

Memorandum of Understanding
Sept. 29, 2010

This Memorandum of Understanding by and between the City of Annapolis, an incorporated municipality of the State of Maryland, (City), 160 Duke of Gloucester Street, Annapolis, MD 21401 and Gone to Market LLC, (GTM LLC), a Maryland Limited Liability Company organized under the laws of the State of Maryland, 6 Meadow Road, Baltimore, MD 21202, is made and entered into on the 29th day of September, 2010.

The Parties hereby agree and affirm that they are engaged in and will continue to engage in exclusive negotiations with the goal of entering into one or more definitive agreements, including but not limited to a management agreement and/ or a lease for the City owned property known as the Annapolis Market House (the "Definitive Agreements"). The City and GTM LLC further agree that time is of the essence with regard to the renovation and reopening of the Annapolis Market House and, therefore, both City and GTM LLC agree to proceed in good faith. The City and GTM LLC agree that separate agreements covering specific time periods may be appropriate, including but not limited to a pre-development agreement, right of entry and/ or a construction management agreement to enable GTM LLC to commence design and/or construction prior to the execution of a longer term Market House Use agreement.

This MOU will remain in effect for 90 days from date of execution by both parties. Either party may terminate the MOU prior to the 90-day period for any reason by providing written notice, by overnight mail, to the other party. Both parties agree that any expense incurred by either party will be to its own account, unless otherwise agreed to in advance and in writing. With the exception of the preceding sentence, upon termination or expiration of this agreement, this Agreement shall have no further force of effect.

Both parties acknowledge that the Mayor or his designee(s) are responsible for negotiating on behalf of the City. Both parties further acknowledge that one or more of the definitive agreements negotiated by the Mayor may require City Council approval.

The parties understand and agree that each will secure the advice of their own legal counsel and that the Definitive Agreements, when completed, reviewed and approved by the City Council, and executed, may depart from the proposed terms set forth herein and as may be required in order to comply with federal, state and/or local law, rules and regulations.

The City recognizes that GTM LLC will not be required to obtain liability, fire or indemnity insurance until one or more additional agreements have been executed that provide for GTM LLC's right of entry to conduct extensive investigations of the subject

property. Until such a right of entry is granted and GTM LLC has provided the requisite insurance, GTM LLC will not (other than casual entry permitted to any member of the public) have the right to enter the property to conduct investigations.

The City and GTM LLC will use the attached general principles, approximate project timeline and other considerations outlined in this MOU.

In Witness Whereof, the parties hereto have executed this Agreement to Lease as of the date written above written.

City: City of Annapolis

Witness

By _____ Title
Joshua J. Cohen, Mayor

GTM LLC: Gone to Market LLC

Witness

By _____ Title
W. Lehr Jackson, Managing Member

General Guidelines for a Management Agreement(s) and/or lease agreement(s) by and between the City of Annapolis & Gone to Market LLC

Guiding Principles: It is the intention of the parties to enter into exclusive negotiations with GTM LLC with the goal of entering into one or more definitive agreements including but not limited to a management agreement and/ or a lease agreement for the use of the property belonging to the City, known as the Annapolis Market House.

Agreements by and between the City and GTM LLC may include project management, design, renovation, and long term operation of the Market House, and adjacent property, according to the agreed terms of use.

The City and GTM LLC are aware and agree that certain restrictions apply to the use of the Market House as an historic structure, and other regulations set by City zoning regulations, and use of a public facility by a private enterprise. Where flexibility exists, and where City Code may be changed, subject to approval by City Council, the City will cooperate to accommodate the needs of GTM LLC to develop a successful business operation.

Property: Annapolis Market House, Market Space, Annapolis MD

Useable Area: Approx. 5000 sf (interior) and adjacent exterior space, including non-exclusive table use in the adjoining plaza.

Use: Fresh food market using local & regional vendors, seafood market and oyster bar, market lunch counter and items commonly found in public markets.

Term: Various agreements may cover one or more of the following phases:
(a) Pre-development design, regulatory approval and permitting,
(b) Renovation,
(c) Interior build-out,
(d) Operation period

Definitive agreements and subsequent renewals of such agreements, shall be conditioned on the mutual satisfaction of the goals and objectives as defined in the agreements.

Exit or Termination Conditions

The parties mutually agree that the definitive agreements shall specify certain conditions by which the City and/ or GTM LLC can terminate said agreement(s).

Fee for Use and/or Management Agreement Terms

Relative to the various phases of the Market House renovation and operation, i.e., pre-development, renovation, interior build-out, commercial operation, etc., the definitive agreements may include project management or operational fees paid to GTM LLC, or may include certain Fees for Use the GTM LLC would pay to the City.

City Improvements:

City will provide, directly or indirectly, a facility with adequate HVAC for Market House use with a re-configured layout that is mutually agreed to by the City and GTM LLC. The layout will be more suitable than currently exists for pedestrian-oriented market operations, will have a reasonable number of operable windows, and other structural modifications to facilitate a successful Market House operation, subject to the necessary regulatory and/or Historic Preservation approvals. Both parties recognize changes may require historic process approval and will either file for such changes and/or schedule a pre-approval meeting to discuss such changes on or before October 12, 2010.

City and GTM LLC intend to develop a separate Project Management Agreement with respect to pre-opening construction and management activities.

Projected Re-opening Date

City and GTM LLC will mutually work toward obtaining necessary plans, engineering and permits for market re-configuration in the fourth quarter of 2010. Construction is planned for first quarter of 2011. Market re-opening date is planned for April 1, 2011. Time is of the essence in all matters relating to this schedule.

Future Capital for Improvements:

City will assume the responsibility for any future capital improvements to the base building structural and mechanical

systems and the exterior envelope of the building, including the roof. The City and GTM LLC will meet annually to discuss and agree upon any future capital improvements that may be warranted.

GTM LLC shall assume the responsibility for any future capital improvements to the interior space.

Initial Capital for Tenant Improvements:

Definitive agreements between the City and GTM LLC will define each party's share of any initial capital investment for new tenant allowances such as build-out, equipment and/or fixturing.

Beer and Wine License:

The City and GTM LLC agree that this Memorandum Of Understanding and the subsequent definitive agreements are contingent upon the ability to obtain a beer and wine license for the Market House.

Other Issues that City will pursue to accommodate requests by GTM LLC:

It is the intent of the City to cooperate to accommodate the following requests, subject to the requirements of the legislative process. Such requests may require changes to the current City code and may be subject to review and approval by the City Council and independent boards and commissions.

Outdoor Dining- Tables, chairs & umbrellas as approved by Historic Preservation Commission.

Signage- Tasteful signs hanging from the eaves for each tenant outside to be submitted to HPC

Plaza and Parking Spaces – Portions of the south side of Market Space, its parking spaces, curb, sidewalk and a portion of Hopkins Plaza may be used to accommodate activities held by or in conjunction with the Market House. These spaces can also be closed for mutually agreed public events.

Permitting –The City will expedite all permits relative to GTM LLC's development, use and tenant build out.

Project Timeline (approximate)

September – December 2010:

GTM LLC and City administration discuss MOU and general Market House project with City's Economic Matters Committee. Legislation is introduced at City Council Meeting to modify beer/wine regulations pertaining to sale and consumption at the Market House.

GTM LLC and City develop draft definitive agreements for phases of Market House pre-development, renovation, etc.

HVAC technical evaluation to determine appropriate HVAC upgrade.

GTM LLC presents project concepts to HPC for preliminary recommendations.

Public showing of initial concepts by GTM LLC, poster board display and discussion at Market House.

Present final GTM LLC agreements to Economic Matters Committee to enable Committee review and feedback prior to full Council review.

City submits definitive agreement(s) to City Council for review and approval.

GTM LLC presents final update of project design (poster board) and discussion at Market House.

January 2011: Market House closes for renovation

Jan/ Feb/ March: Construction

April 2011: Grand Re-opening.