

INTRODUCED: April 8, 2024

AN ORDINANCE No. 2024-109

To authorize the Chief Administrative Officer, for and on behalf of the City of Richmond, to execute a Property Tax Grant Performance Agreement between the City of Richmond, CoStar Realty Information, Inc., and the Economic Development Authority of the City of Richmond for the purpose of providing a grant to CoStar Realty Information, Inc., to expand, equip, improve, and operate its regional headquarters located at 501 South 5<sup>th</sup> Street and 600 Tredegar Street in the city of Richmond.

\_\_\_\_\_  
Patron – Mayor Stoney

\_\_\_\_\_  
Approved as to form and legality  
by the City Attorney  
\_\_\_\_\_

PUBLIC HEARING: APR 22 2024 AT 6 P.M.

THE CITY OF RICHMOND HEREBY ORDAINS:

§ 1. That the Chief Administrative Officer, for and on behalf of the City of Richmond, be and is hereby authorized to execute a Property Tax Grant Performance Agreement between the City of Richmond, CoStar Realty Information, Inc., and the Economic Development Authority of the City of Richmond for the purpose of providing a grant to CoStar Realty Information, Inc., to expand, equip, improve, and operate its regional headquarters located at 501 South 5<sup>th</sup> Street and 600 Tredegar Street in the city of Richmond. The Property Tax Grant

AYES:                    8                    NOES:                    0                    ABSTAIN: \_\_\_\_\_

ADOPTED:    APR 22 2024    REJECTED: \_\_\_\_\_    STRICKEN: \_\_\_\_\_

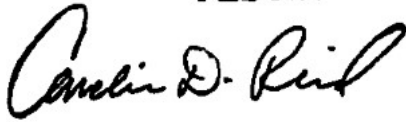
Performance Agreement shall be approved as to form by the City Attorney and shall be substantially in the form of the document attached to this ordinance.

§ 2. This ordinance shall be in force and effect upon adoption.

APPROVED AS TO FORM:

\_\_\_\_\_  
City Attorney's Office

**A TRUE COPY:  
TESTE:**



**City Clerk**



# City of Richmond

900 East Broad Street  
2nd Floor of City Hall  
Richmond, VA 23219  
www.rva.gov

## Master

**File Number: Admin-2024-0228**

**File ID:** Admin-2024-0228

**Type:** Request for Ordinance or Resolution

**Status:** Regular Agenda

**Version:** 1

**Reference:**

**In Control:** City Clerk Waiting Room

**Department:**

**Cost:**

**File Created:** 03/18/2024

**Subject:**

**Final Action:**

<b>Title:</b>
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**Internal Notes:**

**Code Sections:**

**Agenda Date:** 04/08/2024

**Indexes:**

**Agenda Number:**

**Patron(s):**

**Enactment Date:**

**Attachments:** Admin-2024-0228\_CoStar Performance Agmt Ord AATF, Admin-2024-0228\_City of Richmond\_CoStar Property Tax Performance Agreement (Final)

**Enactment Number:**

**Contact:**

**Introduction Date:**

**Drafter:** Katie.McConnell@rva.gov

**Effective Date:**

**Related Files:**

### Approval History

Version	Seq #	Action Date	Approver	Action	Due Date
1	1	3/22/2024	Leonard Sledge	Approve	3/20/2024
1	2	3/22/2024	Sharon Ebert	Approve	3/26/2024
1	3	3/22/2024	Meghan Brown	Approve	3/26/2024
1	4	3/25/2024	Sheila White	Approve	3/26/2024
1	5	3/27/2024	Jeff Gray	Approve	3/27/2024
1	6	3/28/2024	Lincoln Saunders	Approve	4/10/2024
1	7	3/28/2024	Cordell Hayes - FYI	Notified - FYI	
1	8	3/28/2024	Mayor Stoney	Approve	4/11/2024

### History of Legislative File

Ver- sion:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:

Text of Legislative File Admin-2024-0228

# City of Richmond

## Intracity Correspondence

### O&R REQUEST

**DATE:** March 6, 2024 **EDITION:** 1

**TO:** The Honorable Members of City Council

**THROUGH:** The Honorable Levar M. Stoney, Mayor

**THROUGH:** J.E. Lincoln Saunders, Chief Administrative Officer

**THROUGH:** Sheila White, Director of Finance

**THROUGH:** Meghan Brown, Senior Manager, Department of Budget and Strategic Planning

**THROUGH:** Sharon Ebert, Deputy Chief Administrative Officer

**FROM:** Leonard L. Sledge, Director, Department of Economic Development

**RE:** Approval of the Performance Agreement between the City of Richmond, CoStar Realty Information, Inc., and the Economic Development Authority of the City of Richmond.

**ORD. OR RES. No.**

**PURPOSE:** To authorize the Chief Administrative Officer, for and on behalf of the City of Richmond, to execute a Performance Agreement between the City of Richmond, CoStar Realty Information, Inc., and the Economic Development Authority of the City of Richmond for the purpose of providing grants to CoStar Realty Information, Inc., to expand, equip, and operate its regional headquarters located at 501 South 5th Street and 600 Tredegar Street in the city of Richmond.

**REASON:** CoStar's regional headquarters expansion provides significant economic development benefits for the city. The project:

- Will create 1,984 new jobs, with an annual average wage of at least \$85,000;
- Involves more than \$460.5 million in private capital investment in the site;
- Enhances general fund revenue creation- an estimated \$30.6 million in new taxes over the next ten years;

- Develops an underutilized parcel of prime real estate, providing greater activation of the riverfront;
- Will generate new foot traffic for retail and service businesses downtown; and
- Demonstrates Richmond’s strength as a location for growing corporations.

**RECOMMENDATION:** The City Administration recommends the adoption of this ordinance.

**BACKGROUND:** In December 2021, following a competitive site selection search, CoStar Realty Information, Inc., announced its decision to expand its regional headquarters and research and technology campus at 501 South 5th Street and 600 Tredegar Street, which it has occupied since 2016. The company announced that it would invest \$460.5 million and create 1,984 new jobs with an average wage of over \$85,000.

To induce the company to expand in Richmond, the State offered its “Market-Based Sourcing” incentive which reduces the Company’s corporate income tax burden, and a \$15 million infrastructure grant, which the City is a party to the performance agreement. The City is offering an annual performance grant equal to a percentage of new incremental real estate tax revenue for ten years and new incremental business personal property tax for three years. The grant is structured so no existing city revenue is leveraged in the incentive. The value of the incentive decreases over the ten-year performance period, from 75% to 50% to 25% of the new incremental real estate tax revenue.

The Performance Agreement between Costar Realty Information Inc., the City, and the Economic Development Authority of the City of Richmond (EDA) sets forth the terms and conditions under which the annual grant will be paid to the Company.

CoStar’s continued investment in the city is an economic development success for Richmond’s growing professional services and technology sectors and a demonstration of Richmond’s potential as a corporate/regional headquarters.

**STRATEGIC INITIATIVES AND OTHER GOVERNMENTAL:** The expansion of corporate headquarters and professional services companies aligns with the initiatives laid out in the City’s adopted Strategic Plan for Equitable Economic Development (SPEED).

**FISCAL IMPACT:** The project is projected to generate an estimated \$30.6 million in new revenue over the next ten years. The incentive leverages a portion of new, incremental taxes only and does not involve any existing city revenue. The first grant payment may be requested by the Company in FY 2027 and based on performance, will be disbursed annually until FY 2036.

**DESIRED EFFECTIVE DATE:** Upon Adoption.

**REQUESTED INTRODUCTION DATE:** April 8, 2024

**CITY COUNCIL PUBLIC HEARING DATE:** April 22, 2024

**REQUESTED AGENDA:** Consent

**RECOMMENDED COUNCIL COMMITTEE:** Finance and Economic Development Standing Committee

**CONSIDERATION BY OTHER GOVERNMENTAL ENTITIES:** The Economic Development Authority of the City of Richmond

**AFFECTED AGENCIES:** Department of Economic Development, the Department of Budget and Strategic Planning, and the Department of Finance

**RELATIONSHIP TO EXISTING ORD. OR RES.:** N/A

**ATTACHMENTS:** Commonwealth's Development Opportunity Performance Agreement

**STAFF:** Leonard L. Sledge, Director, Department of Economic Development (804) 646-7576  
Katie McConnell, Deputy Director, Department of Economic Development (804) 646-3171  
Sam Earl, Senior Management Analyst, Department of Economic Development (804) 646-4248

## PROPERTY TAX GRANT PERFORMANCE AGREEMENT

This **PERFORMANCE AGREEMENT** (the “Agreement”) made and entered this \_\_\_\_ day of \_\_\_\_\_, 2024, by and among the **CITY OF RICHMOND, VIRGINIA** (the “City”), a municipal corporation of the Commonwealth of Virginia; **COSTAR REALTY INFORMATION, INC.**, a Delaware corporation, authorized to transact business in the Commonwealth of Virginia (the “Company”); and the **ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF RICHMOND, VIRGINIA** (the “Authority”), a political subdivision of the Commonwealth.

### RECITALS

**WHEREAS**, the Company intends to expand its regional headquarters in the city at 501 S 5<sup>th</sup> Street, Tax Parcel Map No. W0000051002, and at the property known as 600 Tredegar Street, Tax Parcel Map Number W0000043002 thereby making, or causing to be made, a significant Capital Investment, and creating and Maintaining a significant number of New Jobs, as such capitalized terms are hereinafter defined;

**WHEREAS**, the City desires to provide to the Company an economic development monetary grant (“Grant”) for the purpose of inducing the Company to expand, equip, improve, lease, and/or operate a regional headquarters facility in the city and to make the Capital Investment and create New Jobs at the Expansion Facility;

**WHEREAS**, the City is willing to provide the funds for the Grant (“Grant Amount”) to the Authority with the expectation that the Authority will provide the Grant Amount to the Company, provided that the Company meet certain criteria relating to the Capital Investment and the New Jobs in accordance with the terms and conditions of this Agreement;

**WHEREAS**, expanding the regional headquarters at the Expansion Facility will entail a Capital Investment of not less than \$393,700,000 in new construction and building upfits resulting in an increase in taxable real property as of the fifth year of the Grant Period; and not less than \$66,800,000 in tangible business personal property resulting in an increase in taxable business personal property as of the seventh year of the Grant Period;

**WHEREAS**, expansion of the regional headquarters at the Expansion Facility will entail the creation of 1,984 New Jobs by the Company as of the seventh year of the Grant Period;

**WHEREAS**, the New Jobs and Capital Investment will be maintained through the tenth year of the Grant Period;

**WHEREAS**, the City, the Authority, and the Company desire to set forth their understanding and agreement as to the payout of the Grant, the use of the Grant Amount, the obligations of the Company regarding the Grant, the Capital Investment, and the New Job creation, and the repayment by the Company of all or part of the Grant under certain circumstances;

**WHEREAS**, the City and the Authority have determined that the Company's expanding its regional headquarters at the Expansion Facility will result in substantial benefits to the welfare of the city and its inhabitants; is in the public interest; and serves governmental interests, including but not limited to an increase in real estate and tangible personal property tax receipts and job creation;

**WHEREAS**, the stimulation of additional tax revenue and economic activity to be generated by the Capital Investment and New Jobs constitute a valid public purpose for the expenditure of public funds;

**WHEREAS**, the City is authorized by Section 15.2-953 of the Code of Virginia and other laws, and the Authority is authorized by the Industrial Development and Revenue Bond Act, contained in Chapter 49, Title 15.2 of the Code of Virginia and other laws to perform the activities contemplated in this Agreement; and

**WHEREAS**, this Agreement sets forth the understanding of the parties concerning the Company's obligations, the Authority's obligations, and the incentives offered by the City, subject to the approval of the Authority's Board of Directors and the Richmond City Council, and subject to annual appropriation.

**NOW, THEREFORE**, in consideration of the foregoing, the mutual benefits, promises and undertakings of the parties to this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows.

**Section 1. Definitions.**

For the purposes of this Agreement, the following terms shall have the following definitions:

"Average Annual Wage" means the average total taxable income paid by the Company during the Grant Year to all employees who are included in either the Baseline Jobs or the New Jobs. The Average Annual Wage is determined by dividing the total payroll for all Baseline Jobs and New Jobs (as reflected in Box 5 of I.R.S. Form W 2) by the total number of Baseline Jobs and New Jobs.

"Base Tax Year" means Tax Year 2022.

"Baseline Job" means a full-time position located in the city as of January 1, 2022.

"Capital Investment" means a capital expenditure by, or on behalf of the Company of not less than \$393,700,000 in new construction and building upfits resulting in an increase in taxable real property at the Expansion Facility from January 1, 2022, through the fifth year of the Grant Period; and not less than \$66,800,000 in Tangible Personal Property at the Expansion Facility from January 1, 2022, through the seventh year of the Grant Period. The Capital Investment must be in addition to the capital improvements and Tangible Personal Property at the Expansion Facility as of January 1, 2022. The purchase or lease of furniture, fixtures, machinery and equipment, including under an operating lease, building construction, expansion, up-fit, re-tooling and



improvements by or on behalf of the Company, including under a build-to-suit lease or sale-leaseback transaction, and land improvements, direct project management costs, including, but not limited to, architecture and engineering services, will qualify as Capital Investment. The costs incurred to bring the Expansion Facility to the condition necessary for its intended use, including costs of constructing, including finance costs as required to be capitalized under US generally accepted accounting principles (GAAP), equipping and occupying of the Expansion Facility will qualify as Capital Investment.

“City” means the City of Richmond, Virginia, a political subdivision of the Commonwealth of Virginia, acting through its city council.

“Expansion Facility” means the real and Tangible Personal Property located in the city at 501 S 5<sup>th</sup> Street and 600 Tredegar Street, identified in the 2023 records of the City Assessor at Tax Parcel Map Numbers W0000043002 and W0000043001 respectively.

“Fiscal Year” means the City’s fiscal year, which runs from July 1 of one calendar year to June 30 of the next calendar year.

“Grant Amount” means in any Tax Year during the Grant Period the amount by which real estate taxes and Tangible Personal Property taxes actually paid to the City by the Company for the Expansion Facility exceeds the Grant Eligibility Amount according to the schedule included in Exhibit A attached to this agreement.

“Grant Eligibility Amount” means the sum total of the real estate taxes and Tangible Personal Property taxes paid to the City by the Company for the Expansion Facility in the Base Tax Year.

“Grant Period” means the period of time over which the Authority will pay the Grant Amount, which according to the schedule included in Exhibit A, shall begin on July 1, 2025, and end on June 30, 2035, subject to any extensions as provided below. The Target for the Capital Investment created from new construction and building upfits shall be achieved no later than the fifth year of the Grant Period. If the City and Authority deem that good faith and reasonable efforts have been made and are being made by the Company to achieve the Target for the Capital Investment created from new construction and building upfits, the Company may at any time prior to the fifth year of the Grant Period request in writing to the Authority to extend the date to achieve the Target for the Capital Investment created from new construction and building upfits by no longer than 12 months (through the sixth year of the Grant Period). The Target for the Capital Investment created from new Tangible Personal Property shall be achieved no later than the seventh year of the Grant Period. If the City and Authority deem that good faith and reasonable efforts have been made and are being made by the Company to achieve the Target for the Capital Investment created from new Tangible Personal Property, the Company may at any time prior to the seventh year of the Grant Period request in writing to the Authority to extend the date to achieve the Target for the Capital Investment created from new locally taxable Tangible Personal Property by no longer than 12 months (through the eighth year of the Grant Period).

“Maintain” means that the Capital Investment and New Jobs will continue without interruption from the date of creation through the end of the Grant Period.

“New Jobs” means new permanent full-time employment of an indefinite duration created on or after January 1, 2022, in the city for which the standard fringe benefits are provided by the Company for the employee, and for which the Company pays an average annual wage of at least \$85,000. Each New Job must require a minimum of either (i) 35 hours of an employee’s time per week for the entire normal year of the Company’s operations, which “normal year” must consist of at least 48 weeks, or (ii) 1,680 hours per year. Seasonal or temporary positions and positions with construction contractors, vendors, suppliers and similar multiplier, ancillary or spin-off jobs shall not qualify as New Jobs. The New Jobs must be in addition to the Baseline Jobs. Each annual reporting period by the Company during the term of this agreement shall contain no more than 10% of New Jobs which are, at that time, not physically located on a full-time basis at the Company’s Expansion Facility in the City.

“Tax Year” means the calendar year in which real estate and Tangible Personal Property taxes are required to be paid by the Company to the City.

“Tangible Personal Property” means all personal property not classified as intangible personal property, merchants’ capital, or daily rental property as defined by Code of Virginia § 58.1-1100 and §58.1-3510, as the same may be from time to time amended.

“Targets” means the Company’s obligations to make, or cause to make, the Capital Investment; to create the New Jobs; and to Maintain both within the timeframes set forth in this Agreement.

**Section 2. Targets.**

**2.1 Capital Investment Targets.** The Company shall make, or cause to make, a minimum Capital Investment of not less than \$393,700,000 in new construction and building upfits resulting in an increase in taxable real property at the Expansion Facility from January 1, 2022 through the fifth year of the Grant Period; and not less than \$66,800,000 in Tangible Personal Property resulting in an increase in locally taxable Tangible Personal Property at the Expansion Facility from January 1, 2022 through the seventh year of the Grant Period and shall Maintain such level of Capital Investment through the end of the Grant Period.

**2.2 New Jobs Target.** The Company shall create at least 1,984 New Jobs in the city from January 1, 2022, through the seventh year of the Grant Period and shall Maintain such jobs through the end of the Grant Period.

**Section 3. Disbursement of Grant.**

**3.1 Grant Amount.** The City shall, through the Authority, provide the Company with the Grant Amount as an economic development incentive grant calculated in accordance with the schedule included in Exhibit A to this Agreement over the Grant Period, payable as follows:

**3.2 Payment.** The Grant Amount shall be paid annually for each of the City's Fiscal Years during the Grant Period, subject to appropriations and subject to the performance obligations by the Company set forth in this Agreement. Payment of the Grant Amount for the first year of the Grant Period can be requested by the Company once the City has fully and timely received payment of the Company's real estate taxes and Tangible Personal Property attributable to the Expansion Facility, but no earlier than July 1, 2026. Once the Company's request in writing has been received by the City and the City has received the requisite real estate tax payments and Tangible Personal Property tax payments, as determined by the City in its sole discretion, the City shall, within thirty (30) days, request the Authority or other agency to provide the Company with the Grant Amount for the corresponding Fiscal Year determined in accordance with and subject to the limits contained herein. All subsequent grant requests by the Company can be made in writing once the City has received full payment of the real estate taxes and Tangible Personal Property tax payments attributable to the Expansion Facility, as determined by the City in its sole discretion, for the relevant Tax Year, but no earlier than July 1 of each year. The City will have thirty (30) days to request the Authority or other agency to provide the Company with the annual Grant Amount from the time the written request from the Company has been received and the requisite real estate taxes and Tangible Personal Property taxes have been paid, as determined by the City in its sole discretion.

In the event that the Company should make a protest, through the appropriate channels and processes, of a real estate or Tangible Personal Property tax bill or assessment made by the City, the City may withhold the portion of the annual Grant Amount attributable to the contested taxes only provided that the Company has given written notice to the City and Authority of such protest and the amount in accordance with Section 8 of the agreement. Should the Company's protest fail, and all applicable appeals be exhausted, the Company may make a request in writing to the City for payment of the portion of the annual Grant Amount attributable to the contested taxes. Upon confirmation that the City has received taxes from the Company such that the Company's tax obligation is paid in full and following any budget amendment, if such amendment is necessary, the City shall, within thirty (30) days, request the Authority or other agency provide the Company with the applicable portion of the Grant Amount for the corresponding Fiscal Year.

**3.3 Certification of Capital Investment and New Jobs.** In addition to the requirements of section 3.2 above, the Company's written request in each year of the Grant Period must include a certification by a representative of the Company that the Capital Investment and New Job creation has been performed in accordance with the terms of this Agreement, together with documentation detailing such Capital Investment and New Job creation as provided in Exhibit B attached to this agreement. These reports shall be submitted with the Company's request for payment, no earlier than July 1 of each year of the Grant Period starting on July 1, 2026. The first report must cover the period from January 1, 2022 through December 31, 2025. Subsequent reports shall cover the previous calendar year. Through the annual report submitted to the city for activities through December 31, 2028, the Company will provide copies of the annual certified reports it provides to the Commonwealth of Virginia pursuant to the Property Information and Analytics Firm Tax Modification Memorandum of Understanding executed on July 25, 2022 and confirm that such reports have been accepted and certified by the Secretary of Commerce and Trade pursuant to that Memorandum of Understanding. Annual reports submitted to the City pursuant to this Agreement for Company activities after January 1, 2029 shall be certified as to their accuracy by an officer of

the Company. If the City has reasonable cause to suspect that the information provided in such certified report is insufficient or inaccurate, the City shall notify the Company which shall have 60 days to provide the additional information, and such subsequent information shall also be certified by an officer of the Company. If the City has reasonable cause to suspect that the subsequent information is insufficient or inaccurate, the City may request to audit the Company's information for that individual annual report, and the expenses of such an audit shall be borne by the Company.

Additionally, on December 31, 2025, in the seventh year and in the tenth year of the Grant Period, and at other times upon request, the Company must provide access to its four most recent Employer's Quarterly Tax Reports for the city with the Virginia Employment Commission along with other such information as the Company possesses to document the number of New Jobs in the city. The forms shall be marked and considered confidential and used by the City solely for verifying progress toward or satisfaction of the New Jobs Target.

To ensure accurate labor force data at the state and local level, the Company agrees to provide the Virginia Employment Commission with information on a regular basis, at least annually, as to the number of employees based in the city.

In addition to the verification data described above, in the sole discretion of the City and Authority, the City and Authority may require such other documentation or audits as may be required to properly verify the Capital Investment or New Jobs.

**3.4 Appropriations Required.** The City's and the Authority's obligation to provide the annual Grant Amount to the Company is subject to and contingent upon the appropriation of all necessary funds by the Richmond City Council for such purposes and upon action of the Authority's Board of Directors.

#### **Section 4. Administration of Grant.**

**4.1** The City agrees to transfer to the Authority, as and when appropriated by the City Council, the funds necessary for the Authority to meet its obligations under the Agreement relating to the Grant. No administrative fees or expenses shall be paid by the City.

**4.2** The Authority's obligation to undertake the activities herein is specially conditioned upon the City providing funding on a timely basis; provided, however, the City's obligation is subject to appropriation by the City Council and availability of funds.

**4.3** The Authority agrees to provide the City's Chief Administrative Officer, or the designee thereof, with copies of all documents related to this Agreement and will keep the Chief Administrative Officer fully and timely informed of all matters related to the Agreement.

**4.4** The Authority agrees that all funds transferred by the City to the Authority for the Grant shall be deposited by the Authority within a Project Fund, to be used only to satisfy the obligations contained in this Agreement related to the Grants.

**4.5** It is the intent of the parties not to impose upon the Authority any responsibility, duty or obligation other than what may be required to implement the Grant. Accordingly, Authority does not assume any responsibility or liability whatsoever except as specifically stated herein. If litigation involving the Grant is initiated or expected to be filed against the Authority, the Authority shall immediately notify the City Attorney and Chief Administrative Officer.

**4.6** The Authority shall keep records of its financial transactions, if any, related to the Agreement in accordance with generally accepted accounting principles. The City Auditor or a designee thereof may at any time audit the financial transactions undertaken under this Agreement.

**4.7** The Authority shall not be required to furnish the City with surety.

## **Section 5. Community Benefits**

**5.1 Small, Women, and Minority-Owned Business Participation.** The Company, including its agents, contractors, and other entities involved in the construction and development of the Facility, through the time of the issuance of the certificate of occupancy by the City, commits to make a good faith effort to achieve a minimum value of 25% of the planned capital investment target of \$460,500,000 will be to small, women, and minority-owned (SWaM), as that term is defined by the Virginia Department of Small Business and Supplier Diversity. Company will participate in active outreach to potential Minority Business Enterprise (MBE) and Emerging Small Business (ESB) contractors as defined in the City Code of Richmond in Section 21-4 and coordinate with the City of Richmond's Office of Minority Business Development to identify and facilitate contracts to eligible MBE/ESB firms. Each annual request for the Grant Amount submitted by the Company during the Grant Period shall include a report on the achievement of the SWaM and MBE/ESB commitment including details on the amounts awarded by MBE/ESB category.

The Company will report on-going activities, after the issuance of the certificate of occupancy through the end of the Grant Period, to identify and award contracts for the ongoing maintenance and operations of the facility to MBE/ESB firms and shall exercise good faith efforts to encourage participation of such firms in the Company's activities to achieve a minimum value of 25% of the ongoing operational spending following the issuance of a Certificate of Occupancy (CO) with MBE/ESB firms. The annual report shall also include information about the value of contracts awarded to firms based in the City and the Richmond region.

**5.2 No Additional City Incentives.** Except for the benefits provided through the Property Analytics Firm Infrastructure Grant Program Memorandum of Understanding by and among the Company, the City, the EDA, and the Virginia Economic Development Partnership, the Company hereby commits to not pursue any additional incentives from the City or the EDA, related to the activities it undertakes pursuant to this Agreement to achieve the New Job and Capital Investment targets established herein. Economic development incentives include but are not limited to abatements, exemptions, subsidies, rebates, financing, and waivers.

## **Section 6. Representations.**

**6.1** The Company is empowered to enter into this Agreement, to be bound hereby, and to perform according to the terms hereof.

**6.2** Any and all actions necessary to enable the Company to enter into this Agreement, and to be bound hereby, have been duly taken.

**6.3** The person or persons executing or attesting the execution of this Agreement on behalf of the Company has or have been duly authorized and empowered to so execute or attest.

**6.4** The execution of this Agreement on behalf of the Company will bind and obligate the Company to the extent provided by the terms hereof.

**6.5** There exists no litigation pending against the Company or to the Company's actual knowledge threatened, which if determined adversely, would materially and adversely affect the ability of the Company to carry out its obligations under this Agreement or the transactions contemplated hereunder.

## **Section 7. Default and Repayment Obligation.**

**7.1 Events of Default.** Each of the following will constitute a default by the Company under this Agreement (each an "Event of Default"):

**7.1.1** Failure to meet at least ninety percent (90%) of the New Jobs Target through the seventh year of the Grant Period, the failure to meet or cause to meet at least ninety percent (90%) of the new construction and building upfit portion of Capital Investment Targets through the fifth year of the Grant Period, or the failure to meet or cause to meet at least ninety percent (90%) of the Tangible Personal Property portion of Capital Investment Targets through the seventh year of the Grant Period.

**7.1.2** Failure to Maintain at least ninety percent (90%) of the New Jobs Target or Capital Investment Targets through the end of the Grant Period.

**7.1.3** Failure to meet at least fifty percent (50%) of the New Jobs Target or the Capital Investment Targets by December 31, 2025.

**7.1.4** Vacation of at least 75 percent of the workforce located at the total Expansion Facility continuously for more than 12 months.

**7.1.5** Any court of competent jurisdiction enters an order, judgment, or decree approving a petition seeking reorganization of the Company or all or a substantial part of the assets of the Company or any guarantor of the Company or appointing a receiver, sequestrator, trustee or liquidator of the Company, or any guarantor of the Company or any of their property and such order, judgment or decree continues unstayed and in effect for at least 60 Days.

**7.1.6** The Company (i) makes a general assignment for the benefit of creditors, (ii) is adjudicated as either bankrupt or insolvent, (iii) files a voluntary petition in bankruptcy or a petition or an answer seeking reorganization or an arrangement with creditors, (iv) either (a) takes advantage of any bankruptcy, reorganization, insolvency, readjustment of debt, dissolution or liquidation law or (b) admits the material allegations of a petition filed against the Company in any proceedings under such a law or (v) any guarantor of the Company takes action for the purposes of effecting any item identified in item (iv).

**7.1.7** The Company fails to maintain its corporate existence.

**7.1.8** The Company fails to maintain a current business license issued by the City of Richmond.

**7.2 Effect of Default.** In the case of an occurrence of an Event of Default, the Grant provisions of Section 3 of this Agreement shall terminate immediately and neither the City nor the Authority will have any further obligation relating thereto and the Company will no longer be eligible for the Grant. Notwithstanding the foregoing, the provisions of Section 7.3 below shall survive the termination of this Agreement until all of the Developer's obligations have been satisfied.

### **7.3 Repayment Obligation.**

**7.3.1** Upon an Event of Default the Company shall repay to the Authority any and all amounts paid to it pursuant to this Agreement as of the date upon which the Event of Default occurs and upon written demand by the Authority or the City to the Company for such repayment.

**7.3.2** Repayment shall be due from the Company to the Authority within thirty days of the date of the written demand to the Company from the Authority or the City. Any moneys repaid by the Company to the Authority hereunder shall be repaid by the Authority to the City. The Authority shall have no responsibility for the repayment of any sums hereunder unless said sums have been received by the Authority from the Company.

**7.3.3** Notwithstanding the foregoing, upon an Event of Default the Authority may prorate any amount of repayment due to it following a written request to the City, and receipt of written authorization from the City, to so prorate the amount due. Any such proration shall be allowed only in the sole discretion of the City.

**7.3.4.** In the Events of Default in 7.1.3., 7.1.4., 7.1.5, 7.1.6, 7.1.7, or 7.1.8 the Repayment shall be 100% of the Grant Amount paid to the Company through the initial Event of Default. In the Events of Default in 7.1.1, 7.1.2 the Repayment shall be calculated as a percentage of the Grant Amount paid to the Company and the Company's actual Capital Investment achieved at the Expansion Facility and New Jobs achieved in the city during the Grant Period through the initial Event of Default. Seventy percent (70%) of the total Grant Amount paid shall be allocated to Capital Investment achieved and thirty percent (30%) of the total Grant Amount paid shall be allocated to New Jobs achieved. For example, if only \$368,400,000 of Capital Investment has been achieved (reflecting achievement of 80% of the Capital Investment Target of \$460,500,000, and a shortfall of 20%) and only 1,488 New Jobs have been created (reflecting achievement of 75% of

the New Jobs Target of 1,984, and a shortfall of 25%), and the Company has been paid a total Grant Amount of \$2,000,000 from the Authority, the Company will have a Repayment Due of \$280,000 (reflecting 20% of the \$1,400,000 of the Grant Amount allocated to Capital Investment achieved) plus \$150,000 (reflecting 25% of the \$600,000 of the Grant allocated to New Jobs achieved), for a total of \$430,000. These amounts reflect the percentages of the shortfall from the Capital Investment Targets and New Jobs Target, multiplied by the portion of the Grant Amount respectively allocated to Capital Investment and New Jobs achieved.

**7.4 Force Majeure.** Notwithstanding the foregoing provisions of the Agreement if either party is prevented from performing its obligations under this agreement because of an event of Force Majeure such event of Force Majeure will extend the time for performance day-for-day for the delay caused by the event of Force Majeure. "Force Majeure" means an act of God, act of the public enemy, terrorist attack, war, blockade, public riot, lightning, fire, storm, flood, or other extraordinary act of nature, explosion, reasonably unanticipated unavailability of equipment through normally available sources, labor strike, lockout, and any other similar cause which is not reasonably within the control of the party claiming suspension. In no event may the delay related to a single Event of Force Majeure exceed two (2) years or, in the aggregate for all Events of Force Majeure exceed three (3) years.

## **Section 8 Notices.**

All notices, demands or other communications under this Agreement shall be in writing and shall be sent to each other party, at its address specified below (or such other address as a party may from time to time specify to the other parties by notice given in accordance with this Agreement), and shall be deemed to have been duly given when actually received by the addressee or when served (a) personally; (b) by independent, reputable, overnight commercial carrier; or (c) by deposit in the United States mail, postage and fees fully prepaid, registered or certified mail, with return receipt requested, addressed as follows:

*If to the City:*

Chief Administrative Officer  
900 East Broad Street, 14<sup>th</sup> Floor  
Richmond, Virginia 23219

*with a copy to:*

City Attorney  
900 East Broad Street, Suite 400  
Richmond, Virginia 23219

Director of Economic Development  
1500 East Main Street, Suite 400  
Richmond, Virginia 23219

*If to the Authority:*



Executive Director  
Economic Development Authority of the City of Richmond  
1500 East Main Street, Suite 400  
Richmond, Virginia 23219

*with a copy to:*

City Attorney  
900 East Broad Street, Suite 400  
Richmond, Virginia 23219

*If to the Company:*

CoStar Realty Information, Inc.  
1331 L Street, NW  
Washington, DC 20005  
Attn: Legal Department

*with a copy to:*

McGuireWoods Consulting, LLC  
800 East Canal Street  
Richmond, VA 23219  
*Attn:* Christopher D. Lloyd, Senior Vice President and Director

## **Section 9. General Terms and Conditions.**

**9.1 Entire Agreement; Amendments.** This Agreement constitutes the entire agreement among the parties hereto and may not be amended or modified, except in writing, signed by each of the parties hereto. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. The Company may not assign its rights and obligations under this Agreement without the prior written consent of the City and the Authority.

**9.2 Governing Law; Venue.** This Agreement is made, and is intended to be performed, in the Commonwealth of Virginia and shall be construed and enforced by the laws of the Commonwealth of Virginia. Jurisdiction and venue for any litigation arising out of or involving this Agreement shall lie in the Circuit Court of the City of Richmond, and such litigation shall be brought only in such court.

**9.3 Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be an original, and all of which together shall be one and the same instrument. This Agreement is signed when a party's signature is delivered by facsimile, email, or other electronic medium. These signatures must be treated in all respects as having the same force and effect as original signatures.

**9.4 Severability.** If any provision of this Agreement is determined to be unenforceable, invalid or illegal, then the enforceability, validity and legality of the remaining provisions will not in any way be affected or impaired, and such provision will be deemed to be restated to reflect the original intentions of the parties as nearly as possible in accordance with applicable law.

**9.5 Subject-to-Appropriations.** All payments and other performances by the City and the Authority under this Agreement are subject to City Council approval, Authority Board approval and annual appropriations by the City Council. It is understood and agreed among the parties that the City and the Authority shall be bound hereunder only to the extent of the funds available or which may hereafter become available for the purpose of this Agreement. Under no circumstances shall the City's or the Authority's total liability under this Agreement exceed the total amount of funds appropriated by the City Council for the payments hereunder for the performance of this Agreement.

**9.6 Public Disclosure.**

**9.6.1 Applicable Law.** The parties to this Agreement acknowledge that records maintained by or in the custody of the City and the Authority are subject to the provisions of the Virginia Public Records Act, Va. Code §§ 42.1-76 through 42.1-90.1, and the Virginia Freedom of Information Act, Va. Code §§ 2.2-3700 through 2.2-3714 and thus are subject to the records retention and public disclosure requirements set forth in those statutes. Prior to any disclosure pursuant to a request for information under the Virginia Freedom of Information Act, the City, as applicable, shall notify the Company in writing as soon as reasonably possible and, at the same time, provide the Company with a copy of any intended disclosure.

**9.6.2 Challenges to Nondisclosure.** If a party submitting records to the City or the Authority requests that those records not be disclosed under applicable law and the City or the Authority consequently denies a request for disclosure of such records based on the submitting party's request, and the City's or the Authority's denial of a request for disclosure of records is challenged in court, the submitting party shall indemnify, hold harmless and defend the City or the Authority, their respective officers and employees from any and all costs, damages, fees and penalties (including attorney's fees and other costs related to litigation) relating thereto.

**9.7 No Waiver.** Neither failure on the part of the City or the Authority to enforce any covenant or provision contained in this Agreement nor any waiver of any right under this Agreement shall discharge or invalidate such covenant or provision or affect the right of the City or the Authority to enforce the same right in the event of any subsequent default.

**9.8 Effective Date of the Agreement.** The effective date of this Agreement shall be the date upon which it has been fully executed by the parties following approval by City Council and by the Authority's Board of Directors.

**9.9 No Partnership or Joint Venture.** It is mutually understood and agreed that nothing contained in this Agreement is intended or shall be construed in any manner or under any circumstance whatsoever as creating and establishing the relationship of copartners or creating or

establishing a joint venture between or among any of the parties or as designating any party to the Agreement as the agent or representative of any other party to the Agreement for any purpose.

**9.10 No Third Party Beneficiaries.** Notwithstanding any other provision of this Agreement, the parties agree that (i) no individual or entity shall be considered, deemed or otherwise recognized to be a third-party beneficiary of this Agreement; (ii) the provisions of this Agreement are not intended to be for the benefit of any individual or entity other than the City, the Authority, or the Company; (iii) no other individual or entity shall obtain any right to make any claim against the City, the Authority, or the Company under the provisions of this Agreement; and (iv) no provision of this Agreement shall be construed or interpreted to confer third-party beneficiary status on any individual or entity.

**9.12 Attorney's Fees.** Each party will bear its own attorney's fees.

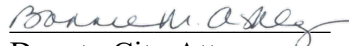
**9.13 Authorization to Act.** The Chief Administrative Officer of the City of Richmond, Virginia or a designee thereof and the Chairman of the Economic Development Authority of the City of Richmond, Virginia are authorized to act on behalf of the City and the Authority, respectively, under this Agreement.

**SIGNATURES ON FOLLOWING PAGE**

**IN WITNESS WHEREOF**, the parties hereto have executed this Performance Agreement as of the date first written above.

CITY OF RICHMOND, VIRGINIA

Approved as to form:

  
Deputy City Attorney

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

COSTAR REALTY INFORMATION, INC

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

ECONOMIC DEVELOPMENT  
AUTHORITY OF THE CITY OF RICHMOND,  
VIRGINIA

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

**Exhibit A**  
**SCHEDULE**  
**PROPERTY TAX GRANT PROGRAM**

Grant Year	Fiscal Year	Real Estate Tax Grant Amount	Business Personal Property Tax Grant Amount
Base Year	FY22 (July 1, 2021 – June 30, 2022)	Real Estate Tax Payment Exceeding the Grant Eligibility Amount	Business Personal Property Tax Payment Exceeding the Grant Eligibility Amount
1	FY26 (July 1, 2025 – June 30, 2026)	75% of the real estate tax payment exceeding the grant eligibility amount	100% of the business personal property tax payment exceeding the grant eligibility amount
2	FY27 (July 1, 2026 – June 30, 2027)	75% of the real estate tax payment exceeding the grant eligibility amount	100% of the business personal property tax payment exceeding the grant eligibility amount
3	FY28 (July 1, 2027 – June 30, 2028)	75% of the real estate tax payment exceeding the grant eligibility amount	100% of the business personal property tax payment exceeding the grant eligibility amount
4	FY29 (July 1, 2028 – June 30, 2029)	50% of the real estate tax payment exceeding the grant eligibility amount	N/A
5	FY30 (July 1, 2029 – June 30, 2030)	50% of the real estate tax payment exceeding the grant eligibility amount	N/A
6	FY31 (July 1, 2030 – June 30, 2031)	50% of the real estate tax payment exceeding the grant eligibility amount	N/A
7	FY32 (July 1, 2031 – June 30, 2032)	50% of the real estate tax payment exceeding the grant eligibility amount	N/A
8	FY33 (July 1, 2032 – June 30, 2033)	25% of the real estate tax payment exceeding the grant eligibility amount	N/A
9	FY34 (July 1, 2033 – June 30, 2034)	25% of the real estate tax payment exceeding the grant eligibility amount	N/A
10	FY35 (July 1, 2034 – June 30, 2035)	25% of the real estate tax payment exceeding the grant eligibility amount	N/A

**Exhibit B  
ANNUAL REPORT  
PROPERTY TAX GRANT PROGRAM  
TO BE SUBMITTED WITH ANNUAL GRANT REQUEST**

**PROJECT SUMMARY:**

Project	CoStar Realty Information, Inc.
Reporting Period	Year Through December 31, 20__

**PROJECT PERFORMANCE:**

**Average Annual Wage:**

Targeted Average Annual Wage for Grant Year 20\_\_ : \$ \_\_\_\_\_  
 Actual Average Annual Wage for Grant Year 20\_\_ : \$ \_\_\_\_\_

**Fringe Benefits:**

Is a package of standard fringe benefits made available to employees holding Baseline Jobs and New Jobs:  yes  no

**New Jobs**

Actual New Jobs created in years 20\_\_ : \_\_\_\_\_

**Capital Investment (attach supporting documentation):**

Actual Capital Investment in years 20\_\_ : \$ \_\_\_\_\_

<b>Breakdown of Capital Investment in years 20__</b>	<b>Amount</b>
Leasehold Improvements	\$
Land Improvements	\$
Acquired Real Property Improvements	
New Construction	\$
Renovation	\$
Furniture, Fixtures and Business Personal Property	\$
Machinery and Tools	\$
Other	\$
<b>Total</b>	<b>\$</b>

<b>Small, Women, and Minority-Owned Firms (SWaM) Spending as a Percentage of Capital Investment</b>	<b>Amount</b>
Value of Payments to SWaM	
Total Value of Capital Investment	\$

<b>% of Total Capital Investment Target</b>	
---	--

<b>MBE/ESB as a Percentage of Ongoing Operational Spending</b>	<b>Amount</b>
Value of Payments to MBE	\$
Value of Payments to ESB	\$
Total Value of Operational Spending	\$
<b>% of Total Operational Spending</b>	

<b>Grant Calculation</b>	<b>Amount</b>
Real Estate Tax Payment	\$
Real Estate Grant Eligibility Amount	\$
<b>Real Estate Payment Exceeding Eligibility Amount</b>	\$
Tangible Personal Property Payment	\$
Tangible Personal Property Grant Eligibility Amount	\$
<b>Tangible Personal Property Payment Exceeding Eligibility Amount</b>	\$
<b>Annual Real Estate Grant</b>	\$
<b>Annual Tangible Personal Property Grant</b>	\$
<b>Total Annual Grant</b>	

**COMMENTS:**

Please discuss status of the development and operation of the Expansion Facilities, including the current level of Capital Investment and New Jobs, progress on the Targets, changes or likely changes in the nature of the Expansion Facility that may impact achievement of the Targets, and other information relevant to the Company's performance. If the Company is not on track to meet the Targets, please provide an explanation.

**TO BE CERTIFIED BY A REPRESENTATIVE OF THE COMPANY:**

I certify that I have examined this report and to the best of my knowledge and belief, it is true, correct, and complete.

**COSTAR REALTY INFORMATION, INC.**

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

Signature of Representative

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

Name: \_\_\_\_\_

Date: \_\_\_\_\_

Please return to:

Economic Development Authority of the City of Richmond  
City of Richmond  
1500 E. Main St., Suite 400  
Richmond, Virginia 23219