumption of Adult-Use Cannabis, in any form, and cannabis generally in or on the Leased Premises.

V.5 Taxes, Other Governmental Charges, and Utility Charges. Tenant shall pay when due all taxes and governmental charges, including state or local government neighborhood surcharges or taxes, of any kind whatsoever lawfully assessed, levied, or imposed against the City or Tenant with respect to the Leased Premises or any machinery, equipment, or other property installed in or on, or brought by Tenant to, the Leased Premises. Tenant shall pay when due all utility and other charges incurred in the operation, maintenance, use, and occupancy of the Leased

Premises, and all assessments and charges lawfully made by any governmental body for public improvements to the Leased Premises.

V.6 Additional Rights of the Tenant. Tenant may from time-to-time, in its discretion and at its sole expense, install machinery, equipment, and furnishings at the Leased Premises. All machinery, equipment, and furnishings installed by Tenant will remain the property of Tenant and the City will not have any interest in them. Tenant shall promptly pay all contractors and materialmen in full to avoid the possibility of any lien being asserted against the Leased Premises and if any such lien is asserted or filed, Tenant shall take all action that is necessary to have such lien released within thirty (30) calendar days after Tenant receives notice. Tenant shall not make or cause to be made any alterations, additions, or improvements or install or cause to be installed any trade fixtures or equipment, floor covering, interior or exterior lighting, plumbing fixtures, or make any changes to the Leased Premises without the prior written consent and approval of the City, which approval and consent shall not be unreasonably withheld, conditioned or delayed. Tenant shall present to the City plans and specifications for such work at the time such approval and consent is sought. The City, in its sole discretion, may request additional information from Tenant about any proposed work, which Tenant shall promptly provide to the City. Tenant's contractor and any subcontractor shall be subject to the City's prior written approval. The City may, in its sole discretion, condition its approval on the contractor's or subcontractor's evidencing to the City that it maintains liability and other insurance in an amount satisfactory to the City.

V.7 Tenant's Liability and Property Insurance. During the Term of this Lease, Tenant and all subtenants and assignees shall satisfy City's Insurance Requirements as set forth on Exhibit F attached hereto and incorporated herein by reference, at Tenant's sole cost. Notwithstanding the foregoing, nothing herein shall be construed to preclude Tenant from obtaining and maintaining additional coverages in amounts determined reasonably necessary by Tenant to protect its interest or the interest of the City.

V.8 Advances by the City. If Tenant fails to make any payment or perform any act required of it under this Lease, the City, without prior notice to or demand upon Tenant and without waiving or releasing any obligation or default, may (but will be under no obligation to) make the payment or perform the act. All amounts paid by the City and all costs, fees, and expenses incurred by the City shall be promptly payable by Tenant.

V.9 Liens. Tenant shall have no right, authority, or power to bind the City, or any interest of the City in the Real Estate, nor to render the Real Estate liable for any lien or right of lien for the payment of any claim for labor, material, or any charge or expense incurred to construct, maintain, repair, or to make alterations, additions, and improvements to the Leased Premises and/or the Real Estate.

V.10 Subletting and Assigning. Tenant may assign this Lease at any time during the Term, with prior written notice provided to the City, to an affiliate or other entity owned or controlled by ESM or owned and controlled by John M. Wack, Jr., provided that said entity can meet all terms of this Lease, including but not limited to, the provision of liability insurance. Any other assignment will require the prior written consent of City, which consent shall not be unreasonably withheld, conditioned, or delayed. Tenant shall not dissolve or alter the corporate structure of Tenant except as permitted herein, or sublease all or any part of the Leased Premises,

without first obtaining the written consent of the City, which consent shall not be unreasonably withheld, conditioned, or delayed. Any assignment, transfer, encumbrance, or sublease without the City's prior written consent shall be void ab initio and, in City's sole discretion and election, shall constitute a default. In the event of any assignment, transfer, or subletting with the City's prior written consent, Tenant shall remain liable to the City for full performance and payment of all of the obligations of Tenant under this Lease. Tenant shall give the City an executed assumption agreement in a form subject to City's prior written approval whereby the transferee or assignee shall (i) assume Tenant's duties under this Lease from and after such assumption or transfer, and (ii) pay and perform all obligations, covenants, and conditions of Tenant under this Lease. Tenant shall promptly forward a complete and signed copy of such permitted assignment, transfer, or sublease to the City. No such assignment, transfer, or subletting shall constitute a novation or a release of any claim the City may then or thereafter have against Tenant.

V.11 Estoppel Certificates. Upon request by the City on or after the Commencement Date, Tenant shall deliver within ten (10) days of a request therefor in recordable form to the City or to any prospective mortgagee of the Leased Premises, a written statement(s) setting forth the commencement and termination dates of this Lease and certifying that (i) this Lease is or is not in full force and effect; (ii) Tenant has or has not accepted the Leased Premises; (iii) Tenant is or is not in full and complete possession of the Leased Premises; (iv) this Lease has not been changed, modified, or amended, or if it has, stating the specific changes, modifications, or amendments; (v) as of the date of the certification, Tenant has not paid rent, or stating the amount of rent paid; and (vi) there are no defaults under this Lease nor defenses or offsets, or if there are any such defaults, defenses, or offsets, stating the specific defaults, defenses, or offsets claimed by Tenant. Failure by Tenant to timely execute and deliver such certificate shall constitute an acknowledgment by Tenant that the statements included therein are true and correct without exception.

Upon request by Tenant, the City shall deliver in recordable form to Tenant, a written statement(s) setting forth the commencement and termination dates of this Lease and certifying that (i) this Lease is or is not in full force and effect; (ii) Tenant has or has not accepted the Leased Premises; (iii) Tenant is or is not in full and complete possession of the Leased Premises; (iv) this Lease has not been changed, modified, or amended, or if it has, stating the specific changes, modifications, or amendments; (v) the Improvements to the Leased Premises to be made by Tenant are fully complete, or stating specifically any failure to complete such Improvements; (vi) as of the date of the certification, Tenant has not paid rent, or stating the amount of rent paid; and (vii) there are no defaults under this Lease nor defenses or offsets, or if there are any such defaults, defenses, or offsets, stating the specific defaults, defenses, or offsets claimed by the City. City and Tenant intend that any statement delivered pursuant to this Section 5.13 may be relied upon by any prospective purchaser, subtenant or mortgagee of the Leased Premises or of any interest therein or any other designee.

V.12 Subordination. Upon the City's request and on or after the Commencement Date, Tenant shall subordinate its rights under this Lease to the lien of any mortgage or deed of trust or any other lien resulting from any other method of financing or refinancing against the Real Estate and the Improvements of which the Leased Premises are a part or against any buildings placed upon the Real Estate on which the Leased Premises are situated and to all advances made or to be made thereunder; provided, however, that Tenant shall not be required to so subordinate its rights unless the beneficiary agrees in writing not to disturb the tenancy of Tenant so long as Tenant is

not in default under this Lease. Tenant shall execute all documents necessary to effect such subordination.

V.13 Personal Property Taxes. To the extent applicable, Tenant shall timely pay all taxes assessed against Tenant's personal property and all improvements to the Leased Premises.

V.14 Real Property Taxes. To the extent applicable, Tenant shall timely pay all real property taxes assessed against the Real Estate and all improvements located upon Leased Premises or any payments required under a potential PILOT agreement pending a determination from the State Department of Assessment and Taxation that the business activity is tax-exempt for real estate.

Article VI

DAMAGE, DESTRUCTION, OR CONDEMNATION

VI.1 City Not Obligated. Except as otherwise provided herein, under no circumstances shall the City be obligated to make any payment, disbursement, or contribution towards or on account of the cost of repair or restoration of the Leased Premises in the event of any damage, destruction, or loss of any part of the Leased Premises during the Lease Term.

VI.2 No Abatement of Rent. Damage, destruction, condemnation, or loss of title to the Leased Premises shall in no way (i) annul or void this Lease, (ii) give rise to an abatement of Rental Payments or any other amounts payable under this Lease, or (iii) release Tenant from its obligations under this Lease.

VI.3 Partial Damage or Destruction. On or after the Commencement Date, if no more than twenty-five percent (25%) of the Leased Premises is partially destroyed from any cause, excluding Tenant's (or any of Tenant's employees', officers', agents', or contractors') negligence or willful misconduct, and such damage or destruction renders the Leased Premises partially inaccessible or unusable, the City shall promptly commence and diligently complete restoration of the Leased Premises to substantially the same condition as they were in immediately before the destruction and Tenant shall deliver to the City as much of any insurance proceeds as may be necessary to perform such repair as may reasonably be requested by the City. In the event that the City fails to restore the Leased Premises, as the case may be, within the one hundred eighty (180) day timeframe provided herein, Tenant shall have right to terminate this Lease upon ten (10) days' written notice to the City.

VI.4 Complete Damage or Destruction. On or after the Commencement Date, if twenty-five percent (25%) or more of the Leased Premises is destroyed from any cause, excluding Tenant's (or any of Tenant's employees', officers', agents', or contractors') negligence or willful misconduct, such damage shall be deemed a complete destruction for purposes of this Lease. In such event, the City shall, within sixty (60) days after the date of the casualty, commence its reconstruction and Tenant shall deliver to the City as much of any insurance proceeds as may be necessary to perform such repair as may reasonably be requested by the City. The City and Tenant shall each have the right to terminate this Lease upon thirty (30) days' written notice to the other party of City's commercially reasonable determination that the period for reconstruction will exceed two hundred seventy (270) days from the date of the casualty.

VI.5 Damage Near End of Term. Notwithstanding any other provision of this Article VI to the contrary, if any portion of the Leased Premises is destroyed or damaged by a casualty during the last twenty-four (24) months of the Term, and such damage or destruction renders twenty-five percent (25%) or more of the Leased Premises partially inaccessible or unusable for Tenant's use, the City and Tenant shall each have the option to terminate this Lease by giving ten (10) days' written notice to the other party within thirty (30) days of the date of the casualty.

VI.6 Effective Date of Termination; Rent Apportionment. If the City or Tenant elects to terminate this Lease under this Article VI in connection with a casualty, Tenant shall pay Rental Payments properly apportioned up to the date of the casualty. After the effective date of the termination, the City and Tenant shall be discharged of all future obligations under this Lease, except for those provisions that, by their terms, survive the expiration or earlier termination of this Lease.

Article VII SPECIAL COVENANTS

VII.1 Tenant's Right to Possession. Except as otherwise provided in this Lease, Tenant will be in sole possession of the Leased Premises during the Lease Term, subject to Permitted Encumbrances. Tenant shall permit the City, or its employees or agents to enter the Leased Premises to (a) inspect the Leased Premises, (b) make such alterations, maintenance, or repairs therein as may be required under this Lease or pursuant to any law, (c) show the Leased Premises to prospective purchasers or mortgagees, (d) serve or post all notices required by law or permitted by this Lease, or (e) conduct any other reasonable City related business. The City shall exercise its rights under this Section at such times and in such a manner as to minimize the impact of any interference with Tenant's business in and occupancy of the Leased Premises. If the City makes an emergency entry into the Leased Premises when no authorized representative of Tenant is present, the City shall provide notice to Tenant as soon as reasonably possible after that entry and shall take reasonable steps to secure the Leased Premises until a representative of Tenant arrives at the Leased Premises.

VII.2 Quiet Enjoyment. Tenant will have quiet and peaceful possession of the Leased Premises. The Leased Premises will remain free from encumbrances, other than Permitted Encumbrances, done, made, or knowingly suffered by the City.

VII.3 Environmental Matters. Tenant shall, at Tenant's sole cost and expense, comply with all applicable federal, state, and local environmental laws, statutes, rules, regulations, decisions, codes, orders, directives, requirements, and ordinances ("Environmental Laws") (including, without limitation, regulations regarding financial responsibility for, removal of, technical compliance of, and releases from, underground storage tanks) in effect during the Lease Term, except for any conditions attributed to persons other than Tenant or Tenant's agents, employees, licensees, contractors, affiliates, successors, or assigns. Without limiting the foregoing, if the presence of any Hazardous Material on the Real Estate caused or permitted by Tenant results in any contamination of the Real Estate, Tenant shall promptly take all actions, at its sole expense, as are necessary to remediate the Real Estate in accordance with Environmental Laws and, upon expiration or termination of this Lease, as necessary for redevelopment of the Real Estate; provided that the City's approval of such actions shall first be obtained in writing, which approval shall not

be unreasonably withheld or delayed so long as such actions would not potentially have any adverse, long-term or short-term effect on the Real Estate. Tenant does not assume responsibility under this Section 7.3, however, for any release of Hazardous Material at, in, on or migrating from the Real Estate that is the result of activities and operations of any person other than Tenant or Tenant's agents, employees, contractors, licensees, affiliates, successors, or assigns.

Tenant shall immediately notify the City of any of the following: (i) any correspondence or communication from any federal, state, City, or Governmental Authority regarding the application of Environmental Laws to the Real Estate or Tenant's operation of the Leased Premises; (ii) any correspondence, communication, or notification as are required by either the Federal or State Emergency Planning and Community Right to Know Acts; (iii) any change in Tenant's operations on the Real Estate that will change or has the potential to change Tenant's obligations or liabilities under the Environmental Laws; and/or (iv) releases, discharges, or spills in any form, of any and all Hazardous Material in violation of the Environmental Laws.

"Hazardous Material" means any substance, material, or waste which is toxic, ignitable, reactive, or corrosive, and which is or becomes regulated by any City or state Governmental Authority or the United States Government. "Hazardous Material" includes, without limitation, any material or substance which is (i) defined as a "hazardous waste," "extremely hazardous waste," "restricted hazardous waste," "hazardous substance," or "hazardous material," by any Environmental Law; (ii) oil and petroleum products and their by-products, (iii) asbestos, or asbestos-containing materials; (iv) designated as a "hazardous substance" pursuant to the Federal Water Pollution Control Act; (v) defined as a "hazardous waste" pursuant to the Federal Resource Conservation and Recovery Act; or (vi) defined as a "hazardous substance" pursuant to the Comprehensive Environmental Response, Compensation and Liability Act.

Article VIII EVENTS OF DEFAULT; REMEDIES

VIII.1 Default by Tenant. The occurrence of any of the following events shall constitute an "Event of Default" under this Lease:

(a) Failure by Tenant to pay any moneys due hereunder as and when the same become due, including without limitation, contributions to Capital Reserves, as provided in Section 4.4; and

(b) Failure by Tenant to perform or comply with any material provision of this Lease, or any duly executed amendments thereto or the terms, covenants or conditions of any other agreements between the City and the Tenant, in connection with Tenant's business operations with respect to the Leased Premises, the Real Estate, or more generally, e.g., any naming rights or sponsorship agreements or tenancy in the Leased Premises, and such failure is not cured within thirty (30) days after written notice from the City of such default. If, however, the failure cannot reasonably be cured within the thirty (30) day cure period, Tenant shall not be in default under this Lease if (1) Tenant commences to cure the failure within the cure period, (2) diligently and in good faith continues to cure the failure to completion, and (3) provides written notice to the City of Tenant's actions to cure the failure, including Tenant's anticipated timeline for completion.

VIII.2 Default by City. The occurrence of the following event shall constitute an Event of Default under this Lease: failure by City to perform or comply with any material provision of this Lease, or any duly executed amendments thereto, and such failure is not cured within thirty (30) days after written notice from Tenant of such default. If, however, the failure cannot reasonably be cured within the thirty (30) day cure period, the City shall not be in default under this Lease if (1) City commences to cure the failure within the cure period, (2) diligently and in good faith continues to cure the failure to completion, and (3) provides written notice to Tenant of the City's actions to cure the failure, including City's anticipated timeline for completion.

VIII.3 Remedies in the Event of Tenant's Default. The City shall have any one or more of the following remedies after the occurrence of an Event of Default. These remedies are not exclusive. These remedies are in addition to any remedies allowed now or in the future by law, in equity, or otherwise:

(a) The City may terminate this Lease by giving thirty (30) calendar days' written notice of termination to Tenant, in which event Tenant shall promptly surrender the Leased Premises to the City. If Tenant fails to promptly surrender the Leased Premises, then the City, without prejudice to any other remedy it has for possession of the Leased Premises or other damages, may re-enter and take possession of the Leased Premises and expel or remove Tenant and any other person or entity occupying the Leased Premises or any part, without being liable for any damages, whether caused by negligence of the City or otherwise. No act by the City other than giving notice of termination to Tenant shall terminate this Lease.

(b) The City may re-enter and take possession of the Leased Premises without terminating this Lease and without being liable for any damages. The City may relet the Leased Premises (for a period shorter or longer than the remaining term of this Lease), or any part, to third parties, but has no obligation to do so. The City's action under this Section 8.3 is not considered an acceptance of Tenant's surrender of the Leased Premises unless the City notifies Tenant in writing.

(c) Whether or not the City terminates this Lease or Tenant's right to possession of the Leased Premises on account of any Event of Default, the City shall have all rights and remedies at law or in equity, including, but not limited to, the right to re-enter the Leased Premises and, to the maximum extent provided by law, the City shall have the right to terminate any and all maintenance, vendor agreements, subleases, licenses, concessions, or other arrangements for possession entered into by Tenant and affecting the Leased Premises. In the City's sole discretion, it may succeed to Tenant's interest in such agreements or arrangements and, Tenant shall assign and transfer to the City all of Tenant's right, title and interest in and to any such agreements and other consensual arrangements.

VIII.4 Remedies in the Event of City's Default. Tenant shall have any one or more of the following remedies after the occurrence of an Event of Default. These remedies are not exclusive. These remedies are in addition to any remedies allowed now or in the future by law, in equity, or otherwise:

If the City fails to cure the default as set forth in Section 8.2, Tenant may take such action as may be reasonably required to remedy such default and if Tenant is required to expend funds to

cure such default, City shall promptly reimburse such reasonable amounts within thirty (30) days after Tenant provides itemized written evidence confirming the costs incurred by Tenant. If City fails to timely reimburse Tenant in the preceding sentence, Tenant may exercise all rights and remedies available at law or equity.

VIII.5 Election of Remedies. Pursuit of any of these remedies does not constitute an irrevocable election of remedies or preclude pursuit of any other remedy in this Lease or by applicable law. Likewise, forbearance by either party to enforce one or more of the remedies available to it on an Event of Default does not constitute a waiver of that default or of the right to exercise that remedy later or of any rent, damages, or other amounts due to the non-defaulting party. In the event of any litigation between City and Tenant arising out of this Lease, the unsuccessful party in such litigation shall pay the court costs and reasonable attorneys' fees of the prevailing party.

Article IX MISCELLANEOUS

IX.1 Successors and Assigns. This Lease is binding upon, inures to the benefit of, and is enforceable by the parties and their respective successor and assigns.

IX.2 Severability and Construction. If any provision of this Lease is held invalid by any court of competent jurisdiction, the holding will not invalidate any other provision. The City and Tenant acknowledge that the parties and their counsel have reviewed and revised this Lease and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Lease or any exhibits or amendments hereto.

IX.3 Time of Essence. Time is of the essence as to all dates and times in this Lease.

IX.4 Governing Law. This Lease will be governed by the Constitution and laws of the State of Maryland without respect to its conflicts of laws or principles.

IX.5 Counterparts. This Lease may be simultaneously executed in several counterparts and by the different parties hereto in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Agreement by facsimile or PDF file (portable document format file) shall be effective as delivery of a manually executed counterpart of this Agreement.

IX.6 Notices. Unless otherwise provided in this Lease, all demands, notices, approvals, consents, requests, opinions, and other communications under this Lease must be in writing and will be deemed to have been given when (i) delivered in person, (ii) delivered by Federal Express or a comparable express courier service, or (iii) mailed by registered or certified mail, postage prepaid, addressed, as follows:

If to Tenant: ESM Hagerstown, LLC
725 Jackson Street, Suite 207
Fredericksburg, Virginia 22401
Attention: John M. Wack, Jr.

with a copy to: John F. McManus, Esquire
Hirschler Fleischer
725 Jackson Street, Suite 200
Fredericksburg, Virginia 22401

If to the City: City Administrator
City of Hagerstown
1 East Franklin Street
Hagerstown, Maryland 21740

with a copy to: Jason Morton, Esquire
20 West Washington Street
Hagerstown, Maryland 21740

The City and Tenant may, by written notice given under this Lease, designate any additional or different addresses or persons to which subsequent demands, notices, approvals, consents, requests, or other communications are to be sent.

IX.7 Entire Agreement. This Lease, including the attached exhibits, set forth all the covenants, promises, agreements, conditions, and understandings between the City and Tenant concerning the Leased Premises. There are no covenants, promises, agreements, conditions, or understandings, either written or oral, between the City and Tenant other than as set forth in this Lease.

IX.8 Excused Delay and Force Majeure. If either party shall be delayed or hindered in or prevented from the performance of any required act by reason of strikes, lock-outs, labor troubles, pandemic, inability to procure materials, failure of power, riots, insurrection, war, or other reason of a like nature not the fault of the party delayed in performing work or doing acts required under this Lease, then the performance of such act shall be excused for the period of the delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay; provided, however, that in no event shall Tenant be excused from the payment of the Rental Payments or any other amounts or charges to be paid by Tenant under this Lease.

IX.9 Captions. The captions and section numbers appearing in this Lease are inserted only as a matter of convenience and in no way define, limit, construe, or describe the scope or intent of such paragraphs of this Lease.

IX.10 Amendments. This Lease may be amended only by an instrument in writing signed by both parties to this Lease.

IX.11 Venue. The state courts of Washington County shall be the exclusive venue for any legal action arising out of or related to this Lease.

IX.12 Memorandum of Lease. The parties agree to execute a Memorandum of Lease in the form of Exhibit B attached hereto to evidence the existence of this Lease. Following the Effective Date hereof, Tenant may elect to record the Memorandum of Lease among the land records of Washington County ("Land Records"), and Tenant shall be responsible for all recording costs and any other expenses as to same. The provisions of this Lease shall control, however, in regard to any omissions from the Memorandum of Lease or any provisions hereof which may be in conflict with the Memorandum of Lease. If Tenant elects to record a Memorandum of Lease, Tenant agrees to execute a release upon termination of this Lease, which shall be in a recordable form, acceptable to the City, and be recorded among the Land Records at Tenant's own expense. Notwithstanding the foregoing, City shall also have the right to compel Tenant to execute the Memorandum of Lease, and City may record the Memorandum of Lease at its sole discretion and shall be responsible for all recording costs and any other related expenses.

IX.13 Calculation of Time Periods. Unless otherwise specified, in computing any period of time described herein, the day of the act or event after which the designated period of time begins to run is not to be included and the last day of the period so computed is to be included, unless such last day is a Saturday, Sunday or legal holiday in the State of Maryland, in which event the period shall run until the end of the next day which is neither a Saturday, Sunday, nor legal holiday. The last day of any period of time described herein shall be deemed to end at 5:00 p.m. ET or EST, as applicable.

IX.14 Employment of Unauthorized Workers. Tenant hereby certifies to comply with all applicable federal and state laws prohibiting the employment of individuals not legally authorized to work in the United States. Tenant shall not knowingly (i) utilize the services of individuals not legally authorized to work ; or (ii) utilize the services of any subcontractor who will utilize the services of individuals not legally authorized to work in the performance of the contract. In the event Tenant fails to comply with any and all local, state and federal laws prohibiting the employment of individuals not legally authorized to work in the United States, this Agreement may be canceled, terminated or suspended in whole or in part by the City,

IX.15 Independent Contractors. Nothing in this Agreement shall be deemed or construed to represent that Tenant, or any of Tenant's employees or agents, are the agents, representatives, or employees of the City. Tenant acknowledges that it is an independent contractor over the details and means for performing this Agreement. Anything in this Agreement which may appear to give the City the right to direct Tenant as to the details of the performance of its obligations hereunder or to exercise a measure of control over Tenant is solely for purposes of compliance with local, state and federal regulations and means Tenant will follow the desires of the City only as to the intended results of the scope of this Agreement. It is further expressly agreed and understood by Tenant that neither it nor its employees or agents shall hold themselves out contrary to the terms of this paragraph, and the City shall not be liable for any representation, act or omission of Tenant contrary to the provisions hereof.

IX.16 Conflict of Interest. Neither party shall engage in any conduct or activity in the performance of this Agreement that constitutes a conflict of interest under applicable federal, state

or local laws, rules and regulations. Tenant covenants that it has no public or private interest, and shall not acquire any interest, directly or indirectly, which would conflict in any manner with the performance required under this Agreement, and Tenant covenants that no gratuities, in the form of entertainment, gifts, or otherwise, were offered or given by Tenant or any agent or representative of Tenant, to any officer, official, agent or employee of the City, in an effort to secure the Agreement or favorable treatment with respect to any determinations concerning the performance of the Agreement. Tenant warrants that no part of the total contract amount provided herein shall be paid directly or indirectly to any officer or employee of the City as wages, compensation, or gifts in exchange for acting as officer, agent, employee, subcontractor or consultant to Tenant in connection with anything contemplated or performed relative to this Agreement. For breach or violation of this provision, the City shall have the right to recover or withhold the full amount of such gratuities.

IX.17 Nondiscrimination. Tenant hereby agrees to abide by, to take affirmative action to ensure that, and to comply with Title VI and Title VII of the Civil Rights Act of 1964 and all other federal, state or local laws prohibiting discrimination, which provide in whole or in part, that no person shall be excluded from participation in, or be denied benefits of, or be otherwise subjected to discrimination in the performance of this Agreement or in Tenant's employment practices on the grounds of handicap and/or disability, age, race, color, religion, sex, national origin, or any other classification protected by federal, state or statutory law. Tenant shall, upon request, show proof of such nondiscrimination, and shall post in conspicuous places available to all employees and applicants notices of nondiscrimination. In the event Tenant fails to comply with the City's nondiscrimination policy and any and all other laws prohibiting discrimination, this Agreement may be canceled, terminated or suspended in whole or in part by the City. The City reserves the right to investigate any claims of illegal discrimination by Tenant and in the event a finding of discrimination is made and upon written notification thereof, Tenant shall take all necessary steps to cure and rectify such action to the reasonable satisfaction of the City. Tenant's failure or refusal to do so shall be cause for termination of this Agreement in accordance with the terms of this Agreement. Any other agreement which relates to this Agreement to which Tenant is a party, including without limitation, Tenant's agreements with its subcontractors, shall specifically contain a provision to this effect.

IN WITNESS WHEREOF, the parties have caused this Lease to be executed on their behalf by their duly authorized officers.

CITY OF HAGERSTOWN

EMS Hagerstown, LLC, a Virginia limited liability company

By: EASTERN SPORTS
MANAGEMENT, LLC, a Virginia
limited liability company

By: _____
Tekesha Martinez, Mayor

By: _____
John M. Wack, Jr., Manager

EXHIBIT A: Leased Premises

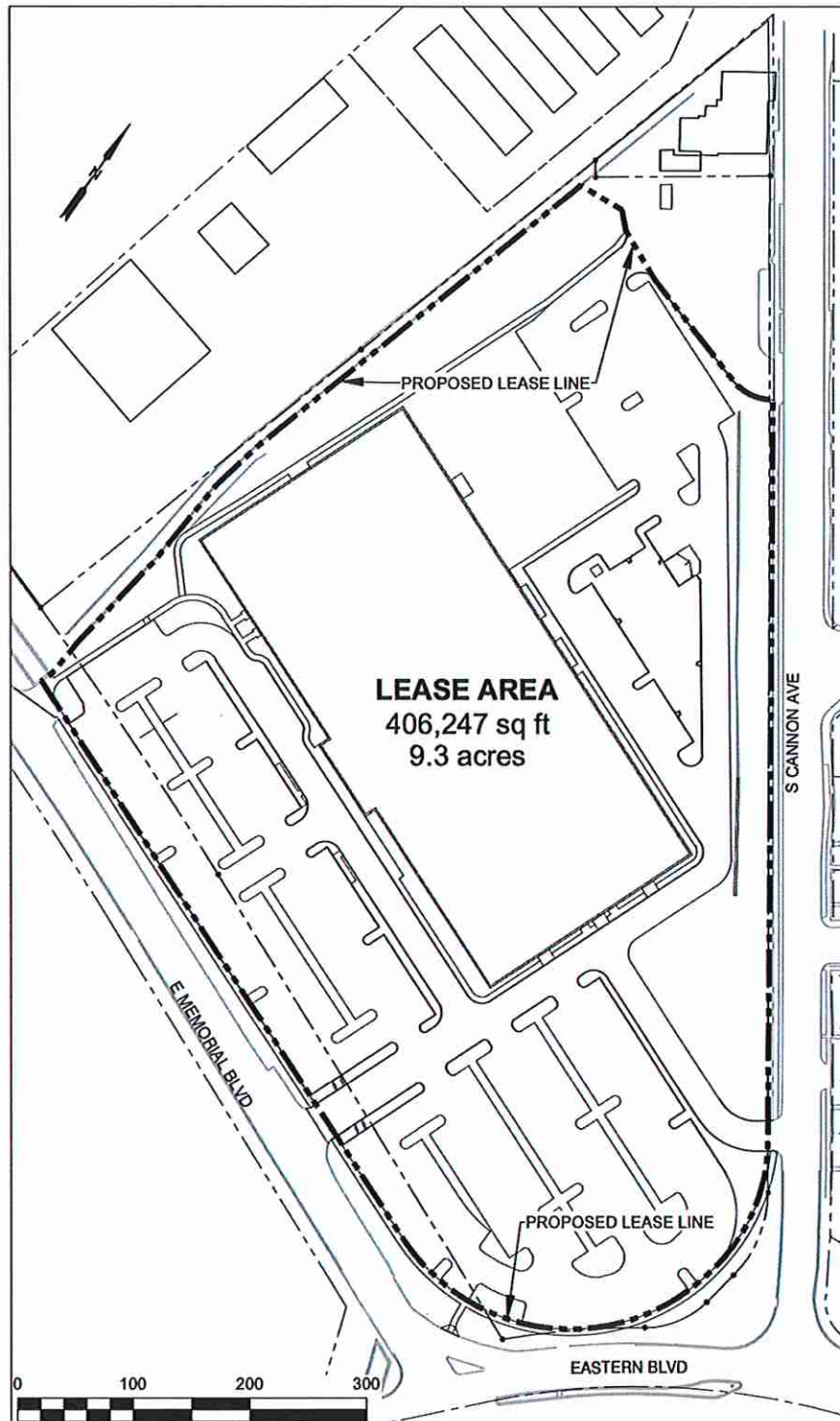


EXHIBIT B

Memorandum of Lease

THIS MEMORANDUM OF LEASE is entered into as of the ____ day of _____, 2024, by and between the CITY OF HAGERSTOWN, a municipal corporation, a political subdivision of the State of Maryland (the “City” or “City”), and ESM Hagerstown, LLC, a Virginia limited liability company (“Tenant”). This Memorandum of Lease is summarized as follows:

1. Pursuant to a Lease (the “Lease”) executed by City and Tenant, dated effective as of _____, 2023, City has leased to Tenant certain premises (the “Leased Premises”) described in Exhibit A attached hereto, together with all the appurtenant rights, privileges, and easements, as described in the Lease.

2. The Lease Term for the Leased Premises will commence on the Commencement Date, which shall occur no later than December 31, 202_, and shall terminate on December 31 of the twentieth (20th) consecutive Lease Year (the “Lease Term”). “Lease Year” shall mean a period of twelve (12) consecutive full calendar months from January 1 to December 31, except for the first Lease Year. The first Lease Year shall begin on the Commencement Date and shall conclude on December 31 of the following calendar year. If the Commencement Date is not the first day of a calendar month, or the final portion of the Lease Term is a partial calendar year, then the Rental Payments shall be adjusted and pro-rated accordingly.

3. This Memorandum of Lease is subject to all of the terms, conditions and understandings set forth in the Lease, which are incorporated herein by reference and made a part hereof, as though copied verbatim herein. In the event of a conflict between the terms and conditions of this Memorandum of Lease and the terms and conditions of the Lease, the terms and conditions of the Lease shall prevail.

4. Unless otherwise specified herein, all capitalized terms used herein shall have the same meanings ascribed to such terms as set forth in the Lease.

[Signature Page to Memorandum of Lease Immediately Follows.]

IN WITNESS WHEREOF, the parties hereto have caused this Memorandum of Lease to be duly executed and delivered in their respective names by their duly authorized representatives, effective as of the day and year first above written.

CITY OF HAGERSTOWN, MARYLAND
a municipal corporation

By: _____
Name:
Title:

STATE OF Maryland
Washington County

On this the ____ day of _____, 2024, before me, the undersigned Notary Public within and for said State and County, duly commissioned and qualified, personally appeared _____ with whom I am personally acquainted, and who, upon oath, acknowledged himself or herself to be the _____ of the City of Hagerstown, a municipal corporation; and that he or she as _____, being authorized so to do, executed and delivered the foregoing instrument for the purposes therein contained by signing the name of the municipal corporation by himself or herself as such _____.

WITNESS my hand and notary seal in the county aforesaid, on the day and year first above written.

Notary Public

My Commission Expires:

ESM Hagerstown, LLC,
a Virginia limited liability company

By: EASTERN SPORTS MANAGEMENT, LLC,
a Virginia limited liability company, Manager

[SEAL]

By: _____
John M. Wack, Jr., Manager

STATE OF _____
COUNTY OF _____

The foregoing instrument was acknowledged before me in the foregoing jurisdiction this _____ day of _____, 2023, by John M. Wack, Jr., Manager of Eastern Sports Management, LLC, as Manager of ESM Hagerstown, LLC, on behalf of the company.

My commission expires: _____

Notary Registration No. _____

Notary Public

EXHIBIT C: Business Plan and Pro Forma

EXECUTIVE SUMMARY

Project Overview

The City of Hagerstown (the City) will partner with Eastern Sports Management (ESM) as the lead of a team including Hughes Group Architects (HGA) and Pinnacle Sports, to Design, Build, Operate and Maintain a new 114,000 square foot indoor sports facility on the site of the old Municipal Stadium. The project will cost approximately \$22 million and will be ready to operate in 2024. The City is funding the project through a combination of federal and state funds, private foundations grants, and City-issued bonds. This packet contains the information to help partners to a funding decision, including a Feasibility Study, Design and Budget documents, and the Operations Business Plan, including financial forecasts.

Project Feasibility

ESM contracted with Pinnacle Indoor Sports to conduct a market analysis. Pinnacle conducted extensive interviews with local sports and recreation stakeholders and user groups. They analyzed the demographics of the Hagerstown market and researched comparable facilities in the surrounding area. Pinnacle concluded that the proposed facility was needed and that it could be financially successful with the right private partner and with a capital stack that included a high percentage of grant funds.

Project Design and Construction

HGA has created a schematic design. Pinnacle Indoor Sports in conjunction with local engineers and general contractors has compiled an estimate for development and construction which includes contingencies and escalators for 2024 prices. The building will be a pre-engineered metal building and the site design will utilize as much of the existing stadium parking as possible. The \$22MM budget includes all design and development costs and assumes that the City will have already demolished the stadium. ESM will give the City a guaranteed maximum price contract for the project.

Facility Operations

ESM will lease the property from the City and will operate the sports business, assuming risk of negative cash flows from operations. ESM will guarantee tax payments and revenue share payments sufficient to cover City debt service on any borrowing it takes on for the project.

Project Funding

The City is seeking regional, state, and federal funds, and private foundation grants to fund 80% of the project. The City plans to use already allocated ARPA funds and to borrow the remaining needed amounts.

Economic and Community Benefits

The project will revitalize the stadium neighborhood, and will improve the health, well-being, and quality of life of residents. As a community asset, the project will make the City a more competitive locale for companies needing community benefits for their workforce. At the end of that current paragraph: Construction spending will total \$22,000,000 and is estimated to create 176 FTE construction jobs. Over 20 years, the facility will generate about \$84,000,000 of direct spending, will bring about \$26,000,000 in visitor revenue, and will bring about \$16,000,000 in direct tax and rent payments to the City.

PROJECT MISSION

Mission, Vision, and Values

The City of Hagerstown ("Hagerstown" or "the City") will create a 114,400 square foot indoor sports field house on land currently owned by the City at the Municipal Stadium site, with two indoor artificial turf fields and a multipurpose surface area designed for four basketball courts or eight volleyball courts. There will be a food and beverage area, a sports performance training space, an eSports gaming area, meeting rooms, and a play area. The facility will serve as a recreation center for local residents, a destination regionally for traveling sports players and teams, and as a social and economic hub for the City. With 33,800 square feet of open space, the Field House will also serve as the Hagerstown exposition center and convocation center. The City will enter into a public/private partnership with ESM Hagerstown, LLC who will assume operating risk for the Field House. The Field House will be managed with an emphasis on creating an elite sports facility where the customer experience is the primary focus of the operations staff.

Products

The main products marketed and sold at the Field House will be Leagues, Tournaments, Rentals, Parties, Concessions, Camps and Clinics, Fitness Memberships, eSports activities, and Family Entertainment Center admissions. These products will be sold to individuals, teams, and clubs.

Customers

The Field House will have a diverse program with offerings for customers ranging from age one to active older adults. The target audience for the Field House comprises both local and regional customers. Local customers include recreation-level and competitive-level athletes, both youth and adult, sports clubs and leagues, and local school districts. Exposition, event, and show organizers along with their attendees will utilize the Field House. Local families will use the Field House for the play area, camps and clinics, concessions, and birthday parties. Regionally, the Field House will attract youth travelling sports teams and some adult teams and individuals.

Future of the Field House

The Field House will be a feature of the Hagerstown sports, social, and economic landscape for the next 30 years, and a feature of the competitive sports landscape of Western Maryland, Northeastern West Virginia, Northern Virginia, and South Central Pennsylvania. The sports played and the products sold to serve those sports communities may shift over time and the operating partner will have to evolve the product mix and business plan to adapt to those changes. Sports have always been part of society and will remain so in Hagerstown over the life of this building.

OPERATING COMPANY DESCRIPTION

Company Mission Statement

To instill all of the benefits and values of sport into the communities that we serve through active programming, great experiences, elite facilities, and professional staff.

Project Mission Statement

To operate an elite athletic facility, where the customer experience matters, that will serve as:

- A recreation asset and gathering space for local residents,
- A competitive sports venue for regional teams,
- A workforce development tool by improving the quality of life of Hagerstown residents, and as
- An economic engine for the City by bringing sports tourists to Hagerstown.

Legal Structure

ESM Hagerstown, LLC is a Virginia Limited Liability Company organized in the Commonwealth of Virginia. ESM Hagerstown is a single-member LLC with Eastern Sports Management, LLC (ESM) as the single shareholder. ESM is also a Virginia Limited Liability Company. ESM Hagerstown and ESM have a principal mailing address of 725 Jackson Street, Suite 207, Fredericksburg, VA 22401. ESM Hagerstown's local operations staff and all employees will be located at the Field House.

Principal ESM Staff

- John Wack — Owner, President and Business Development Officer
- Andy Ballard — Owner and Operations Officer
- Kristi Finigan — Business Development and Marketing
- Amy Cinalli — Finance and Accounting
- Dave Harris — Human Resources
- Brian Cann — Project Manager

Principal ESM Hagerstown Staff Positions

- General Manager
- Senior Program Director: Leagues
- Senior Program Director: Tournaments
- Facilities Director
- Food and Beverage Director
- Youth Programming Director

MARKET RESEARCH

Industry

According to Sports ETA, a national association for sports tourism, the national sports tourism market is healthy and continuing to grow:

- Between 2015 and 2019, sports tourism spending increased 16.7%.
- The number of individual sports travelers that stayed overnight grew by 1.4 million to 96.4 million in 2019.
- More than half of the destinations experienced a growth in the number of events (55%) and participants (64%) year-over year.

Additionally, the industry was one of the first market segments to recover from the pandemic. According to Mary Helen Sprecher, managing editor of Sports Destination, "I've seen anecdotal evidence from destinations, saying that if their 2021 goes according to plan — that is, if the events that are booked for 2021 actually happen — they can be back up to where they were in 2019."

Local Recreation Sports Market

In 2018, the City of Hagerstown contracted with Victus Advisors for a sports facility feasibility study. Victus concluded in that study that: "The City of Hagerstown should consider the development of an indoor, multi-court, tournament-caliber sports facility." In 2021, ESM contracted Pinnacle Indoor Sports ("Pinnacle") to conduct a Market Analysis of the Hagerstown area. The study surveyed local club directors, coaches, athletic directors and other probable customers. The study also performed a demographic analysis and compared the market to other existing facilities. Pinnacle concluded that the local market could support a multi-purpose sports surface facility.

- Indoor multipurpose courts (for both local use and regional sports tourism purposes)
- Indoor synthetic turf (for local-use-only purposes)

Five major factors emerged to indicate that a new indoor sports facility in the City of Hagerstown market would likely succeed. They are:

1. The proposed facility would meet local needs by providing indoor sports and recreation opportunities for community residents. An indoor multipurpose facility would meet increasing local demand for indoor courts and indoor turf by both private and public/municipal groups. Additionally, it would create a hub for sports and recreation activities, while also enhancing the quality of life for residents.

Community members contacted by Pinnacle expressed overwhelming support for a proposed indoor sports facility — especially if it provided an opportunity to introduce new program offerings (and expand current programming). Sports in greatest need of space, based on personal interviews with local stakeholders, include the following:

- o Indoor basketball
- o Indoor volleyball
- o Indoor soccer/futsal
- o Indoor baseball/softball

Any new facility should be designed with a multisport emphasis, targeting the court sports of basketball, volleyball, futsal and mat sports. Multisport synthetic turf fields also could be used as competition, practice and recreation space for turf sports when a turf venue is not available, as well as for non-recreation/non-sports activities. That said, an indoor multipurpose sports facility requires the commitment and experience of professional staff working in the facility's best interests. This includes everything from overseeing day-to-day management to actively seeking new programming opportunities that will keep the facility operating at peak performance and ensuring it will meet local needs for generations to come.

2. The proposed facility would provide opportunities to host sports tourism events. Even though the primary focus of the facility would be on local use and programming, the facility also would provide the City of Hagerstown with an opportunity to host sports tournaments and other events, which would be a prospective draw for out-of-town participants and their families. Within a 3.5-hour drive-time radius, there exists an active regional community of travel teams in multiple indoor sports, and continued population growth is expected in the regional market. The presence of family-friendly hotels with a variety of amenities also increases the likelihood of attracting out-of-town sports tourism visitors.

3. The proposed facility would be financially self-sustaining. An indoor sports facility must generate sufficient revenue to support itself operationally. Four regulation basketball courts (convertible to eight volleyball courts and other uses) with a multipurpose surface in an open concept layout will be the minimum requirement necessary for this proposed facility to reach self-sustaining status. Note: The highest revenue opportunities come from in-house Monday-Thursday programming, and partnerships with local sports associations, as well as weekend tournaments that encourage out-of-town participants.

4. The proposed facility could double as an events space. Large facilities with access to parking, major highways, lodging and dining options, and area attractions are key to communities attracting expos, conferences, trade shows, liquidation sales, weddings and other special events. A portion of the proposed multipurpose sports facility's open space could be utilized for these purposes when it is not being used for activities that generate higher revenue.

5. The proposed facility would serve a market with above-average demographics. Population figures in the local and regional markets — as well as household income statistics in the regional market — are well above average and suggest that a multipurpose sports facility that meets local community needs and offers regional sports tourism opportunities would be successful. What's more, the median age in the market is in line with that of the national median, suggesting that there is a large number of children and young adults in the area — user groups that are more likely to utilize a proposed indoor sports facility.

Company Advantages

By selecting ESM Hagerstown as the public/private partner to operate the facility, Hagerstown has given the facility competitive advantage over similar facilities:

ESM is currently involved in six public private partnerships with public entities for the purpose of developing and operating sports facilities. ESM knows how to meet its public partner's goal while making the facility financially viable for the long term.

With ten total facilities under development and management, ESM has the regional and national relationships to draw tournaments and events to the Field House.

As an owner themselves of facilities that rely on the local market business for their economic survival, ESM is a specialist in local programming and serving the customers who will use the facility on a consistent basis during the week.

There are no competing facilities like the proposed Field House within the market area described in the Pinnacle Feasibility study. This facility will be unique and will stand alone as an offering.

Regulations

ESM Hagerstown, LLC will meet all current and applicable Federal, State, County, and City regulations concerning the operation and management of an indoor sports facility.

SERVICE LINE

Products/Services

- Leagues
- Youth and Adult
- Competitive and Recreational
- All sports that can be played on the proposed hardcourt and artificial turf surfaces including, but not limited to:
 - Basketball
 - Volleyball
 - Futsal
 - Baseball
 - Soccer
 - Flag Football
 - Field Hockey
 - Lacrosse
 - Indoor Track
 - Pickleball
 - Dodgeball
 - Cornhole
- Typical league product is eight games over eight weeks
 - Camps and Clinics
 - Fun Day Camps
 - Sports Camps
 - Sports Introduction Clinics
 - Competitive-Level Sports Clinics
- Tournaments
 - Rental Tournaments
 - Partnership Tournaments
 - In-house Tournaments
- Rentals
 - Practices
 - Games
 - Events/Shows
- Training
 - Sports Training
 - Fitness Training
- Food and Beverage Services
- Family Entertainment Center
- eSports Teams, Leagues, and Tournaments

Pricing Structure

Each product is priced uniquely. Roughly we follow a metric for recreational activities of \$10-\$12 per hour per person. For instance, an eight-game basketball league for an adult or youth player will cost about \$80 for a season. Activities that involve higher-level athletics or fitness instruction usually cost more. The higher the skill of the instructor or trainer, the higher the cost.

At the end, we include a list of assumed price points used in the calculation of the Pro Forma.

Product Lifecycle

The life cycle of the proposed construction for the facility (pre-engineered metal building) will be at least 40 years. Some of the building systems will have shorter life cycles, ranging anywhere from 10 years on HVAC systems, 20 years on sports flooring, to 30 to 40 years on electrical systems. The pro forma and the business plan of the operator will take into consideration the replacement cost and schedule of all FFE and building systems/equipment when scheduling reserve funds for capital maintenance, repair, and replacement.

The lifecycle of the various programs and sports played will depend on local, regional, and national trends in those sports. As stated above, sports come in and out of fashion and have peaks and valleys of popularity. For instance, flag football is very popular in our PA and Fredericksburg facilities, but not so much in our Virginia Beach facility. Staff will be trained to identify "hot", popular sports and to cater the offerings to the most relevant and passionate sports communities at any given moment. Their task is to fill the facility irrespective of the sports played. That said, we can say with some assurance that basketball, volleyball, soccer (and futsal), and baseball training will remain popular and will always be a core part of the product offering.

Intellectual Property Rights

The logos for Eastern Sports Management are protected with a trademark registration. The Hagerstown Field House logo will be registered and protected. The website domain names for ESM and for the Hagerstown Field House will be registered with ESM's preferred hosting provider. The Hagerstown Field House will utilize several partners such as "Lil' Kickers" and "Lil' Ballers" whose products are trademarked and registered. The Hagerstown Field House business plan and associated operations manuals will be labeled as confidential in all filings with the State of Maryland and with Washington County.

Research and Development

ESM has considered the findings of the 2018 Victus report, and has conducted extensive market research through the Feasibility Report prepared by its partner, Pinnacle Indoor. As the project schedule progresses, ESM will become more fully engaged in the Hagerstown market and will continue to research and develop the area, adjusting the building design and business plan to the market.

ESM's operation of six other facilities constitutes its own in-house research and development laboratory for sports programming and products. Local general managers are tasked with finding the best, most-profitable sports activities to fill their facilities. As new products are tested at individual facilities, the successful ones are spread to other facilities through regular, scheduled mind-share and brain-storming sessions held between the different general managers working for ESM and their respective staff.

MARKETING & SALES

Sports tourism is not a secret anymore. Facilities are being built everywhere. As facility owners we understand the danger in this. A facility and market must have differentiators. Hagerstown has a great brand with ample tourist traffic with Civil War and other historical sites, African American Heritage sites, museums, arts and cultural amenities, and numerous seasonal festivals and outdoor attractions. There are many things for families to do in the community, so the job for ESM is to tie that brand to the events at the facility and expand the already rich culture of the community. In order to separate Hagerstown from other venues, ESM believes in making the venue a center point of a greater experience.

Local Marketing

ESM produces higher than industry standard revenue results from the Monday through Thursday guests. That gives ESM robust traffic and revenue from the local market. This also allows ESM to penetrate deep into the local market without spending large dollars. ESM can run events that bring people to venues rather than paying companies for their reach. This allows ESM to track results and double down where the data says we are having success.

Regional Marketing

Most companies talk to rights holders, attend Connect Conference, TEAMS Conference, NASC, etc. Those are great places to start, but because ESM runs their own events they have connections with the clubs themselves and can market directly to the end user. ESM would want Hagerstown to be a family destination where people come to compete but then want to return again just to visit. That means thinking past the venue and synergizing the area to the overall experience.

National Marketing

The ability to market nationally and for the marketing effort to produce results, is predicated on the overall goal for the facility. If the primary goal of the facility is to produce economic impact and tax revenue through sports tourist visits, then the facility should market to and attract large national events. These events don't always produce the revenue necessary for the facility to be self-sustaining. It does however produce the economic impact and tax numbers desired. ESM stays close to these national governing bodies in an attempt to find the right events at the right time to maximize the impact of these events and not take too much revenue producing inventory off the shelf. The City has made clear that the Hagerstown Field House is primarily a local use facility. As such, most of the national exposure will be through ESM's marketing efforts for its larger, more sports-tourism-focused facilities.

Growth and Maintenance Strategies

ESM will follow Local, Regional, and National marketing plans to grow the company before and after opening. It will take between three and four years to bring the facility up to full capacity utilization. From year four of operations on, the strategy will shift to maintaining the customer base and cycling new products into our offerings to make sure that departing customers are replaced.

Maintaining existing customers depends heavily on providing a positive customer experience. This depends on the staff providing key elements that will bring customers back to the business whether local or from out of town:

- All staff are friendly and welcoming, from the front desk staff, to field marshals to concessions workers to facility maintenance personnel.
- Competitive match-ups and divisions. Parity allows no team to either win or lose by a wide margin. Leagues and tournament games should, to the greatest extent possible, be balanced with like-skilled teams.
- Reasonable schedules. For local play, teams do not want their games to be too early or too late. If leagues are well-subscribed and managers are forced to utilize early and late game times, then those game times are distributed fairly amongst all league/tournament participants.
- Communications with customers are clear, consistent, and regular.
- The facility is well maintained and clean.
- There is room for spectators and non-participating competitors to relax between games.

Existing customers are maintained by providing a positive experience. The facility will be maintained and the staff trained to provide such an experience.

Communicate with the Customer

The Hagerstown Field House will communicate with its customers by:

- The main company website
- Facility Management Software that can send texts and emails involving future and current programming
- Using social media such as Twitter, YouTube, Instagram, Facebook, and LinkedIn

Sales Staff

Everyone in the facility is involved in sales whether through direct efforts to market products and events to new customers or through providing a great experience through professional operations. The General Manager will lead the sales effort.

ACCOUNTING & EXPENSE CONTROL

Accounting Software

The Field House will use Quickbooks Online as its main accounting software. The operator will provide third-party prepared quarterly financial reports to the City. Accounts receivable will be managed locally by facility staff. Accounts payable will be managed by ESM corporate office staff in Fredericksburg. The business will utilize GAAP accounting and will use the calendar year as the accounting year.

Income and Expense

Revenue will be booked by product category under eight main general ledger accounts:

- Leagues
- Tournaments and Events
- Food and Beverage
- Rentals
- Youth Programming
- Family Entertainment and eSports
- Fitness Membership
- Sponsorship

The business will have both fixed and variable costs. Variable costs will be booked under Cost of Goods Sold and will include such items as t-shirts, trophies and referees for leagues, partner payments for tournaments and events, and raw food and beverage costs for concessions.

Expenses will be tracked using eight main general ledger accounts:

- Administrative
- Facility
- Marketing
- Insurance
- Salaries and Wages
- Taxes
- Utilities
- Debt Service

The account structure and format of the Revenue and Expense projection found at the end of the plan will be how the ongoing business Profit and Loss Statement will appear.

STAFFING ORGANIZATION

ESM organizes staff around function and products, not sports or areas of the building. Positions are given the responsibility of the P&L along income categories with the exception of three positions, the General Manager, the HR and Finance Director, and the Facilities and Grounds Director. ESM corporate management will provide marketing, sponsorship sales, tournament sales, and some back-office services as part of its management contract.

General Manager

The General Manager oversees building operations and all staff of the Field House. This staff is responsible for budgeting, establishing financial goals and networking within the community to help raise awareness of the Field House.

Food and Beverage Director

The Food and Beverage Director oversees all kitchen operations, including front of the house and back of the house operations. This staff will directly manage (interview, hire, train and evaluate) all Food and Beverage employees according to current labor conditions and needs and Health Department code. The Food and Beverage Director will also budget and monitor weekly food and labor costs, monitor quality control, monitor sales, generate daily and monthly financial reports as well as inventory reports and manage inventory and order Food and Beverage supplies as necessary. Additional responsibilities would include researching new food and beverage products, creating new menu and marketing ideas, inspecting equipment and food deliveries, coordinating kitchen equipment installation, evaluating health and safety practices, recording information about inventory and health practices and coordinating with other Field House managers for special events and parties. The Food and Beverage Director will report directly to the General Manager.

League Directors

The league directors will oversee all league operations. This staff will be responsible for establishing relationships with youth and adult clubs and outdoor leagues, recruiting teams and individuals for league registration, setting schedules and allocating field and court time for maximum utilization, securing and managing referees, directing league operations staff, and providing top shelf customer service so that league retention is as high as possible. Most patrons coming in during weekdays will be league participants and their spectators and guests. These positions are most critical to the success of the business. The directors will report to the General Manager.

Tournament and Event Director

The Tournament and Event Director is responsible for the day-to-day administration and promotion of all tournaments and events. This staff will be responsible for creating schedules, forming teams, facility promotion and rental of facility space. The Tournament and Event Director will also oversee all of the Special Event staff and Tournament staff (vendor/in-house), work with a budget and monitor departmental financial spending, set sales goals and monitor monthly/yearly, coordinate with all staff to create a feasible schedule for events, negotiate and draft special event and tournament proposals and agreements, and directly supervise all Special Events and Tournament Interns. The Tournament and Event Director will report directly to the General Manager.

Youth Programming Director

The Youth Programming Director organizes and supervises all youth programs, camps and parties in the facility and manages all Youth Programming Staff (interview, hire, train and evaluate). They need to be able to organize and instruct youth programs, camps and classes, write curriculums for classes and day camps, troubleshoot any challenges in youth programs, camps and parties, collect payments, monitor inventory and order Youth Programming supplies, monitor and maintain Youth Programming equipment. This staff will need to abide by State Licensing Regulations and Franchised Program requirements. The Youth Programming Director reports directly to the General Manager.

Facilities and Grounds Director

The Facilities and Grounds Director is responsible for the overall appearance and functionality of the Field House including the building and grounds maintenance, custodial support, and environmental and safety regulation compliance. This staff will oversee all facility maintenance staff (interview, hire, train and evaluate), monitor inventory and purchase supplies, create manuals for equipment operation and maintenance, maintain equipment service and chemical logs (in-house and contracted vendor services), monitor overall appearance and cleanliness of the building, and must have knowledge of building internals (sprinkler systems, HVAC systems, alarm systems, automation system controls and operations, etc.). The Facilities and Grounds Director reports directly to the General Manager.

Human Resources & Finance Director

The Human Resources & Finance Director is responsible for the management of the Field House's financial and accounting policies, including systems and processes, tax and regulatory requirements, payroll systems and processes, ongoing financial modeling and budgets. This position serves as the primary contact for all managers and employees pertaining to human resources. They lead HR practices and objectives that will provide an employee-oriented, high performance culture that emphasizes quality, productivity and standards of a superior workforce. The Human Resources & Finance Director reports directly to the General Manager.

Background Checks

ESM runs background checks to include state and federal records and sex offender checks on all perspective personnel that are 18 years of age and older.

Employee Ramp Up

ESM President, John Wack; VP of Operations, Andy Ballard; Human Resources Director, Dave Harris; Project Manager, Brian Cann; Business Development Director, Kristi Finigan; and Finance Director, Amy Cinalli will be involved in the design/planning/construction meetings from the very start of the project. ESM will begin hiring other top management for the facility approximately nine months prior to opening, beginning with the General Manager. Top staff will assist in the development of operations procedures and manuals, negotiate contracts with vendors, and most importantly, market the facility. About one month prior to doors opening, hourly staff will be hired. They will be trained on processes and systems, especially the facility management software, the key staff-customer interface.

ESM Internship Program

All five ESM facilities participate in an internship program. Across the country there has been dramatic growth in the number of undergraduate and graduate degree programs focused on the various facets of Sports Business: Marketing, Finance, and Management. These candidates are typically required to participate in a 400-hour internship to earn their degree.

The ESM Internship Program accepts 10 to 20 interns per facility for 10-week periods throughout the year across all four current facilities. The interns work 400 hours of which they spend time learning the business and working in the various sub-specialties that match their degrees. The areas of focus are: finance, marketing, youth program, league, camp, and tournament operations.

We receive about 300-400 applications each year for our program. Of this number, we bring on 30 to 40 annually. We hire about 20-30 to be hourly workers if their requirements are less than 300 hours or when their internship is done. Of those we promote 1-2 to be entry level managers, and a few of those have moved onto mid-level management and general manager roles. When opportunities present themselves, we'll hire interns in one location that served their internship in a different location. Most of the interns graduate and move onto other jobs in the sports business. Consequently, ESM has a broad reach in terms of contacts and relationships regionally for those working in sports.

ESM has the ability through the Internship Program to attract the best upcoming sports and recreation business talent to its ranks, thoroughly vet them through 400 hours of training and initial work, and then pick the best to join the team. Each employee is completely aware of our culture, processes and procedures, and our emphasis on customer service.

FACILITY FEATURES

Sport Areas

The two main sports playing area of the Hagerstown Field House will include 33,800 square feet of unobstructed, multi-purpose space. The floor of this area will be a multi-sport surface that could also withstand trade show and event traffic. The facility will have two artificial turf boarded fields that will measure approximately 85' x 170' each. They will be used to program field sports such as soccer, flag football, baseball, and lacrosse. Baskets and volleyball nets will be raised or lowered from the ceiling. There will be adequate space for storage of flooring, goals, and other sports equipment. There will be walk/draw nets on the courts side to divide up different play areas. The eave and roof peak heights will be appropriate for the sports to be played, varying from 30' to 40'. The division of space for local programming from Monday to Friday throughout the year on the court side will depend on volume of basketball business versus volleyball business. Some nights the courts will be set for basketball and others for volleyball. Occasionally, there will be a mix and the courts will also be set for indoor field hockey and for pickleball during the daytime.

On weekends the space will be configured for tournaments and events either as four basketball courts or eight volleyball courts or with as many as 12 wrestling mats. On some weekends there may be more than one sport played at the same time. At other times, all sports equipment will be cleared off and the facility will host any number of different shows or events, including dog shows, car shows, bridal shows, graduations, and other large events needing open floor space.

Field House Construction Description

While the project design remains in development, we anticipate construction to include the following:

- The structure will be a pre-engineered building system consisting of steel frame and prefinished, insulated metal walls and roof system with areas of masonry veneer accents.
- The main buildings will be constructed out of a clear span steel. The roof system will consist of purlins or truss-purlins and be skinned by a standing seam metal panel for superior leak resistance. All insulation will comply with current energy code.
- Windows will be insulated, clear storefront window units into team rooms, and tempered glass panels surrounding turf fields to allow for unobstructed viewing.
- Flooring includes: rubber tiles for training and play area, Luxury Vinyl Planking in lounge/camping area, pre-function lobby, team rooms, and multipurpose room, commercial carpet tile in the offices, epoxy flooring in the kitchen, and all bathroom floors and walls to be ceramic tile. General casework will be a solid surface for durability. Food service counters, main counters, and other high traffic areas will be granite or other solid surfaces. Large masses of glass will be curtain walls to maximize visibility and to provide a sleek look.
- An elevator to comply with ADA regulations and allow for easy access between floors will service the 2-story Field House.
- The synthetic turf field will be a next generation NON-infill product. This eliminates the use of "crumb rubber" infill pellets.

Site Description

The City of Hagerstown proposed the Municipal Stadium site as the location of the new Field House. The City is offering the site, demolition of the stadium, and some degree of sitework and infrastructure as part of the development package. We intend in our design to minimize expense by utilizing existing pavement and stormwater infrastructure. The site concept proposes a major entrance off of Memorial Blvd. The acreage of the site is ample and can accommodate several different configurations.

Gravity Sanitary Sewer

The proposed sanitary sewer service will connect to existing structures either in Cannon or Memorial.

Sediment Erosion Control/Stormwater Management

The site will be engineered to meet the State of Maryland sediment erosion control and stormwater management design standards. Stormwater quantity and water quality will need to be engineered to comply with water quantity requirements and adequate pollutant removal to comply with water quality guidelines.

The site is bordered to the west by the Town Run open storm drain and the south by the Marsh Run flowing in a subsurface box culvert. Flooding of Town Run is a reoccurring problem and the stadium is inundated annually. \$700,000 in American Rescue Plan Act funds are earmarked toward providing some floodwater storage volume, naturalizing the Town Run Channel, and tree planting.

HVAC

Proposed HVAC systems for the project would be packaged DX units with gas heat. The individual courts in these spaces would not have independent temperature control. Other larger spaces like dining areas and other large open spaces would be served with individual packaged DX units with gas heat. Smaller groups of office and conference spaces would utilize Variable Air Volume (VAV) Rooftop DX units with the ductwork fully concealed above ceilings. A series fan powered or shutoff type VAV box with reheat coil will serve each space to allow for temperature control of the space or group of spaces. Each air handling unit will incorporate an indirect gas fired furnace and direct expansion (DX) cooling coils. Ventilation air will be introduced at the air handling units.

All densely occupied spaces will include CO2 sensors to allow for demand control ventilation during times of low occupancy only as required by the latest energy code. The commercial kitchen will be provided with a Type I kitchen hood, associated exhaust fan, and rooftop DX makeup air unit. A central control system will be installed to the extent required to allow for central control of all HVAC components. Exhaust will be provided for all ancillary spaces such as toilets, storage rooms, and janitor closets through rooftop exhaust fans.

Domestic Water and Fire

The proposed development will be served by City of Hagerstown water. Public water is available in multiple locations. The connection to the existing public water system will be per City of Hagerstown requirements and will meet their design standards. Domestic water and fire suppression water will be engineered to meet the site's unique demands. Fire hydrants will be provided as necessary to provide adequate fire flow and comply with hose lay requirements.

Plumbing

Proposed plumbing systems for the building include high efficiency gas or electric water heaters. Water will be stored at 140°F and tempered for distribution, although the kitchen will be provided with 140°F water as required. Hot water will be re-circulated throughout the building as required by code to maintain hot water to all fixtures. Exterior wall hydrants will be provided generously around the exterior of the building. A grease interceptor will be provided for the commercial kitchen. Plumbing fixtures will be commercial grade, vitreous china with either manual or automatic flush valves. Water closets will be 1.28 gallons per flush ("gpf"), urinals will be "pint flush" type (.125 gpf), and lavatories will be water saving 0.5 gpm. Water coolers will be stainless steel high/low type with bottle fillers. Handicap fixtures will be provided as required by Code.

Fire Protection

A complete automatic fire protection wet pipe sprinkler system will be installed in accordance with all applicable codes. The sprinkler system will be provided with an alarm valve and flow switches installed on the sprinkler main where it connects to the main inside the building. Flow switches will be connected to the fire alarm system.

Electrical

A Power Company owned transformer will serve the facility. The building will be served at 480 volts, which will be utilized to serve large mechanical equipment, lighting, and motors. This voltage will be transformed within the building to 120/208 volts to serve general receptacles and smaller mechanical loads. In accordance with the International Building Code, a full electrical distribution system coordination and arc flash study will be conducted for the electrical gear to ensure safety for maintenance personnel. Duplex convenience receptacles will be provided as required and as coordinated with the design. Power and connections will be provided for the commercial kitchen as required and coordinated.

Emergency Generator

An emergency generator will be installed to provide power to emergency loads only. These loads include emergency lighting, the fire suppression system connections, and the fire alarm system. Use of the facility as an emergency evacuation shelter can be discussed. ESM's Virginia Beach Field House had the additional design features that permit its use as a shelter, and it has been used twice in the past ten years.

Lighting

The lighting design will be based on a full LED system. Gymnasium lighting will consist of high-bay type LED fixtures, which will evenly distribute lighting throughout the open space. Additionally, these fixtures will be vandal resistant to endure any ball strikes or other foreign objects that may contact the fixture. In other interior spaces with ceilings, such as corridors, restrooms, offices, conference rooms, and the like, recess mounted 2'x4' lay-in LED fixtures will be installed. Lighting for the jungle gym areas (and similar) will likely be pendant mounted LED fixtures. The commercial kitchen will contain sealed, recess mounted 2'x4' LED fixtures rated for food service application. For the exterior of the building and parking lot, Nighttime Friendly, full cutoff LED fixtures will be utilized, both building mounted and pole mounted. For interior spaces with windows, daylight harvesting will be provided as required and defined by the building code, which means the lights near the associated window will dim automatically to reduce energy usage but maintain consistent lighting levels. Exit signs and egress lighting will be located throughout the facility as required by code. The emergency generator will serve these. Lighting levels will be in accordance with nationally accepted levels of illumination for each space. Lighting controls will be provided that will allow full control of the light fixtures in the space, and they can be zoned according to preference, so portions of the gymnasium spaces can be dimmed down or turned off, as desired. Due to the inherent nature of LED fixtures, they can return to full output upon any emergency situation, so no additional emergency lighting will be required.

Data and Fire Alarm

A straightforward data network and telephone communication system will be installed, which will provide wiring for a limited number of telecommunication outlets throughout, including wireless access point locations located strategically throughout. A code required fire alarm system will be provided and will consist of the code-required notification appliances (horns/strobes) as well as manual activation devices (pull stations). Other systems, such as the kitchen hood suppression system and fire suppression system, will be connected to the system as required. A polling security system will be installed, consisting of door switches and motion sensors, at a minimum.

Food and Beverage

The facility will house a commercial grade kitchen capable of handling large, event level crowds. There will be ample dining space with tables and chairs. Playing areas will be visible from the dining area. Service will be ordered at the counter with phone and electronic kiosk ordering available. The kitchen will have deep fryers, griddles, ovens, charbroilers, a walk-in refrigerator and freezers and display beverage coolers. The facility will carry an ABC permit for on-premise consumption of alcohol.

eSports Gaming Room

Space will be dedicated to an eSports team, league and tournament center with 36 PC gaming stations and as many as 12 console stations. The area will host middle and high teams, clubs, practices, league games, and tournaments. The facility will become the center of eSports in Western MD.

Party, Meeting, and Team Rooms

There will be four multi-purpose rooms that will be used locally for birthday parties, during events for team meetings and hospitality for referees and coaches, and during the day for child care and after school programs.

Building Support

The rest of the facility will contain the support rooms necessary for building and business operations:

- Administrative offices
- HVAC room
- Electrical room
- Sprinkler room
- Storage
- Bathrooms
- Reception

Facility Design and Construction

The main sports pavilion will be a pre-engineered metal building. The support area will be contained in a single-story structure at the front of the taller sports pavilion. Lighting will be energy efficient LED lights with sports appropriate foot candle levels.

Financial Projections

The Three-Year Revenue and Expense projection below has been prepared using two main sources of information:

- The historical revenue and expense data from other, similar ESM operating facilities
- The Market Analysis performed by Pinnacle

The projections are built for the first three years of operations on a monthly basis by building monthly sales projections by product unit based on a projected opening month of the year. Expenses are calculated in most instances as a percentage of income and in the case of utilities, on a square foot basis.

Attached at the end, we include the following tables:

- Revenue Assumptions
- Expense Assumptions
- 3 year Revenue and Expense

Hagerstown Field House Income Assumptions			
Total Building Square Feet		117,156	
Income Assumptions			
Leagues		Players/Team	\$/Player
Adult Basketball		7	\$90.00
Youth Basketball		10	\$90.00
Adult Volleyball		6	\$90.00
Youth Volleyball		8	\$90.00
Adult Turf Sports		9	\$90.00
Youth Turf Sports		9	\$90.00
Futsal		8	\$90.00
Field Hockey		9	\$90.00
Youth Services		Children/Class	\$/Child
Week Break Camp		20	\$210.00
Day Break Camp		12	\$40.00
Summer Camp		30	\$210.00
Vendor Sports Camps		30	\$210.00
Clinics		20	\$100.00
Lil Kickers		7	\$169.00
Lil Monster Ballers		7	\$150.00
Lil Flyers		7	\$150.00
Lil Laxers/Sweepers		7	\$150.00
Lil Tacklers		7	\$150.00
Skills Institute		7	\$180.00
Birthday Parties		10	\$20.00
Play Structure		1	\$20.00
Rentals		\$/Hour	Participants
Turf Field		\$150.00	24
Courts		\$80.00	10
Tournaments		Teams/Event	\$/Team
Basketball		32	\$300.00
Volleyball		32	\$375.00
Field Hockey		24	\$375.00
Futsal		24	\$375.00
Tournament Admissions	Multiple of Tournament Rev		2
Membership	Av Price/Individual	\$29.00	
Fitness	% of Sports Performance	15.00%	
Concessions	% Income excl. sponsorship	25.00%	
	Year 1	Year 2	Year 3
Sponsor Sales Per Month	\$5,000.00	\$5,500.00	\$6,000.00

Hagerstown Field House Expense Assumptions				
Cost of Goods Sold				
	% of Leagues	21.75%		
	% of Youth Services	11.10%		
	% of Rentals	5.00%		
	% of Concessions	35.00%		
	% of Membership	5.00%		
	% of Tournaments	60.00%		
Administrative Expenses	% of Gross	4.92%		
Facility	% of Gross	4.52%		
Insurance	% of Gross	2.37%		
Marketing	% of Gross	1.50%		
Tenant Financing	Annual		\$149,455	
	Tenant Financing		\$149,455	
	Term	10		
	Rate	6.00%		
	Amount	\$1,100,000		
Utilities	Cost Per SF Annually	\$1.20		
Utilities	Annual Escalator	3.00%		
Salaries and Wages	% of Gross	24%	23.00%	22.00%
Management Fee	% of Gross	9.00%	7.50%	6.00%
Assumptions on Growth after Year 3 for Income				
Rate of Growth Years 4-7		3.00%		
Rate of Growth Years 8-20		2.00%		
Rate of Property Appreciation		2.00%		
Assumptions on Growth in Tournaments and other Economic Impact Areas				
Growth Rate Years 4-7		3.00%		
Growth Rate Years 8-20		2.00%		

Hagerstown Field House 3-Year Income and Expense			
	Year 1	Year 2	Year 3
Income			
Leagues	\$633,420	\$958,320	\$1,052,640
Youth Programming	\$583,170	\$726,170	\$726,170
Rentals	\$187,440	\$198,240	\$217,440
Tournaments	\$288,000	\$403,200	\$532,800
Concessions	\$512,536	\$695,695	\$764,679
Sponsorship	\$60,000	\$66,000	\$72,000
Fitness & Sports Training	\$358,112	\$496,848	\$529,665
Total Income	\$2,622,678	\$3,544,473	\$3,895,393
Cost of Goods Sold	\$581,966	\$809,207	\$934,227
Gross Profit	\$2,040,712	\$2,735,266	\$2,961,167
Expenses			
Administrative	\$129,036	\$174,388	\$191,653
Facility	\$118,571	\$160,246	\$176,111
Insurance	\$62,157	\$84,004	\$92,321
Marketing	\$39,340	\$53,167	\$58,431
Salaries and Wages	\$629,443	\$815,229	\$856,987
Management	\$236,041	\$265,835	\$233,724
Utilities	\$136,800	\$140,904	\$145,131
Taxes	\$232,965	\$237,374	\$241,871
Debt Service	\$149,455	\$149,455	\$149,455
Total Expenses	\$1,733,808	\$2,080,602	\$2,145,683
Net Income	\$306,904	\$654,664	\$815,484

EXHIBIT D: Pre-opening Budget

Estimated Pre-Opening Expenses

Pre-Opening Wages	\$275,000.00
Business Planning and Corporate Support	\$300,000.00
Marketing	\$50,000.00
Working Capital	\$400,000.00
Temporary Space	\$10,000.00
Phone, Internet, Software	\$15,000.00
Legal	\$25,000.00
Office and Facility Supplies	\$5,000.00
Insurance	\$10,000.00
Travel	\$10,000.00

\$1,100,000.00

EXHIBIT E: Floor Plan

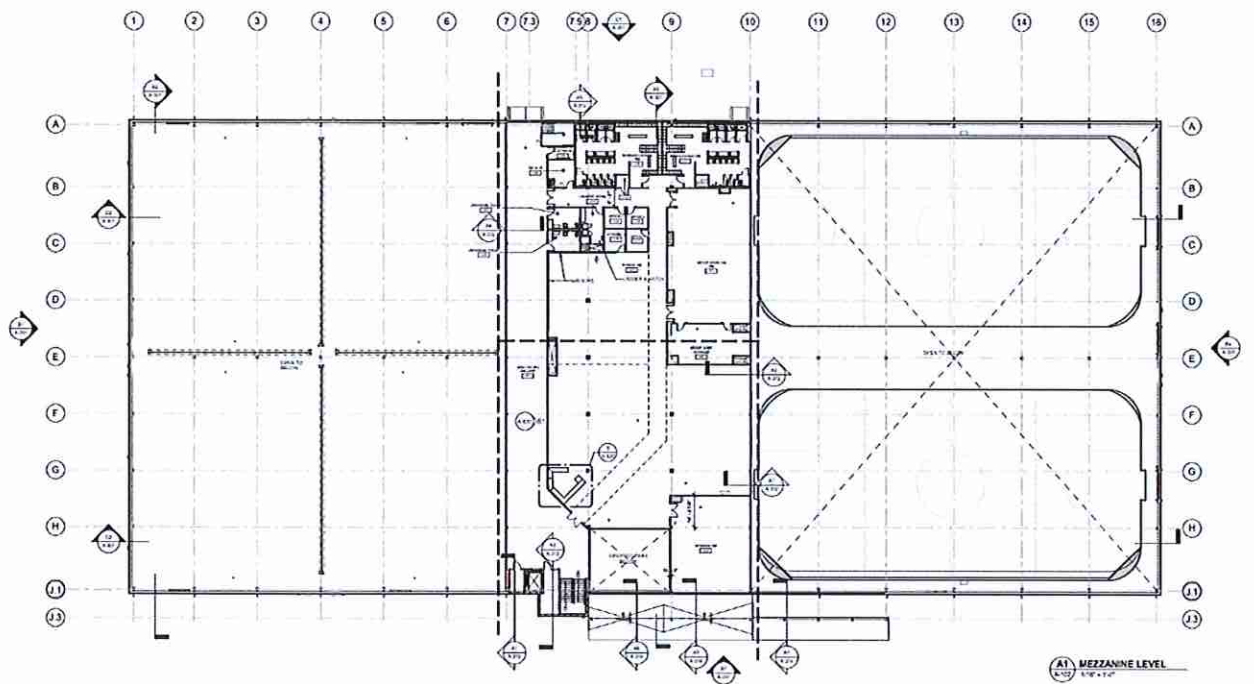
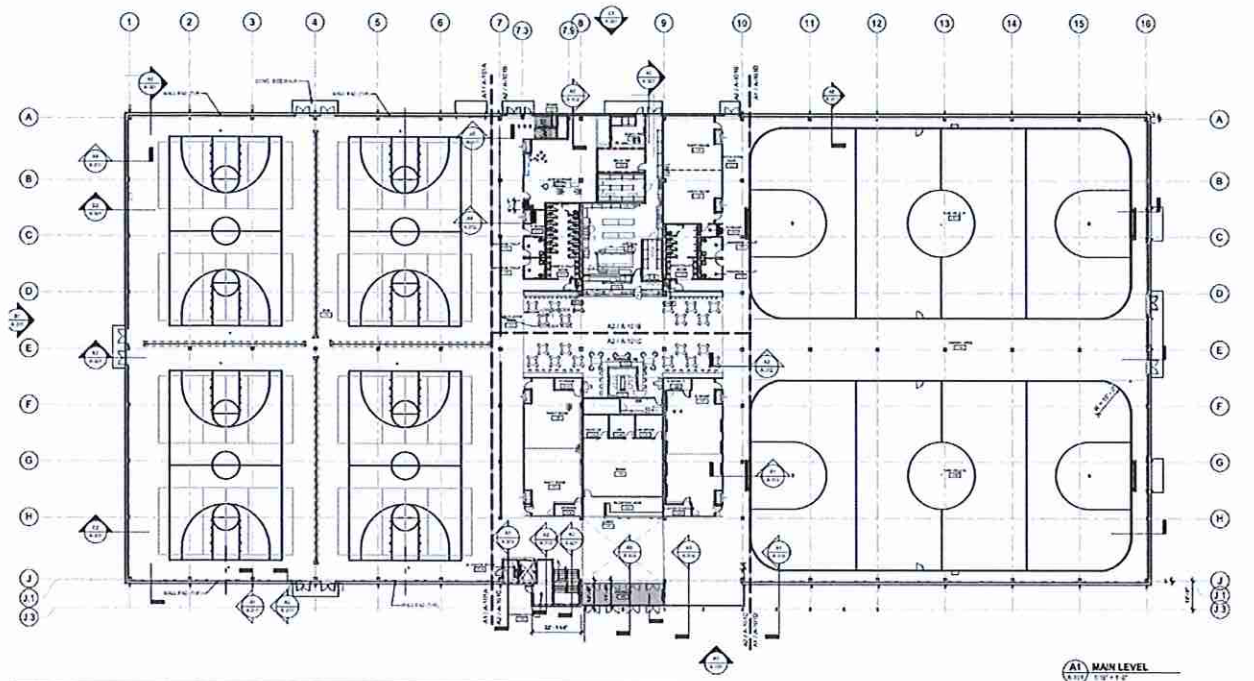


EXHIBIT F: Insurance Requirements

Hagerstown Field House Insurance Requirement		
		Limits
Commercial General Liability (per occurrence)	Each Occurrence	\$1,000,000
	Damage to Leased Premises	\$500,000
	Medical Expenses (any one person)	\$5,000
	Personal & Adv Injury	\$1,000,000
	General Aggregate	\$2,000,000
	Products-Comp/OP Agg.	
Automobile Liability (hired and non-owned autos only)		
	Combined Single Limit	\$1,000,000
Umbrella Liability (per occurrence)		
	Each Occurrence	\$3,000,000
	Aggregate	\$3,000,000
Worker's Compensation and Employers' Liability		
	E.L. each Accident	\$1,000,000
	E.L. each Employee	\$1,000,000
	E.L. Policy Limit	\$1,000,000
Sex Abuse Policy	Each Occurrence	\$1,000,000
	Aggregate	\$3,000,000

EXHIBIT G: Tenant FFE Replacement

	To be Replaced by Tenant	To be Replaced by Landlord
SPORTS PACKAGE		
Basketball/Volleyball Court Area		
Sports Flooring		X
Basketball Backstops		X
Volleyball Standards		X
Divider Curtains		X
Equipment Controls	X	
Team Benches	X	
Bleacher Seating	X	
Glass Sport Wall Panels		X
Sport Wall Panels		X
Netting		X
Scoreboards	X	
Basketball Backstop Shot Clocks	X	
Column Pads	X	
Wall Pads	X	
Goals and Equipment	X	
Dasher Boards and Turf Area		
Dasher Boards		X
Artificial Turf		X
Team Benches	X	
Bleacher Seating	X	
Netting		X
Sport Wall Panels		X
Scoreboards	X	
Goals and Equipment	X	
KITCHEN		
Concession Equipment and Buildout	X	
Kitchen Hood		X
Smallwares	X	
IT/AV		
Audio/Visual	X	
Network Systems/Security/Internet Wifi	X	
Structured Cabling		X
FURNITURE		
Furniture	X	
FITNESS		
Fitness Equipment	X	
Fitness Flooring	X	
MISCELLANEOUS		
Laundry Equipment	X	
Misc Sports Equipment	X	
Heavy Equipment	X	
IT Equipment	X	
Janitorial Supplies	X	
Office Supplies	X	
Miscellaneous Equipment	X	
Marketing Supplies	X	

EXHIBIT H: Projected Tenant Capital Reserve Contributions

Projected Capital Reserve Contributions

Lease Year 1	\$0
Lease Year 2	\$50,000
Lease Year 3	\$50,000
Lease Year 4	\$75,000
Lease Year 5	\$75,000
Lease Year 6	\$75,000
Lease Year 7	\$100,000
Lease Year 8	\$100,000
Lease Year 9	\$100,000
Lease Year 10	\$125,000
Lease Year 11	\$125,000
Lease Year 12	\$125,000
Lease Year 13	\$150,000
Lease Year 14	\$150,000
Lease Year 15	\$150,000
Lease Year 16	\$150,000
Lease Year 17	\$150,000
Lease Year 18	\$150,000
Lease Year 19	\$150,000
Lease Year 20	\$150,000

