

Memorandum of Understanding

DRAFT

The Block Civic Venue Partnership and Carlson Transition

This Memorandum of Understanding (“**MOU**”) is entered into as of [**Date**] (the “**Effective Date**”) by and among:

1. **Fairbanks North Star Borough**, Alaska (“**Borough**” or “**FNSB**”),
2. **DX/DT LLC**, a Delaware limited liability company, developer and operator of North Star Grand Lodge (“**Sponsor**”), and
3. **North Star Civic Authority, Inc.**, an Alaska nonprofit corporation to be formed (“**NSCA**” or “**Civic Authority**”), by and through Sponsor as its Founding Agent pursuant to Section 4.2.

Each a “**Party**,” and collectively the “**Parties**.”

1. Purpose and Intent

1.1 **Purpose.** This MOU establishes an exclusive, time-bounded partnership framework to (i) develop, finance, and operate a new premier civic event venue (the “**Block**” or “**The Block**”) and (ii) implement a planned transition of major event programming from the Carlson Center to The Block, thereby eliminating the Borough’s general fund subsidy and discretionary capital reinvestment obligations for the Carlson Center and replacing them with civic venue operations funded by incremental tax revenue generated by adjacent private development, while delivering measurable community benefits.

1.2 **Ownership and Operating Structure.** The Parties intend the following ownership and operating structure:

- **Sponsor (or an affiliate) will own the Project Site** (as defined below) and will ground-lease a subdivided civic parcel to NSCA under a long-term Ground Lease (Section 4.8);
- **NSCA will own The Block improvements** (the building and associated civic infrastructure) constructed on the leased civic parcel;
- **Sponsor will be the exclusive developer and exclusive day-to-day operator** of The Block under definitive agreements with NSCA, subject to the Community Benefit Agreement requirements and performance standards described herein; and
- **Sponsor will separately own and operate The Pavilion** (as defined below) and other private development on the Project Site, which will be physically adjacent to but legally distinct from The Block.

1.3 **Project Budget.** The Parties acknowledge an initial Total Project Budget for The Block of approximately **\$110,000,000**, subject to refinement through design development and guaranteed maxi-

maximum price ("GMP") or equivalent cost-certainty process. The capital funding framework for the Total Project Budget is set forth in Section 6. The Block budget is exclusive of The Pavilion and other private Sponsor development on the Project Site.

1.4 **Conditions to Full Effectiveness.** The Parties' obligations under this MOU (other than Sections 3, 4.10, 14, 15, 17, and 18, which shall be binding upon execution) are conditioned upon satisfaction of the following within the timeframes specified:

- (a) NSCA being incorporated and in good standing under Alaska law within sixty (60) days of Effective Date (Section 4.2);
- (b) Assembly adoption of the negotiation authorization described in Section 12.2 within one hundred fifty (150) days of Effective Date.

If any condition in subsections (a)–(b) is not satisfied within the applicable timeframe, the Borough or the Sponsor Parties may terminate this MOU upon written notice, subject to Section 15.4.

2. Definitions

- **"North Star Grand Lodge" or "NSGL"** means the luxury resort and related hospitality development to be constructed by Sponsor on the Project Site, exclusive of The Block and the Civic Parcel.
- **"The Block"** means the planned 3,600-seat civic event venue and associated civic infrastructure to be constructed on the Civic Parcel, as further described in **Exhibit A**.
- **"The Pavilion"** means the separately-owned Sponsor event and hospitality facility to be constructed adjacent to The Block on the Project Site, connected to The Block by a shared-wall accordion door system. The Pavilion is not part of The Block and is not subject to the CBA or NSCA ownership, except as specifically provided in the Shared Infrastructure Agreement (Section 4.9).
- **"Project Site"** means the real property located at 301 Henderson Road North, Fairbanks, Alaska, and legally described in **Exhibit A**, currently owned or controlled by Sponsor.
- **"Civic Parcel"** means the subdivided portion of the Project Site to be ground-leased to NSCA for construction and operation of The Block, as determined through the subdivision process described in Section 4.8.
- **"Carlson Center"** means the Carlson Center / Carlson Activity Center and related facilities and operations owned or controlled by the Borough.
- **"Commissioning"** means substantial completion and readiness for operations, evidenced by issuance of a certificate of occupancy (or equivalent) and completion of commissioning for major life-safety and building systems.
- **"Transition Plan"** means the event category transition and booking protocol described in Section 7 and **Exhibit C**.

- **“Community Benefit Agreement” (“CBA”)** means the public access and community benefit commitments described in Section 9 and **Exhibit B**.
- **“Total Project Budget”** means the all-in cost for The Block (excluding The Pavilion and other Sponsor private development), as refined through design development and the GMP (or equivalent cost-certainty) process.
- **“Qualified Sponsor Capital”** means cash contributions, grants, and legally binding pledges or commitments secured by Sponsor for the benefit of NSCA that are payable to NSCA and are available for construction draws. Qualified Sponsor Capital excludes (i) the appraised fair market value of the Ground Lease, and (ii) any sponsorship/naming-rights value not payable in cash to NSCA during the construction period.
- **“Qualified Campaign Capital”** means all other non-debt capital contributions payable to NSCA for The Block, including charitable gifts, grants, foundation commitments, and prepaid sponsorship/naming-rights payments, in each case available for construction draws.
- **“Tax-Exempt Bond Financing”** means tax-exempt revenue bonds issued through the Borough as conduit issuer for the benefit of NSCA to finance a portion of The Block costs, subject to applicable law, bond counsel, and credit requirements, and without any Borough general obligation or moral obligation pledge.
- **“Bed Tax Support”** means Borough support funded from hotel-motel (“bed”) tax revenues, if and to the extent approved by the Assembly and legally available, provided via (i) pay-as-you-go capital appropriations to NSCA and/or (ii) payments under a Community Access Services Agreement or other services-purchase contract.
- **“Incremental Resort Tax Revenue”** means, for any fiscal year, the aggregate of Borough tax revenues actually received during such fiscal year from Sponsor’s private development parcels (resort, Pavilion, and related commercial facilities) on the Project Site, including: (i) ad valorem property taxes levied on such parcels and improvements thereon; (ii) the Borough’s general fund share of hotel-motel room tax revenues attributable to lodging operations on such parcels (currently thirty-five percent (35%) of the eight percent (8%) transient accommodation tax); and (iii) Borough alcoholic beverage tax revenues attributable to such parcels — in each case net of the Borough’s incremental direct service costs attributable to such parcels (as calculated under the PILOT framework in Section 10.4). Incremental Resort Tax Revenue excludes: (a) any tax revenues from The Block itself (Civic Parcel); (b) any state-level taxes or fees; (c) the Room Tax Fund share of hotel-motel room tax revenues (currently sixty-five percent (65%)); and (d) any revenues from properties not owned or controlled by Sponsor or its affiliates on the Project Site.
- **“Financial Close”** means the date on which all conditions precedent to initial construction funding disbursement have been satisfied or waived, including satisfaction of the Sponsor Minimum, documentation of sufficient capital commitments to fully fund the Total Project Budget, and execution of financing documents for any Tax-Exempt Bond Financing.
- **“Definitive Agreements”** means binding agreements contemplated by this MOU, including

without limitation a Ground Lease (Sponsor–NSCA), Development Agreement (NSCA–Sponsor), Management Agreement (NSCA–Sponsor), Shared Infrastructure Agreement (NSCA–Sponsor), Community Access Services Agreement (Borough–NSCA and/or Borough–Sponsor), PILOT Agreement (as applicable), and Carlson transition/disposition instruments.

- **“Sponsor Parties”** means Sponsor and NSCA, collectively.
- **“Sponsor Development Costs”** means documented, reasonable third-party costs incurred by Sponsor in furtherance of The Block during the Exclusivity Period, including architectural and engineering fees, legal fees, feasibility studies, environmental assessments, and permitting costs.
- **“Material Breach”** means a Party’s failure to perform a material obligation under this MOU that remains uncured for thirty (30) days after written notice specifying the breach in reasonable detail.
- **“Material Adverse Change”** means any event, change, or circumstance that
 - (i) increases the total project cost by more than fifteen percent (15%) above the budget established through the GMP process, (ii) delays projected Commissioning by more than eighteen (18) months from the schedule established in the Development Agreement, or (iii) materially impairs the economic viability of The Block as reasonably determined by the Parties.
- **“Comparable Venue Standard”** means the standard of operation and maintenance described in Section 4.4B, by reference to comparable multi-purpose civic venues of similar age, type, and quality in markets of comparable size.

3. Exclusivity and Preferred Partner Status

3.1 Exclusive Negotiation Period. In consideration of Sponsor and NSCA committing meaningful resources to accelerate The Block, the Borough agrees that for **thirty-six (36) months** from the Effective Date (the **“Exclusivity Period”**):

- (a) the Borough will negotiate exclusively with NSCA/Sponsor regarding (i) The Block partnership, (ii) Carlson transition, and (iii) the Borough support package described in Section 10; and
- (b) the Borough will not solicit, initiate, encourage, or engage in negotiations with any third party regarding development of a competing major events venue intended to replace or materially substitute for Carlson’s primary role in the market.

3.2 Automatic Extension. The Exclusivity Period shall automatically extend for an additional **twelve (12) months** if, as of the expiration date: (a) the Borough has adopted the negotiation authorization described in Section 12.2, (b) Sponsor has delivered the concept program described in Section 5.1, and (c) neither the Borough nor the Sponsor Parties is in Material Breach of this MOU. The Exclusivity Period may be further extended by mutual written agreement.

3.3 No Adverse Actions. During the Exclusivity Period, the Borough will refrain from actions reasonably likely to materially impair feasibility of The Block or the Transition Plan, including promoting a

competing “replacement venue” initiative or materially expanding Carlson programming in a manner intended to undermine The Block’s role.

3.4 Public Process / Procurement Carve-Out. The Borough may be required to comply with procurement or public process rules. The Borough agrees to use commercially reasonable efforts to structure any required authorization or process (including waivers or alternative procurement pathways where permissible) in a manner consistent with this MOU and the Parties’ intent that Sponsor is the exclusive operator and NSCA is the civic owner.

3.5 Sponsor Performance Condition. Notwithstanding the foregoing, if Sponsor fails to deliver the Concept Program by the deadline in Section 5.1, the Borough may terminate the Exclusivity Period upon thirty (30) days’ prior written notice specifying the deficiency. If Sponsor cures the deficiency within such thirty-day period, the termination notice shall be deemed withdrawn.

3.6 Progress Reporting. During the Exclusivity Period, Sponsor shall provide the Borough with written progress reports no less frequently than every **ninety (90) days**, summarizing: (a) status of milestone deliverables under **Exhibit E**; (b) capital campaign progress (aggregate amounts committed and sources, without requiring disclosure of individual donor identities); (c) design development and permitting status; and (d) any material issues or risks that may affect the project timeline or budget. Progress reports shall be delivered to the Borough’s Project Coordinator (Section 11.1) and shall be suitable for summary reporting to the Assembly.

4. Land, Governance, and Operator Control

4.1 NSCA Mission. NSCA’s mission is to (i) operate a community event venue to maximize economic impact for Fairbanks and (ii) preserve adjacent natural areas for public recreation, education, and ecological enjoyment.

4.2 Founding Agent Role; NSCA Formation.

- (a) The Parties acknowledge NSCA is to be formed. Until NSCA’s board of directors is constituted and operational, Sponsor shall serve as NSCA’s **founding agent** with authority to act on NSCA’s behalf for purposes of this MOU, including engaging consultants, accepting contributions, and managing the development process. For the avoidance of doubt, the Founding Agent role does not authorize execution of any Definitive Agreement between NSCA and Sponsor or its affiliates, which shall be subject to the disinterested-director approval requirements of Section 4.4C.
- (b) Sponsor shall cause NSCA to be incorporated under Alaska law and in good standing within **sixty (60) days** of the Effective Date. Upon incorporation, NSCA shall promptly ratify this MOU and all actions taken by Sponsor as Founding Agent.
- (c) Until such ratification, Sponsor shall be jointly and severally liable with NSCA for NSCA’s obligations under this MOU, and the Borough may rely on Sponsor’s execution hereof as binding upon NSCA.

4.3 Governance Transition; Board Composition. NSCA's board of directors shall consist of **seven (7) members**. The Parties intend that NSCA will transition from sole sponsor governance during development to include Borough and community representation as the project matures, through the following phases:

- (a) **Development Phase** (Effective Date through commencement of construction): Sponsor shall appoint all seven (7) directors, which may include Sponsor principals and affiliates. Sponsor shall have sole authority over NSCA governance during the Development Phase.
- (b) **Construction Phase** (commencement of construction through Commissioning): The board shall be composed as follows:
 - (i) five (5) directors appointed by Sponsor;
 - (ii) one (1) director appointed by the Borough; and
 - (iii) one (1) disinterested director selected by Sponsor, who shall meet the independence criteria set forth in Section 4.3A(b).
- (c) **Operations Phase** (Commissioning forward): Within **six (6) months** after Commissioning, the board shall be reconstituted as follows:
 - (i) four (4) directors appointed by Sponsor;
 - (ii) one (1) director appointed by the Borough; and
 - (iii) two (2) community directors jointly selected by the Sponsor-appointed and Borough-appointed directors through a process established in the NSCA bylaws.
- (d) **Sponsor Reserved Matters.** Throughout all phases, the following actions (the "**Sponsor Reserved Matters**") shall require Sponsor's prior written consent and may not be taken without such consent:
 - A. removal, replacement, or non-renewal of Sponsor as operator under the Management Agreement;
 - B. amendment, modification, or early termination of the Management Agreement or Ground Lease in any manner materially adverse to Sponsor;
 - C. sale, lease (other than event rentals in the ordinary course), encumbrance, or disposition of The Block improvements or the leasehold interest in the Civic Parcel;
 - D. incurrence of debt or capital expenditures exceeding **\$500,000** in any fiscal year outside the approved annual budget;
 - E. amendment of NSCA's articles of incorporation or bylaws in a manner that would eliminate or materially impair any of Sponsor's rights under this MOU or the Definitive Agreements;
 - F. merger, consolidation, or dissolution of NSCA; and
 - G. voluntary bankruptcy, insolvency, or assignment for benefit of creditors.
- (e) **Survival of Protective Rights.** The Sponsor Reserved Matters and the board composition and appointment provisions of this Section 4.3 shall be incorporated into NSCA's articles of incorpo-

ration and bylaws and shall remain in effect for so long as Sponsor (or its permitted assignee) remains the operator of The Block.

4.3A **NSCA Governance Standards.**

- (a) **Conflict-of-Interest Policy.** NSCA shall adopt, no later than sixty (60) days after incorporation, a written conflict-of-interest policy consistent with IRS Form 1023 requirements and nonprofit governance best practices. The policy shall require annual disclosure of conflicts by all directors, officers, and key employees; recusal from deliberation and voting on any matter in which a director, officer, or key employee (or a family member or business associate thereof) has a direct or indirect financial interest; documentation of conflict determinations in board minutes; and periodic review of the policy by independent counsel or a governance committee composed of disinterested directors. The conflict-of-interest policy shall be incorporated by reference into NSCA's bylaws.
- (b) **Independent Directors.** No later than the commencement of the Operations Phase (Section 4.3(c)), NSCA's board of directors shall include at least two (2) independent directors. For purposes of this Section, an "independent director" is a director who is not, and has not been within the preceding three (3) years, a principal, officer, employee, or paid consultant of Sponsor or any Sponsor affiliate, and who does not have a material financial relationship with Sponsor or any Sponsor affiliate (other than service as an NSCA director). The requirement that the board include independent directors shall be incorporated into NSCA's bylaws.

4.4 **Exclusive Operator Role.** The Parties acknowledge Sponsor's willingness to commit capital is expressly conditioned upon Sponsor (or an affiliate) serving as the **exclusive operator** of The Block under a long-term Management Agreement with day-to-day authority over:

- booking, scheduling, and event contracting
- hiring, staffing, and vendor selection
- dynamic pricing within the NSCA-approved rate schedule and policies
- sponsorship solicitation and naming rights sales (subject to Section 4.4D)
- day-of-show operations
- maintenance, repairs, and asset management consistent with agreed standards

4.4A **NSCA Oversight and Tax-Exempt Compliance.** Notwithstanding Section 4.4, the Definitive Agreements shall be structured to preserve NSCA's 501(c)(3) status and eligibility for tax-exempt bond financing. NSCA shall retain approval rights over:

- (a) the annual operating budget for The Block;
- (b) capital expenditures exceeding thresholds to be agreed in the Management Agreement;
- (c) disposition of The Block assets;
- (d) the rate methodology and rate schedule, including community rate classes and discount policies; and

(e) the general categories of permitted uses of The Block.

Sponsor, as exclusive operator, retains day-to-day authority over booking, contracting, staffing, and dynamic pricing within the NSCA-approved rate schedule and policies.

4.4B Comparable Venue Maintenance Standard. Sponsor shall maintain The Block in a condition consistent with the standard of care and maintenance of comparable multi-purpose civic venues in similar-sized markets in the United States (the "**Comparable Venue Standard**"). The Comparable Venue Standard shall be further defined in the Management Agreement and shall address, at minimum: structural integrity and building envelope, life-safety and mechanical systems, ice plant and refrigeration, spectator amenities and finishes, technology and connectivity infrastructure, and accessibility compliance. Sponsor shall fund ongoing maintenance, repairs, and lifecycle replacement from operating revenues and the capital reserve fund described in Section 9.2(b). An independent facility condition assessment shall be conducted at least once every five (5) years (at Sponsor's expense), with results shared with NSCA and the Borough.

4.4C Related-Party Transactions. Any transaction between NSCA and Sponsor (or Sponsor affiliates), including the Management Agreement, Ground Lease, Shared Infrastructure Agreement, and any amendment thereto, shall be approved by a majority of NSCA's disinterested directors (i.e., directors who are not Sponsor principals, employees, or affiliates) and supported by an independent fair market value opinion or comparable third-party validation. This requirement shall be incorporated into NSCA's bylaws. Notwithstanding Sponsor's authority over NSCA governance during the Development Phase under Section 4.3(a), no Definitive Agreement between NSCA and Sponsor (or any Sponsor affiliate) shall be executed until NSCA's board includes a sufficient number of disinterested directors to satisfy the majority-approval requirement of this Section. Sponsor shall appoint at least two (2) disinterested directors to NSCA's board before submission of any Definitive Agreement for board approval.

4.4D Naming Rights Approval.

- (a) **NSCA Approval Required.** Sponsor shall not enter into any naming rights agreement for The Block, or agree to any official name for the venue, without the prior written approval of the NSCA board of directors (by majority vote, including a majority of disinterested directors). NSCA shall not unreasonably withhold, condition, or delay such approval.
- (b) **Borough Consultation.** Prior to submitting any proposed naming rights agreement to the NSCA board for approval, Sponsor shall provide the Borough with reasonable advance notice (not less than thirty (30) days) and an opportunity to comment. The Borough's comments shall be advisory and non-binding, but Sponsor and NSCA shall give good-faith consideration to the Borough's views regarding the suitability of the proposed name for a civic venue.
- (c) **Content Restrictions.** The official name of The Block shall be consistent with the civic character and community purpose of the venue. Specific naming rights parameters, including any content restrictions, shall be established in the Definitive Agreements.

4.5 Management Agreement Term. The Management Agreement between NSCA and Sponsor shall have:

- (a) an initial term of **twenty (20) years** from Commissioning;
- (b) **one (1) renewal option** of ten (10) years, exercisable at Sponsor's election upon written notice not less than twelve (12) months prior to expiration of the initial term; provided, however, that Sponsor's right to exercise the renewal option shall be conditioned upon: (1) Sponsor having invested not less than an aggregate amount to be agreed in the Definitive Agreements (but intended to reflect a meaningful reinvestment in the facility's physical plant) in capital improvements to The Block during the initial term, as documented by NSCA-approved capital expenditure records; and (2) an independent facility condition assessment, conducted not earlier than twenty-four (24) months prior to renewal exercise, confirming that The Block meets the Comparable Venue Standard defined in Section 4.4B;
- (c) the total term (including renewal) shall not exceed **thirty (30) years**, and shall in no event exceed eighty percent (80%) of the reasonably expected useful life of The Block, in each case to comply with applicable IRS requirements for management contracts involving tax-exempt bond-financed property; and
- (d) termination by NSCA only for Sponsor's Material Breach (as defined in the Management Agreement) after notice and opportunity to cure, or for Sponsor's fraud, gross negligence, or willful misconduct.

4.6 Management Fee Framework. The Management Agreement shall provide for compensation to Sponsor structured as follows, subject to negotiation of specific percentages in the Definitive Agreements:

- (a) a **base management fee** equal to a percentage of gross revenues from The Block operations;
- (b) **reimbursement of direct operating costs** incurred by Sponsor in operating The Block; and
- (c) an **incentive fee** based on achievement of performance targets (financial and/or community impact metrics) to be agreed in the Management Agreement.

The Parties acknowledge that the specific fee percentages and structure are subject to negotiation but shall be consistent with arm's-length terms for comparable venue management arrangements.

4.7 Arm's-Length Standard. All Definitive Agreements between NSCA and Sponsor will incorporate arm's-length commercial terms, including fair market value compensation, performance standards, reporting obligations, and audit rights. The Parties acknowledge that arm's-length structuring is essential to preserve NSCA's tax-exempt status and eligibility for tax-exempt bond financing.

4.8 Ground Lease and Subdivision.

- (a) **Subdivision.** Sponsor shall pursue subdivision of the Project Site to create the Civic Parcel (for The Block) and one or more separate parcels for Sponsor's private development (resort, Pavilion,

and related facilities). The Borough will use commercially reasonable efforts to support expedited processing of the subdivision application.

- (b) **Ground Lease.** Sponsor (or a Sponsor affiliate property company) shall enter into a ground lease with NSCA for the Civic Parcel (the "**Ground Lease**") on the following framework terms:
- (i) **Term:** Not less than **fifty (50) years**, with renewal options sufficient to match the useful life of The Block and any tax-exempt bond maturity schedules;
 - (ii) **Rent:** Nominal rent (\$1.00 per year);
 - (iii) **Leasehold Mortgageability:** The Ground Lease shall permit NSCA to grant leasehold mortgages to secure financing for The Block, including tax-exempt bond financing, with customary lender protections (notice, cure rights, new lease rights);
 - (iv) **Reversion and Purchase Option.** (A) NSCA shall have a **purchase option** to acquire the fee interest in the Civic Parcel at fair market value (as determined by independent appraisal at the time of exercise), exercisable at any time during the final five (5) years of the Ground Lease term (including any renewal term) or upon any earlier termination of the Ground Lease. (B) If NSCA does not exercise the purchase option, reversion of The Block improvements to Sponsor (or its successor as landowner) shall occur only if: (1) The Block is no longer used for exempt purposes under Section 501(c)(3) of the Internal Revenue Code, and (2) Sponsor pays NSCA the fair market value of the remaining improvements (net of any outstanding debt) as determined by independent appraisal. (C) If The Block is still used for exempt purposes at the time of Ground Lease expiration and NSCA does not exercise the purchase option, the Ground Lease shall automatically renew on the same terms for successive ten (10) year periods until either NSCA exercises the purchase option or the facility is no longer used for exempt purposes.
 - (v) **Borough Protections:** The Ground Lease shall include provisions ensuring that the Borough's financial contributions to The Block are protected, including: (A) the Ground Lease may not be terminated by Sponsor for so long as tax-exempt bonds remain outstanding without bondholder consent; (B) the Borough shall receive notice of any Ground Lease default and opportunity to cure; and (C) any reversion of improvements shall be subject to surviving CBA obligations for the remainder of the CBA term; and
 - (vi) **No Subordination:** Sponsor shall not subordinate the Ground Lease to any mortgage or lien on Sponsor's fee interest in the Project Site without NSCA's and the Borough's consent.
- (c) **Subdivision Timing.** Sponsor shall submit the subdivision application within **ninety (90) days** of Effective Date. The Parties acknowledge that the precise boundaries of the Civic Parcel will be determined through the design development process and subdivision review.

4.9 Shared Infrastructure Agreement.

- (a) The Parties acknowledge that The Block and The Pavilion will share certain infrastructure, including but not limited to: the accordion door connection between the two facilities, utility systems, access roads, parking areas, loading dock facilities, and stormwater management (including the

rooftop park green roof system).

- (b) NSCA and Sponsor shall enter into a **Shared Infrastructure Agreement** addressing:
- (i) cost allocation for shared utilities, maintenance, and capital repairs;
 - (ii) scheduling protocols when events use both The Block and The Pavilion;
 - (iii) insurance and liability allocation;
 - (iv) access easements; and
 - (v) clear delineation of which revenues and expenses are attributable to The Block (NSCA/nonprofit) versus The Pavilion (Sponsor/for-profit), to preserve NSCA's tax-exempt status and prevent private benefit concerns.
- (c) **Tax-Exempt Compliance.** The Shared Infrastructure Agreement shall be structured to ensure that NSCA's tax-exempt status and eligibility for tax-exempt bond financing are not jeopardized by the adjacency of The Block and The Pavilion. The Parties will obtain a tax opinion or IRS guidance as appropriate prior to issuing tax-exempt bonds.

4.10 Insurance and Risk Allocation.

- (a) **Construction Phase Insurance.** During construction of The Block, Sponsor (or its general contractor) shall procure and maintain, at a minimum: (i) builder's risk insurance on an all-risk basis in an amount not less than the full replacement value of the work in progress; (ii) commercial general liability insurance with limits of not less than Five Million Dollars (\$5,000,000) per occurrence and Ten Million Dollars (\$10,000,000) in the aggregate; (iii) workers' compensation insurance as required by Alaska law; (iv) professional liability (errors and omissions) insurance covering architects, engineers, and other design professionals with limits of not less than Five Million Dollars (\$5,000,000) per claim; and (v) contractor's pollution liability insurance with limits of not less than Five Million Dollars (\$5,000,000) per occurrence. The Borough and NSCA shall be named as additional insureds on all liability policies.
- (b) **Operations Phase Insurance.** From and after Commissioning, Sponsor (as operator) shall procure and maintain, at a minimum: (i) property insurance on The Block on an all-risk, replacement cost basis (including coverage for earthquake, flood, and named windstorm to the extent commercially available on reasonable terms); (ii) commercial general liability insurance with limits of not less than Ten Million Dollars (\$10,000,000) per occurrence and Twenty-Five Million Dollars (\$25,000,000) in the aggregate, or such higher limits as are customary for comparable venues; (iii) umbrella/excess liability insurance with limits of not less than Twenty-Five Million Dollars (\$25,000,000); (iv) liquor liability insurance (if applicable) with limits of not less than Five Million Dollars (\$5,000,000); (v) business interruption insurance covering a minimum of twelve (12) months of projected operating expenses and debt service; (vi) workers' compensation insurance as required by Alaska law; and (vii) cyber liability insurance with limits of not less than Two Million Dollars (\$2,000,000). The Borough and NSCA shall be named as additional insureds on all liability policies, and NSCA and any bondholder or lender shall be named as loss payees on property and

business interruption policies as their interests may appear.

- (c) **Insurance Standards.** All insurance required under this Section shall be placed with carriers rated "A-" or better by A.M. Best (or equivalent rating from a nationally recognized rating agency) and authorized to do business in the State of Alaska. Policies shall require not less than thirty (30) days' prior written notice of cancellation, non-renewal, or material change to the Borough, NSCA, and any bondholder or lender. Sponsor shall deliver certificates of insurance and endorsements to NSCA and the Borough annually and upon request.
- (d) **Waiver of Subrogation.** Each Party shall cause its insurers to waive all rights of subrogation against the other Parties and their respective officers, directors, employees, agents, and contractors.
- (e) **Indemnification.** Sponsor shall indemnify, defend, and hold harmless NSCA and the Borough from and against all claims, damages, losses, costs, and expenses (including reasonable attorneys' fees) arising out of or related to Sponsor's negligence or willful misconduct in the construction, operation, or management of The Block, except to the extent caused by the negligence or willful misconduct of the indemnified Party. NSCA shall indemnify Sponsor to the extent of NSCA's own negligence or willful misconduct. The Borough's indemnification obligations, if any, shall be subject to and limited by applicable Alaska sovereign immunity and tort claims statutes.

5. Project Scope and Deliverables

5.1 **Concept Program and Site Plan.** Within **sixty (60) days** of Effective Date, Sponsor will deliver to the Borough and NSCA a concept program for The Block (capacity, configurations, operating concept) and a preliminary site plan sufficient to support permitting pathway discussions, subdivision application, and funding conversations. The concept program shall be substantially consistent with the project description in **Exhibit A**.

5.2 **GMP / Pricing Milestones.** Sponsor will use commercially reasonable efforts to produce a design development cost estimate and pursue a GMP or equivalent cost-certainty mechanism within **twelve (12) months** of Effective Date, subject to design progress and receipt of key Borough commitments described in Section 12.

5.3 **Sustainability and Environmental Performance.** The Block shall be designed and constructed to achieve a minimum sustainability standard of **LEED Silver** (or equivalent third-party green building certification acceptable to the Parties). The Parties acknowledge that The Block's earth-sheltered construction, rooftop green roof park, and on-site stormwater management are expected to exceed minimum certification requirements. The design development process shall incorporate, at minimum:

- (a) energy efficiency targets consistent with or exceeding applicable ASHRAE standards and Alaska energy code;
- (b) on-site stormwater management through the green roof system and other low-impact development techniques, with a performance target of managing the first [1.5] inches of rainfall on-site;

- (c) water conservation measures, including ice plant heat recovery and efficient fixtures;
- (d) waste diversion targets for both construction (minimum 75% diversion by weight) and operations (minimum 50% diversion within three (3) years of Commissioning); and
- (e) a commitment to procure renewable energy or renewable energy credits sufficient to offset a meaningful percentage of The Block’s annual energy consumption, with specific targets to be established in the Definitive Agreements.

Sustainability performance shall be reported annually as part of the impact reporting under Section 9.4.

5.4 Accessibility and Design Review.

- (a) **Accessibility.** The Block shall be designed to meet or exceed all applicable ADA and Alaska accessibility requirements. The design development process shall include consultation with disability community representatives regarding accessible seating distribution, accessible routes, assistive listening systems, and other sensory accessibility features. Specific accessibility commitments shall be documented in the Development Agreement.
- (b) **Design Review.** The Sponsor shall provide the Borough with the opportunity to review and comment on the design at concept program delivery (Section 5.1), schematic design completion, and design development completion. The Borough’s comments shall be advisory and non-binding, except with respect to compliance with applicable codes, zoning requirements, and the terms of this MOU.

5.5 Environmental Assessment.

- (a) **Environmental Site Assessment.** Sponsor shall, at Sponsor’s expense, conduct a Phase I Environmental Site Assessment (and, if warranted by the Phase I findings, a Phase II assessment) of the Project Site in accordance with ASTM E1527-21 (or successor standard) prior to commencement of construction. The completed assessment shall be provided to the Borough and NSCA.
- (b) **Remediation and Regulatory Compliance.** Allocation of responsibility for any required environmental remediation, and compliance with applicable federal and state environmental review requirements (including NEPA, to the extent triggered by federal funding or permitting), shall be addressed in the Definitive Agreements. Sponsor shall be responsible for obtaining all required environmental permits and approvals, with Borough cooperation as reasonably requested.

5.6 Community Engagement During Development.

- (a) **Public Input.** The Sponsor shall conduct not fewer than three (3) public input sessions during the design development process, at concept program stage, schematic design stage, and design development completion. Public input sessions shall be noticed through Borough communication channels and local media.
- (b) **Stakeholder Updates.** NSCA (or, prior to NSCA formation, the Sponsor) shall provide quarterly

written updates to the Borough summarizing project development progress, key decisions, and upcoming milestones, suitable for public distribution (subject to Section 14).

- (c) **Community Liaison.** Upon NSCA formation, NSCA shall designate a community liaison responsible for coordinating with community organizations, schools, and other stakeholders during the development phase. During the operations phase, Sponsor shall maintain a community liaison function as part of venue management, with responsibilities defined in the Management Agreement.

6. Capital Funding Framework and Capital Stack

6.1 Capital Stack Framework. The Parties intend to fund the Total Project Budget through a capital stack consisting of (a) Qualified Sponsor Capital, (b) Qualified Campaign Capital, (c) Tax-Exempt Bond Financing, and (d) if necessary, Bed Tax Support, in the order and on the terms set forth below. All capital from all categories shall be contributed to or for the benefit of NSCA for construction of The Block.

6.2 Sponsor Minimum Commitment. Sponsor intends to secure not less than Forty Million Dollars (\$40,000,000) of Qualified Sponsor Capital (the "**Sponsor Minimum**") by Financial Close. Evidence of the Sponsor Minimum shall be provided in customary form (e.g., cash on deposit to NSCA, binding pledge agreements, grant award letters, or other third-party commitment instruments acceptable to NSCA and reasonably acceptable to the Borough for public decision-making purposes).

6.3 Joint Capital Campaign Target. NSCA (with Sponsor as fundraising lead, as set forth in the Definitive Agreements) intends to secure additional Qualified Campaign Capital with a target amount of Seventy Million Dollars (\$70,000,000) (the "**Campaign Target**") by Financial Close.

6.4 Financing Gap Filled by Tax-Exempt Bonds, Subject to Cap and Feasibility.

- (a) Following application of the Sponsor Minimum and other Qualified Campaign Capital, any remaining funding gap to the Total Project Budget may be financed with Tax-Exempt Bond Financing, subject to: (i) the Borough's stated maximum conduit issuance amount of Fifty Million Dollars (\$50,000,000) unless increased by later Assembly action; (ii) satisfaction of customary conditions for tax-exempt financing (including TEFRA and other approvals, bond counsel requirements, and final documentation); and (iii) a feasibility determination that projected, documented sources of repayment (including facility net revenues and any contracted payments) are sufficient under then-current market terms.
- (b) The Parties acknowledge that the maximum bond amount may be further limited by bond market conditions, interest rates, coverage requirements, and other underwriting constraints at the time of issuance.

6.5 Bed Tax Support as Final Backstop.

- (a) If, at Financial Close, the Total Project Budget is not fully funded after applying (i) Qualified Sponsor

Capital, (ii) Qualified Campaign Capital, and (iii) the maximum feasible Tax-Exempt Bond Financing under Section 6.4, then the Borough may, subject to Assembly approval and legal availability, provide Bed Tax Support to close any remaining gap.

- (b) The Parties intend that any Bed Tax Support be structured as a capped commitment approved by the Assembly (e.g., a maximum aggregate capital appropriation and/or a maximum annual payment under a Community Access Services Agreement for a defined term). Absent such approval, the Parties will pursue one or more of the following, in order: (1) scope reductions/value engineering; (2) additional private fundraising; (3) additional public grants; and/or (4) termination pursuant to Section 15.

6.6 Cost-Certainty and Funding Milestones. The Parties intend that Financial Close and commencement of construction will occur only after (i) a GMP or equivalent cost-certainty mechanism has been established, (ii) the Sponsor Minimum has been satisfied, and (iii) sufficient additional commitments (Qualified Campaign Capital and/or Tax-Exempt Bond Financing and/or Bed Tax Support, as applicable) are documented to fully fund the Total Project Budget (as refined).

6.7 Conditions to Sponsor Minimum. Sponsor's capital-raising obligation is conditioned upon:

- (a) Sponsor retaining exclusive operator status under Section 4.4 and the Management Agreement term under Section 4.5;
- (b) Borough materially advancing the Assembly actions and timelines described in Section 12 and **Exhibit E**; and
- (c) no Material Adverse Change to the feasibility of the project.

6.8 Construction Draws; Sequencing. The Parties will agree a construction draw process aligned with standard construction lending practices. To the extent practicable, non-debt sources (Qualified Sponsor Capital and Qualified Campaign Capital) shall be applied to construction draws prior to or concurrently with bond proceeds, with the objective of minimizing required debt and optimizing long-term affordability. Final draw sequencing will be reflected in the Definitive Agreements and financing documents.

6.9 No Double-Counting. Naming rights and sponsorship revenues that are counted as Qualified Sponsor Capital or Qualified Campaign Capital contributions to NSCA shall not also be counted as operating revenue to Sponsor under the Management Agreement. The Definitive Agreements shall include clear accounting separation between capital contributions and operating revenues.

6.10 Ground Lease Appraised Value. The Parties may recognize the independently appraised fair market value of the Ground Lease as a Sponsor-provided in-kind contribution for purposes of reporting and partnership communications; provided, however, that such appraised value shall not be treated as Qualified Sponsor Capital or used to satisfy the Sponsor Minimum unless and to the extent expressly permitted by the Definitive Agreements and compatible with construction draw requirements.

7. Transition Plan: Carlson to The Block

7.1 **Transition Objective.** The Parties intend that The Block becomes the **primary home** for major events currently hosted at the Carlson Center, including categories listed below. The Borough acknowledges that redirecting programming from Carlson to The Block is a core element of this partnership.

7.2 **Capacity Acknowledgment.** The Parties acknowledge that The Block's fixed seating capacity of approximately 3,600 is smaller than the Carlson Center's approximately 4,500 seats. With floor configurations, The Block accommodates up to approximately 5,000 for concerts; combined with The Pavilion, the facilities total approximately 180,000 SF of event space. The Transition Plan shall account for the capacity differential and identify event categories best suited to each facility during any overlap period.

7.3 **Transition Categories.** The Transition Plan will address the event categories identified in **Exhibit C**, including hockey, community events, concerts, trade shows, and civic assemblies, as applicable and subject to third-party agreements.

7.4 **Transition Plan Deliverable.** Within **ninety (90) days** of Effective Date, the Parties will produce a Transition Plan covering:

- (a) the first 24 months after Commissioning (ramp-up period), and
- (b) steady-state "venue ecosystem" rules (priority tiers, booking protocol, pricing principles, and conflict resolution).

The Transition Plan framework is described in **Exhibit C**.

7.5 **Preferred Venue Commitment.** Upon Commissioning, the Borough will treat The Block as the **preferred venue** for Borough-sponsored and Borough-supported major events reasonably suited to The Block, unless The Block is unavailable or operationally unsuitable for the specific event.

7.6 **Third-Party Stakeholder Engagement.** The Parties will jointly engage key stakeholders (including UAF, promoters, and community event organizers) to support transition planning. The Borough will use commercially reasonable efforts to support the Transition Plan as its preferred policy direction, subject to third-party consent where required.

8. Carlson Center Transition

8.1 **Pre-Commissioning Carlson Operations.** Prior to Commissioning, the Borough retains full discretion over Carlson Center operations, maintenance, capital expenditures, and programming. Nothing in this MOU restricts the Borough's authority to invest in, operate, or maintain the Carlson Center during this period.

8.2 **Post-Commissioning Moratorium.** Upon Commissioning, the Borough shall **cease all discretionary capital expenditure and non-essential operating expenditure** on the Carlson Center, except for: (a) expenditures required by law, code compliance, or public safety; (b) expenditures neces-

sary to maintain the facility in a safe and secure condition pending conversion; and (c) expenditures necessary to fulfill the Borough's obligations under existing contracts that cannot be terminated without penalty, provided that the Borough shall use commercially reasonable efforts to terminate or assign such contracts as they expire. The Borough shall not enter into new programming, booking, or operating commitments for the Carlson Center after Commissioning. Events and programming previously hosted at the Carlson Center that are suited to The Block's capacity and configuration shall transition to The Block in accordance with the Transition Plan (Section 7). Events that are not operationally suited to The Block shall be addressed on a case-by-case basis in the Transition Plan.

8.3 Community Recreation Facility Conversion. Beginning in 2032, the Carlson Center transitions into a year-round community recreation facility.

- (a) **Sponsor Investment.** Sponsor will contribute \$5 million toward Carlson renovations and will cover up to \$15 million in additional conversion costs — up to \$20 million in total private capital for a public facility upgrade.
- (b) **Facility Program.** Pickleball courts, indoor turf fields, youth sports leagues, and other year-round recreational programming, open to the public. The specific facility program shall be determined through community input and a detailed conversion study.
- (c) **Sponsor Requests.** In consideration of Sponsor's investment, Sponsor requests:
- Naming rights for the converted facility
 - One advisory or board seat on the governing body of the converted facility
 - Participation in the design and construction oversight process
 - \$20 million in tax credits applied against the Borough general fund share of bed tax (35% of the 8% levy) and Borough alcohol tax (5%) revenues attributable to Sponsor, in recognition of tourism revenue generated by Sponsor and The Block

The terms of these requests shall be set forth in the Definitive Agreements, subject to Assembly approval.

8.4 No Competing Venue. Upon Commissioning, the Borough shall not operate, fund, or authorize any Borough-owned facility as an event venue in competition with The Block for events suited to The Block's capacity and configuration. The converted community recreation facility shall not be programmed or operated as a general-purpose event or concert venue. This restriction shall remain in effect for so long as the Management Agreement is in effect.

8.5 Carlson Center Employee Transition. The Parties acknowledge that the transition of programming from the Carlson Center to The Block will affect existing Carlson Center employees. Sponsor shall offer qualified Carlson Center employees priority consideration for comparable positions at The Block, subject to Sponsor's staffing needs, job qualifications, and operational requirements. Sponsor and the Borough shall coordinate to provide reasonable advance notice to affected Carlson Center employees regarding the transition timeline, anticipated position openings at The Block, and application procedures. Nothing in this Section shall create an obligation to hire any specific individual or

to match existing compensation or benefits, but Sponsor shall use good-faith efforts to facilitate a smooth workforce transition.

9. Community Benefit Agreement and Impact Reporting

9.1 **CBA Commitments.** Sponsor and NSCA agree to incorporate the following commitments into the CBA for a minimum term of **ten (10) years** post-Commissioning:

- **Community rates** for students, active-duty military and veterans, and qualified 501(c)(3) nonprofits, with specific discount levels to be defined in Exhibit B;
- **Civic event days** reserved for Borough-sponsored and qualifying community events at Cost Recovery Rates, not to exceed **thirty (30) days per calendar year** (the "**Civic Day Cap**");
- **Youth sports and tournament commitments**, including priority booking windows and rate structures for youth athletic programs; and
- **Transparent annual reporting** on impact metrics as described in Section 9.4.

9.2 **Cost Recovery Rates Defined.** For purposes of this MOU, "**Cost Recovery Rates**" means rental rates equal to Sponsor's documented direct costs for the applicable event, plus a facility preservation surcharge, calculated as follows:

- (a) **Included costs:** hourly labor (wages and benefits for event staff), utilities directly attributable to the event, setup and teardown labor and materials, consumables, and third-party services required for the event (e.g., security, cleaning).
- (b) **Facility Preservation Surcharge:** In addition to direct costs, Cost Recovery Rates shall include a facility preservation surcharge equal to a percentage of direct costs (initially ten percent (10%), subject to adjustment every three (3) years by mutual agreement based on actual capital needs), deposited into a segregated capital reserve fund controlled by NSCA and dedicated exclusively to capital maintenance, lifecycle replacement of building systems, and preservation of The Block in accordance with the asset management plan to be established in the Management Agreement. The surcharge rate, reserve fund governance, and eligible expenditure categories shall be set forth in the CBA and the Management Agreement.
- (c) **Excluded costs:** Sponsor management fees, corporate overhead, administrative salaries, depreciation, debt service, and capital reserves.
- (d) **Methodology:** The specific methodology for calculating Cost Recovery Rates shall be set forth in the CBA and shall be subject to annual review and adjustment. Sponsor shall maintain records sufficient to support Cost Recovery Rate calculations, which shall be available for Borough review upon reasonable request.

9.3 **Community Access Services Purchase.** The Parties intend that the Borough will support CBA delivery through a **Community Access Services Agreement** under which the Borough purchases defined public access outcomes (e.g., civic days at Cost Recovery Rates, youth program subsidies)

for a fixed term, with clear performance standards and reporting, rather than discretionary operating subsidies.

9.4 Impact Metrics. Annual reporting will include, at minimum:

- total event days and aggregate attendance
- out-of-market visitor counts and estimated room nights generated
- full-time equivalent positions supported
- local vendor and contractor spend (with goal of maximizing Fairbanks-area procurement)
- school and community access days utilized (against Civic Day Cap)
- youth sports and tournament participation metrics
- local and small business participation (construction and operations)
- workforce metrics: total positions, local hire percentage, and workforce development participation
- sustainability performance: energy consumption, waste diversion rates, stormwater management performance, and progress toward renewable energy targets

9.5 Audit/Verification. The Parties will agree a reasonable verification approach, including:

- (a) annual operator report certified by Sponsor management;
- (b) Borough right to review supporting documentation upon reasonable notice; and
- (c) independent third-party verification at least once every three (3) years, with costs shared equally by Borough and Sponsor.

9.6 Bed Tax Rebalancing for CBA Shortfalls. If, in any fiscal year following Commissioning, The Block's CBA performance falls short of the commitments in Section 9.1 (after exhaustion of the cure and remediation procedures in Exhibit B), the Borough shall claim the documented CBA shortfall against Borough bed tax (transient accommodation tax) revenues and apply such amounts to supplement CBA delivery until The Block's event programming and revenue scale rebalances to sustain full CBA performance from operating revenues. The rebalancing mechanism shall operate as follows:

- (a) **Shortfall Calculation.** The CBA shortfall for any fiscal year shall be the difference between: (i) the aggregate value of CBA commitments required under Section 9.1 and Exhibit B for such year (valued at Cost Recovery Rates); and (ii) the aggregate value of CBA commitments actually delivered by Sponsor/NSCA during such year, as verified through the audit process in Section 9.5.
- (b) **Application of Bed Tax Revenues.** The Borough shall apply bed tax revenues in an amount equal to the verified CBA shortfall to the Community Access Services Agreement (Section 9.3), enabling Sponsor/NSCA to deliver the shortfall CBA commitments in the following fiscal year at no additional cost to Sponsor/NSCA. Such amounts shall be in addition to, and not in lieu of, the Borough's

regular Community Access Services Agreement payments.

- (c) **Sunset.** The bed tax rebalancing obligation shall terminate upon the earlier of: (i) the date on which The Block achieves full CBA performance from operating revenues for two (2) consecutive fiscal years without bed tax supplementation; or (ii) the fifth (5th) anniversary of Commissioning. If CBA shortfalls persist beyond the fifth anniversary, the Parties shall negotiate in good faith regarding a revised CBA performance schedule or alternative funding mechanism.
- (d) **Subject to Appropriation.** The bed tax rebalancing obligation is subject to annual Assembly appropriation and applicable law governing the use of bed tax revenues.

9.7 Local and Small Business Participation.

- (a) **Construction Phase.** Sponsor shall use good-faith efforts to maximize participation by Fairbanks-area businesses in the construction of The Block. Sponsor shall establish a local business outreach and inclusion plan, to be submitted to the Borough within ninety (90) days of execution of the Development Agreement, that includes: (i) outreach to local contractors and suppliers regarding bidding opportunities; (ii) a target (non-binding, aspirational) that not less than **[thirty percent (30%)]** of construction contract value be awarded to Fairbanks North Star Borough-based businesses, to the extent that qualified local firms submit competitive bids; and (iii) quarterly reporting on local business participation during the construction period.
- (b) **Operations Phase.** Sponsor shall use good-faith efforts to maximize Fairbanks-area procurement for ongoing operations, including vendor services, supplies, maintenance, and professional services, and shall report local vendor spend as part of the annual impact reporting under Section 9.4.
- (c) **Small and Disadvantaged Business Outreach.** Sponsor shall include in its outreach efforts targeted communication to small businesses, veteran-owned businesses, and disadvantaged business enterprises in the Fairbanks area, including coordination with the Borough, the Fairbanks Economic Development Corporation, and the Alaska Small Business Development Center.

9.8 Community Workforce Commitments.

- (a) **Local Hire.** Sponsor shall use good-faith efforts to prioritize hiring of Fairbanks North Star Borough residents for both construction and permanent operations positions at The Block. Sponsor shall include local hiring targets in the Development Agreement and Management Agreement, with targets to be informed by local labor market conditions and the availability of qualified workers.
- (b) **Workforce Development.** Sponsor shall coordinate with the Borough, the University of Alaska Fairbanks, local trade unions, and workforce development organizations to identify training and apprenticeship opportunities associated with The Block's construction and operations.
- (c) **Job Quality Standards.** Sponsor shall pay wages and provide benefits for permanent full-time Block operations employees that are competitive with comparable positions in the Fairbanks labor market. Specific wage and benefit standards shall be set forth in the Management Agreement.

- (d) **Reporting.** Sponsor shall report workforce metrics, including total positions (construction and permanent), local hire percentages, and workforce development participation, as part of the annual impact reporting under Section 9.4.

9.9 **Public Art Investment.** Sponsor and NSCA shall invest not less than **one-half of one percent (0.5%)** of the hard construction costs of The Block in public art integrated into The Block and the rooftop park. The public art program shall prioritize Alaska-based and Indigenous artists and shall be developed in coordination with the Borough's arts and culture programs. The specific investment amount, selection process, and installation timeline shall be set forth in the Development Agreement.

9.10 **Nondiscrimination.** Sponsor, Sponsor, and NSCA shall not discriminate against any person on the basis of race, color, religion, sex, sexual orientation, gender identity, national origin, age, disability, veteran status, marital status, or any other characteristic protected by federal, state, or local law, in connection with the construction, operation, management, or use of The Block, including hiring, contracting, subcontracting, vendor selection, event access, and provision of services. Sponsor shall include nondiscrimination provisions consistent with this Section in all construction contracts, subcontracts, and material vendor agreements for The Block, and in the Management Agreement. The Block shall comply with all applicable accessibility requirements under the Americans with Disabilities Act, Section 504 of the Rehabilitation Act, and applicable state and local accessibility laws.

10. Borough Support Package Sought

Subject to Assembly approval, appropriation, and definitive documentation, the Borough will pursue the following in support of the partnership:

10.1 Charitable Property Tax Exemption (The Block).

- (a) **Basis.** NSCA is organized as a 501(c)(3) nonprofit corporation. The Block is a civic venue owned by NSCA and operated for charitable and educational purposes. The Borough will support NSCA's application for property tax exemption for the Civic Parcel and Block improvements under applicable Alaska law governing property owned by nonprofit charitable organizations, including expedited processing of any required applications or determinations.
- (b) **Duration.** The charitable exemption shall remain in effect for so long as NSCA maintains its 501(c)(3) status and The Block continues to be used for exempt purposes.
- (c) **Fallback.** If the charitable exemption is not legally available or is not approved, the Borough will structure a property-tax-equivalent annual payment to NSCA through the Community Access Services Agreement (or a separate venue public benefit purchase agreement), such that the net economic effect to NSCA is substantially equivalent to a tax exemption.

10.2 Economic Development Property Tax Exemption (Private Parcels).

- (a) **Authority.** FNSB Code 8.12.030, authorized under AS 29.45.050(m), permits the Assembly to grant a partial or total exemption from real property taxes for economic development property

for up to ten (10) years, plus a deferral of up to five (5) years. The Borough will support Sponsor's application for this exemption for Sponsor's private development parcels on the Project Site (resort, Pavilion, and related commercial facilities).

- (b) **Scope.** Per FNSB Code 8.08.010(D), the exemption applies only to **areawide assessments** (currently 10.620 mills). Non-areawide levies (currently 0.584 mills for EMS), the solid waste collection district levy (currently 1.648 mills), and any applicable service area levies remain payable regardless of the exemption.
- (c) **Duration.** Up to ten (10) years from the date of Assembly approval, or the maximum period available under applicable law, whichever is shorter.
- (d) **Approval Process.** The exemption requires Assembly approval following the application, review, and public hearing process set forth in FNSB Code 8.08.020 through 8.08.050. The Borough will use commercially reasonable efforts to support expedited processing of Sponsor's application.
- (e) **Qualifying Criteria.** Sponsor represents that the Project Site satisfies the criteria of FNSB Code 8.12.030(B), including that the property has not previously been taxed, creates employment in the Borough, and represents significant capital investment that expands the tax base.
- (f) **Coordination with Block Operating Support.** The exemption shall be structured as a **partial exemption** in any year in which the Operating Support Gap under Section 10.11 exceeds the non-property-tax components of Incremental Resort Tax Revenue (i.e., Borough general fund bed tax share and alcohol tax, net of PILOT costs). In such years, the exempt amount shall equal the areawide property tax levy on Sponsor's private parcels, reduced by the amount necessary to ensure that total Incremental Resort Tax Revenue actually received by the Borough is not less than the Operating Support Gap. In any year in which the non-property-tax components of Incremental Resort Tax Revenue equal or exceed the Operating Support Gap, the full areawide exemption shall apply. The annual exemption amount shall be calculated and reconciled as part of the Incremental Revenue Payment verification process under Section 10.11(g).

10.3 CBA Funding Support. A multi-year Community Access Services Agreement sufficient to fund the Borough's purchase of community access outcomes under the CBA for **at least ten (10) years** post-Commissioning, with annual payments to be determined based on the Civic Day Cap and agreed Cost Recovery Rates.

10.4 PILOT for Direct Service Consumption. A PILOT (Payment in Lieu of Taxes) framework or equivalent to fund incremental municipal services directly consumed by The Block campus (EMS, fire response, road maintenance, waste services) for so long as The Block is exempt from property taxes under Section 10.1.

10.5 Post-Term Community Benefit Funding. A framework (PILOT extension, endowment contribution, or services purchase renewal option) to fund continued delivery of CBA commitments after the initial ten-year term, to be negotiated as part of the Definitive Agreements.

10.6 Grants and Co-Application Support. Borough letters of support, prioritization, and (where beneficial) participation as applicant or co-applicant for state and federal grants relevant to The Block

and related infrastructure, including but not limited to EDA grants, state capital appropriations, and tourism development funds.

10.7 Joint Marketing. A joint marketing initiative with Explore Fairbanks and Borough communication channels, with terms to be defined in the Definitive Agreements.

10.8 State Advocacy. Coordinated state-level advocacy to support capital funding requests and infrastructure investments benefiting The Block and surrounding area.

10.9 Tax-Exempt Bond Financing Support. The Borough will support Tax-Exempt Bond Financing pathways for NSCA as described in Section 6.4, including:

- (a) serving as **conduit issuer**, or supporting issuance through another Alaska conduit issuer acceptable to the Parties, for 501(c)(3) revenue bonds issued for NSCA's benefit, in an aggregate principal amount of up to **Fifty Million Dollars (\$50,000,000)** (unless increased by later Assembly action), subject to bond counsel approval, credit requirements, feasibility determination, and customary conduit issuer protections (i.e., no Borough general obligation or moral obligation pledge);
- (b) timely execution of cooperation agreements, TEFRA hearing notices, and other documents required for tax-exempt financing; and
- (c) letters of support for any state or federal financing programs.

10.10 Subdivision Support. The Borough will use commercially reasonable efforts to support expedited review and approval of the subdivision application for the Project Site, consistent with applicable zoning and land use regulations.

10.11 Incremental Revenue Operating Support.

- (a) **Principle.** The Parties acknowledge that Sponsor's private development on the Project Site (resort, Pavilion, and related commercial facilities) constitutes new tax base that would not exist absent the overall Project. The Borough's commitment under this Section reflects the integral relationship between The Block and the adjacent private development: The Block generates the visitor demand and programming that sustains the resort, and the resort generates the tax revenues that sustain The Block's civic mission. Neither asset achieves its full public benefit without the other.
- (b) **Operating Support Payment.** Commencing in the first full Borough fiscal year following Commissioning, the Borough shall include in its annual budget an operating support payment to NSCA (the "**Incremental Revenue Payment**") in an amount equal to the lesser of:
 - (c) the Incremental Resort Tax Revenue actually received by the Borough during the immediately preceding fiscal year (or, for the first payment year, the annualized amount based on actual receipts from Commissioning through the end of the first partial fiscal year); and
 - (ii) the verified annual Operating Support Gap for such year.
- (iii) **Coordination with Property Tax Exemption.** The property tax exemption under Section 10.2 is structured to ensure that Incremental Resort Tax Revenue actually received by the Borough is

sufficient to fund the Operating Support Gap in each fiscal year. The partial exemption calculation under Section 10.2(f) shall be performed concurrently with the Operating Support Gap verification under this Section.

- (iv) **Operating Support Gap.** The “**Operating Support Gap**” for any fiscal year means the amount, if positive, by which (A) the product of (1) The Block’s total debt service obligations (including principal and interest) for such year and (2) the Coverage Target, plus (3) required capital reserve contributions for such year, exceeds (B) The Block’s net operating income for such year (defined as total operating revenues, excluding the Incremental Revenue Payment, less total operating expenses, including the management fee calculated on operating revenues only). The “**Coverage Target**” shall be one and twenty-five hundredths (1.25), or such higher ratio as may be required by the documents governing any Tax-Exempt Bond Financing.
- (e) **Fiscal Year Cumulative True-Up.** The Incremental Revenue Payment shall be calculated and reconciled on a cumulative fiscal-year basis, such that any excess of Incremental Resort Tax Revenue over the Operating Support Gap in any period within a fiscal year shall be available to offset any shortfall in any other period within the same fiscal year. Monthly or quarterly installment payments during any fiscal year shall be trueed up to the annual calculation within ninety (90) days after the close of such fiscal year.
- (f) **Payment Mechanics.** The Incremental Revenue Payment shall be made in quarterly installments in arrears, structured as a services-purchase payment under the Community Access Services Agreement (Section 9.3) or a separate operating support agreement, in consideration of The Block’s delivery of civic programming capacity, community access, and public event infrastructure. Quarterly installments shall be based on the prior fiscal year’s verified Operating Support Gap, with reconciliation and true-up upon completion of the annual audit.
- (g) **Annual Verification.** Within one hundred twenty (120) days after the close of each Borough fiscal year:
 - (i) the Borough shall provide NSCA with a statement of Incremental Resort Tax Revenue received during such fiscal year, with supporting detail sufficient for independent verification;
 - (ii) NSCA shall provide the Borough with audited financial statements of The Block sufficient to verify the Operating Support Gap calculation, including a certification by NSCA’s independent auditor that the management fee included in operating expenses was calculated on operating revenues excluding the Incremental Revenue Payment; and
 - (iii) any overpayment shall be credited against the following fiscal year’s installments; any underpayment shall be remitted within sixty (60) days of the verification determination.
- (h) **Subject to Appropriation.** The Incremental Revenue Payment is subject to annual Assembly appropriation and applicable law. The Borough shall use good-faith efforts to include the Incremental Revenue Payment in its proposed annual budget each fiscal year during the term of this Section. If the Assembly fails to appropriate the Incremental Revenue Payment for any fiscal year:

- (i) such failure shall not constitute a default under this MOU or the Definitive Agreements;
 - (ii) Sponsor/NSCA shall be entitled to proportionally reduce CBA commitments under Section 9.1 for the affected fiscal year by an amount equal to the unfunded Operating Support Gap, valued at Cost Recovery Rates; and
 - (iii) if the Assembly fails to appropriate the Incremental Revenue Payment for two (2) consecutive fiscal years, Sponsor may request renegotiation of the CBA performance schedule and the Parties shall negotiate in good faith for a period of not less than one hundred eighty (180) days before any Party may exercise termination rights.
- (i) **Management Fee Exclusion.** For the avoidance of doubt, the Incremental Revenue Payment shall not be included in the revenue base for purposes of calculating any management fee, incentive fee, or other performance-based compensation payable to Sponsor under the Management Agreement. The management fee shall be calculated solely on The Block's operating revenues (facility rent, ticket share, facility fees, food and beverage, parking, premium/suite revenue, sponsorship, naming rights, and other operating income), excluding the Incremental Revenue Payment and any other Borough support payments.
- (j) **No Double-Counting.** Amounts paid as Incremental Revenue Payments under this Section shall not also be counted toward the Borough's obligations under Sections 9.6 (Bed Tax Rebalancing) or 10.3 (CBA Funding Support). Each Borough support mechanism operates independently.
- (k) **Term.** This Section 10.11 shall remain in effect for the longer of (i) the term of the Management Agreement (including any renewal terms); or (ii) the date on which all Tax-Exempt Bond Financing has been retired. Thereafter, the Parties shall negotiate in good faith regarding a successor operating support framework, if any, as part of the Post-Term Community Benefit Funding process described in Section 10.5.
- (l) **Transparency.** The Borough shall make the annual Incremental Resort Tax Revenue statement, the Operating Support Gap calculation, and the Incremental Revenue Payment determination available to the public as part of its regular budget process and annual financial reporting.

11. Permitting and Borough Coordination

11.1 **Borough Project Coordinator.** Within **ten (10) business days** of Effective Date, the Borough will designate a senior staff member as project coordinator responsible for coordinating across Borough departments, maintaining a critical path schedule, and serving as Sponsor's primary point of contact for permitting, subdivision, and regulatory matters.

11.2 **Pre-Application Meetings.** The Parties will convene pre-application meetings with relevant Borough departments (planning, building, fire, public works, utilities) within **thirty (30) days** of Effective Date to identify permitting and subdivision requirements, potential issues, and opportunities for streamlined review.

11.3 **Expedited Review Objective.** The Borough will use commercially reasonable efforts to process

permit applications, subdivision applications, plan reviews, and inspections on an expedited basis consistent with applicable law, including identification of opportunities for concurrent (rather than sequential) reviews where permitted.

11.4 Transportation Impact Study. Within the design development period, Sponsor shall commission (at Sponsor's expense) a traffic impact analysis evaluating the effects of The Block on the surrounding road network, including Henderson Road North and connecting roadways. The study shall identify: (a) projected peak event-day traffic volumes and patterns; (b) required roadway improvements, if any, to accommodate event traffic safely; (c) parking demand and supply analysis, including shared parking arrangements with adjacent Sponsor development; (d) emergency vehicle access requirements; and (e) recommendations for traffic management during events. The Parties shall use the study to inform the transportation management plan under Section 11.5 and to identify any Borough infrastructure improvements necessary to support The Block.

11.5 Transportation Management Plan. Prior to Commissioning, the Parties shall develop and adopt a Transportation Management Plan (the "TMP") addressing:

- (a) event-day traffic management, including traffic control, signage, and wayfinding;
- (b) parking management protocols, including on-site parking allocation, overflow parking plans, and coordination with adjacent Sponsor development parking;
- (c) snow removal and winter road maintenance for access roads and parking areas during event periods;
- (d) pedestrian and non-motorized access, to the extent applicable given the Project Site's location;
- (e) coordination with Alaska Department of Transportation and Public Facilities for any state-maintained roads affected by event traffic; and
- (f) a monitoring and adjustment process to refine the TMP based on actual event-day experience during the first twenty-four (24) months of operations.

The TMP shall be incorporated into the Management Agreement and updated not less frequently than every three (3) years.

11.6 Infrastructure Cost Allocation. The Parties shall determine, as part of the Definitive Agreements, the allocation of costs for any public roadway improvements, utility extensions, or other off-site infrastructure improvements reasonably necessary to support The Block. Sponsor shall be responsible for on-site transportation infrastructure (internal circulation, parking, access drives). The Borough shall use commercially reasonable efforts to support state and federal grant applications for any required public infrastructure improvements associated with The Block.

12. Assembly Process and Required Authorizations

12.1 Acknowledgment. The Parties acknowledge that appropriations, tax relief, bonding support, and Carlson disposition actions require Assembly approval and/or formal legislative action. Nothing

in this MOU obligates the Assembly to take any action, but the Borough (acting through the Mayor and Administration) commits to the process steps and timelines herein.

12.2 Negotiation Authorization. The Borough will use commercially reasonable efforts to bring forward, within **ninety (90) days** of Effective Date, an Assembly item (resolution or ordinance as appropriate) that:

- (a) endorses this MOU framework for negotiation purposes;
- (b) authorizes Administration staff time and resources for negotiation toward Definitive Agreements; and
- (c) appropriates or authorizes the Borough's share of third-party study costs under Section 13.1.

For clarity, the negotiation authorization is a preliminary endorsement and does not commit the Assembly to any specific appropriation or financial terms, which will be subject to separate Assembly action.

12.3 Milestones for Assembly Items. Following the negotiation authorization, the Borough will use commercially reasonable efforts to bring forward required items on an expedited schedule consistent with **Exhibit E**, including:

- Community Access Services Agreement authorization and appropriation
- property tax relief ordinance or resolution
- bond-related cooperation agreements and TEFRA authorization
- Carlson transition policy resolution and disposition process initiation
- subdivision approval (to the extent Assembly action is required)

12.4 Failure to Progress; Sponsor Off-Ramp. If the Borough fails to obtain Assembly adoption of the negotiation authorization described in Section 12.2 within **one hundred fifty (150) days** of Effective Date, Sponsor may terminate this MOU upon written notice, subject to the development cost reimbursement provisions of Section 15.4.

13. Studies, Data Sharing, and Cost Allocation

13.1 Cost Sharing for Studies. Each Party bears its own internal costs. The Borough agrees to contribute up to **\$75,000** toward third-party studies required for Assembly decision-making (including economic impact analysis, traffic studies, and public safety assessments), subject to appropriation. Sponsor shall be responsible for costs of studies required for its own financing, design, and development purposes.

13.2 Data Sharing. The Borough will provide Sponsor and its consultants with reasonable access to Carlson Center financial and operating data necessary for Transition Plan development and project planning, subject to applicable confidentiality protections.

14. Confidentiality and Public Communications

14.1 **Confidentiality.** Each Party will keep confidential all non-public financial, business, and proprietary information received from another Party in connection with this MOU, subject to:

- (a) applicable public records laws (including Alaska Public Records Act);
- (b) disclosures required for Assembly proceedings, financing transactions, or legal compliance; and
- (c) disclosures to each Party's attorneys, accountants, lenders, and consultants who agree to maintain confidentiality.

14.2 Public Statements.

- (a) **Advance Notice.** Before issuing any press release, public statement, or other external communication regarding the partnership terms, Carlson transition, financial commitments, or incentive packages, the issuing Party shall provide the other Parties with at least five (5) business days' advance written notice and a copy of the proposed communication.
- (b) **Good-Faith Coordination.** The Parties shall coordinate in good faith on the content and timing of public communications to ensure consistency and accuracy, but no Party shall have a veto right over another Party's public communications, except as provided in subsection (c).
- (c) **Proprietary Information.** No Party shall include Sponsor proprietary information (including non-public financial data, trade secrets, or business strategies) in any public communication without the Sponsor Parties' prior written consent.
- (d) **Accuracy.** All public communications by any Party shall be factually accurate in all material respects and shall not misrepresent any other Party's commitments, positions, or obligations under this MOU.
- (e) **Exceptions.** This Section shall not restrict: (i) disclosures required by law, the Alaska Public Records Act, Assembly process, or securities regulations; (ii) routine Borough communications to constituents regarding public projects; or (iii) responses to media inquiries that are limited to factual information already in the public domain.

15. Term; Termination

15.1 **Term.** This MOU shall become effective upon execution by all Parties and shall remain effective through the earlier of (i) execution of the Definitive Agreements, or (ii) expiration of the Exclusivity Period (as may be extended pursuant to Section 3.2), unless terminated earlier pursuant to this Section 15.

15.2 **Sponsor Termination for Convenience.** Sponsor may terminate this MOU for convenience upon **ninety (90) days** prior written notice to the other Parties. Upon such termination, the Exclusivity Period shall continue for the remainder of the ninety-day notice period only, after which all exclusivity obligations shall terminate. Sponsor shall not be entitled to development cost reimbursement under

Section 15.4 upon termination for convenience.

15.3 Borough Termination. The Borough may terminate this MOU only upon Sponsor's Material Breach, after providing **thirty (30) days** prior written notice specifying the breach and affording Sponsor an opportunity to cure. If the breach is cured within the cure period, the termination notice shall be deemed withdrawn.

15.4 Development Cost Reimbursement.

- (a) **Trigger Events:** If this MOU terminates due to any of the following, the Borough shall reimburse Sponsor for documented Sponsor Development Costs:
- (i) Borough's failure to obtain Assembly adoption of the negotiation authorization within one hundred fifty (150) days (Section 12.4);
 - (ii) Borough's Material Breach of this MOU;
 - (iii) the Borough taking action that materially impairs the feasibility of The Block in violation of Section 3.3; or
 - (iv) failure of the condition in Section 1.4(b) due to Assembly rejection of the negotiation authorization.
- (b) **Reimbursement Cap:** Reimbursement under this Section shall not exceed **Five Hundred Thousand Dollars (\$500,000)** in the aggregate.
- (c) **Documentation:** Sponsor shall submit documentation of Sponsor Development Costs within sixty (60) days of termination, including invoices, contracts, and proof of payment. The Borough shall pay undisputed amounts within sixty (60) days of submission.
- (d) **No Reimbursement:** Sponsor shall not be entitled to reimbursement if this MOU terminates due to Sponsor's termination for convenience (Section 15.2) or Sponsor's Material Breach.

15.5 Effect of Termination. Upon termination, all rights and obligations under this MOU shall terminate except as provided in Section 15.6.

15.6 Survival. The following provisions shall survive termination of this MOU: Section 2 (Definitions, to the extent necessary to interpret surviving provisions), Section 4.10 (Insurance and Risk Allocation), Section 14 (Confidentiality), Section 15.4 (Development Cost Reimbursement), Section 15.6 (Survival), Section 15.7 (Remedies), Section 17 (Dispute Resolution), Section 18 (Miscellaneous, including Section 18.12 Representations and Warranties), and Section 9.10 (Nondiscrimination).

15.7 Remedies.

- (a) **Specific Performance.** The Parties acknowledge that a breach of the binding provisions of this MOU (including Sections 3, 14, and 15) would cause irreparable harm for which monetary damages would be an inadequate remedy. Accordingly, each Party shall be entitled to seek specific performance and injunctive relief to enforce the binding provisions of this MOU, without the necessity of proving actual damages or posting a bond or other security, in addition to all other remedies

available at law or in equity.

- (b) **Cure Periods.** No Party may exercise any remedy under this Section unless and until it has provided written notice specifying the default in reasonable detail and the defaulting Party has failed to cure such default within: (i) thirty (30) days after receipt of notice for monetary defaults; and (ii) sixty (60) days after receipt of notice for non-monetary defaults; provided, however, that if a non-monetary default is not reasonably susceptible of cure within sixty (60) days and the defaulting Party has commenced cure within such period and is diligently pursuing completion, the cure period shall be extended for an additional sixty (60) days (not to exceed one hundred twenty (120) days in the aggregate).
- (c) **Limitation of Liability.** In no event shall any Party be liable to another Party for consequential, incidental, punitive, or speculative damages arising under this MOU, except that this limitation shall not apply to: (i) a Party's indemnification obligations under Section 4.10(e); (ii) a Party's breach of Section 14 (Confidentiality); or (iii) claims arising from a Party's fraud, gross negligence, or willful misconduct.
- (d) **Cumulative Remedies.** Except as expressly stated herein, all remedies under this MOU are cumulative and not exclusive of any other remedies provided by law or equity. The exercise of any remedy shall not preclude the exercise of any other remedy.
- (e) **Step-In Rights.** If Sponsor fails to maintain required insurance coverage under Section 4.10 for more than fifteen (15) consecutive days after notice, or if Sponsor abandons operations of The Block for more than thirty (30) consecutive days (other than due to Force Majeure under Section 18.9), NSCA (and, if NSCA fails to act, the Borough) shall have the right, but not the obligation, to step in and take such actions as are reasonably necessary to maintain insurance coverage, protect the physical plant, and continue essential venue operations on an interim basis, with all reasonable costs incurred thereby recoverable from Sponsor. The exercise of step-in rights shall not constitute a waiver of any other remedy or a termination of the Management Agreement.

16. Non-Binding Nature; Binding Provisions

16.1 Non-Binding Except as Stated. Except for Sections **3 (Exclusivity)**, **4.10 (Insurance and Risk Allocation)**, **14 (Confidentiality)**, **15 (Term/Termination/Remedies)**, **17 (Dispute Resolution)**, and **18 (Miscellaneous)**, this MOU expresses the Parties' intent and does not create legally binding obligations to appropriate funds, grant tax relief, issue bonds, convey property, or enter into Definitive Agreements.

16.2 Subject to Appropriation/Approval. All Borough actions requiring appropriation, tax relief, bonding authorization, or disposition of assets are subject to Assembly approval in accordance with applicable law. The Borough's commitments herein are commitments to pursue such approvals in good faith and on the timelines specified, not guarantees of Assembly action.

16.3 Good Faith. Notwithstanding the non-binding nature of certain provisions, each Party agrees to negotiate the Definitive Agreements in good faith and consistent with the terms and intent of this

MOU.

17. Dispute Resolution

17.1 **Executive Escalation.** Any dispute arising under this MOU shall first be referred to the Mayor (or designee) and Sponsor's chief executive for good-faith resolution within fifteen (15) days.

17.2 **Mediation.** If not resolved through executive escalation, the Borough or the Sponsor Parties may initiate non-binding mediation before a mutually agreed mediator in Fairbanks, Alaska. Mediation costs shall be shared equally.

17.3 **Litigation.** If mediation is unsuccessful within forty-five (45) days of initiation (or such longer period as the Parties agree), the Borough or the Sponsor Parties may pursue litigation in the Alaska Superior Court, Fourth Judicial District.

17.4 **Injunctive Relief.** Notwithstanding the foregoing, the Borough or the Sponsor Parties may seek injunctive relief in court without first exhausting escalation or mediation procedures for violations of Section 3 (Exclusivity) or Section 14 (Confidentiality).

17.5 **Prevailing Party Fees.** In any litigation to enforce this MOU, the substantially prevailing Party shall be entitled to recover its reasonable attorneys' fees and costs.

18. Miscellaneous

18.1 **Assignment.** Sponsor may assign its rights and obligations under this MOU to affiliates or financing vehicles without Borough consent, provided Sponsor remains liable for performance. The Borough may not assign this MOU without Sponsor's prior written consent.

18.2 **Governing Law.** This MOU shall be governed by and construed in accordance with the laws of the State of Alaska, without regard to conflicts of law principles.

18.3 **No Third-Party Beneficiaries.** This MOU is for the sole benefit of the Parties and their permitted successors and assigns. Nothing herein shall confer any rights or remedies upon any third party.

18.4 **Entire Agreement.** This MOU (including all Exhibits) constitutes the entire agreement among the Parties with respect to its subject matter and supersedes all prior negotiations, representations, and agreements relating thereto.

18.5 **Amendments.** This MOU may be amended only by written instrument signed by all Parties.

18.6 **Notices.** All notices under this MOU shall be in writing and delivered by hand, overnight courier, or email (with confirmation) to the addresses set forth on the signature pages or such other addresses as a Party may designate in writing.

18.7 **Counterparts; Electronic Signatures.** This MOU may be executed in counterparts, each of which shall be deemed an original. Electronic signatures (including DocuSign or similar platforms) shall be deemed original signatures for all purposes.

18.8 **Severability.** If any provision of this MOU is held invalid or unenforceable, the remaining provisions shall continue in full force and effect, and the Parties shall negotiate in good faith to replace the invalid provision with a valid provision that most closely reflects the original intent.

18.9 **Force Majeure.**

- (a) **Definition.** "Force Majeure Event" means any event or circumstance beyond the reasonable control of the affected Party that prevents or materially delays performance of its obligations under this MOU, including: acts of God; fire, explosion, or flood; epidemic, pandemic, or quarantine; war, terrorism, insurrection, riot, or civil disturbance; strike, lockout, or labor dispute (other than those involving the affected Party's own employees); embargo or sanctions; governmental action, regulation, or order not caused by the affected Party's breach; failure of essential utilities or telecommunications; unusually severe weather conditions (including conditions more severe than the ten-year historical average for Fairbanks, Alaska); or supply chain disruption that is widespread and not specific to the affected Party. Force Majeure Events shall not include: financial inability to perform; changes in market conditions; inability to obtain financing on acceptable terms; increases in construction costs below the Material Adverse Change threshold; or events that were reasonably foreseeable at the time of execution.
- (b) **Effect.** If a Party is prevented from or materially delayed in performing any obligation under this MOU by a Force Majeure Event, such Party's performance shall be excused for the duration of the Force Majeure Event (plus a reasonable period for remobilization), and all deadlines, milestones, and cure periods affected by such Force Majeure Event shall be extended on a day-for-day basis; provided, however, that no Force Majeure Event shall extend the Exclusivity Period by more than twelve (12) months in the aggregate without the Borough's prior written consent.
- (c) **Notice and Mitigation.** The affected Party shall: (i) provide written notice to the other Parties within ten (10) business days of becoming aware of the Force Majeure Event, describing the event and its expected duration and impact on performance; (ii) use commercially reasonable efforts to mitigate the effects of the Force Majeure Event and resume performance as promptly as practicable; and (iii) provide periodic updates (not less frequently than monthly) on the status of the Force Majeure Event and mitigation efforts. Failure to provide timely notice shall not forfeit the right to claim Force Majeure relief, but may reduce the period of excused delay by the period of the delay in notification.
- (d) **Extended Force Majeure.** If a Force Majeure Event continues for more than one hundred eighty (180) consecutive days, the Borough or the Sponsor Parties may request renegotiation of affected terms. If the Parties are unable to agree on revised terms within sixty (60) days of such request, the Borough or the Sponsor Parties may terminate this MOU upon thirty (30) days' prior written notice without liability (other than obligations that survive termination under Section 15.6), provided that the Sponsor shall be entitled to development cost reimbursement under Section 15.4 if the termination results from a Force Majeure Event affecting Borough performance.
- (e) **Payment Obligations.** Force Majeure shall not excuse the timely payment of any monetary obli-

gation that has accrued and become due prior to the Force Majeure Event.

18.10 Performance Security. The Definitive Agreements shall require Sponsor to provide performance security in the form of: (a) a completion guaranty or performance bond from a surety rated "A-" or better by A.M. Best, in an amount equal to the guaranteed maximum price for construction of The Block, to secure completion of construction in accordance with the Development Agreement; and (b) during the operations phase, an annual operating reserve in an amount to be agreed in the Management Agreement (but not less than three (3) months of projected operating expenses), funded from operating revenues and maintained in a segregated account controlled by NSCA. The specific form, amount, and terms of performance security shall be negotiated as part of the Definitive Agreements and shall be subject to adjustment based on Sponsor's demonstrated financial capacity and credit profile.

18.11 No Partnership, Joint Venture, or Agency. Nothing in this MOU or any Definitive Agreement shall be construed to create a partnership, joint venture, or agency relationship between or among the Borough, Sponsor, and NSCA, or between any two of them, except to the extent expressly stated herein or in a Definitive Agreement. No Party shall have the authority to bind another Party or to incur obligations on behalf of another Party. Without limiting the foregoing: (a) NSCA is an independent nonprofit corporation and is not a department, instrumentality, or agent of the Borough; (b) Sponsor is an independent private entity and is not a partner of, or joint venturer with, the Borough or NSCA; and (c) the management, operation, and control of The Block by Sponsor under the Management Agreement is performed as an independent contractor and not as an agent or employee of NSCA or the Borough. Each Party shall be solely responsible for its own employees, agents, and contractors.

18.12 Representations and Warranties. Each Party represents and warrants to the other Parties, as of the Effective Date, that:

- (a) **Authority.** Such Party has full power and authority to execute, deliver, and perform this MOU. The execution, delivery, and performance of this MOU have been duly authorized by all necessary action on the part of such Party (subject, with respect to the Borough, to Assembly approval for actions requiring appropriation or legislative action as described herein).
- (b) **No Conflict.** The execution, delivery, and performance of this MOU do not and will not conflict with or result in a breach of any material agreement, instrument, order, judgment, or decree to which such Party is a party or by which it is bound, or violate any applicable law, regulation, or governmental requirement.
- (c) **No Litigation.** There is no pending or, to such Party's knowledge, threatened litigation, arbitration, or governmental proceeding that would materially impair such Party's ability to perform its obligations under this MOU.
- (d) **Accuracy of Information.** All material information provided by such Party to the other Parties in connection with this MOU is true, accurate, and complete in all material respects as of the date provided.
- (e) **Sponsor Additional Representations.** Sponsor additionally represents and warrants that: (i)

Sponsor is duly organized, validly existing, and in good standing under the laws of the State of Delaware and is qualified to do business in the State of Alaska; (ii) Sponsor has or can obtain the financial capacity to perform its obligations under this MOU; and (iii) Sponsor has good and marketable title to, or valid leasehold or contractual rights in, the Project Site, free and clear of any liens, encumbrances, or title defects that would materially impair the development of The Block or the grant of the Ground Lease to NSCA, except as disclosed in writing to the Borough prior to the Effective Date.

(f) **Survival.** The representations and warranties in this Section shall survive execution of this MOU and shall be deemed repeated as of the date of execution of each Definitive Agreement.

Signatures

FAIRBANKS NORTH STAR BOROUGH

By: _____ Name: _____ Title: Mayor

Date: _____

Address for Notices: Fairbanks North Star Borough _____ Fairbanks, Alaska 99701 Email: _____

DX/DT LLC

By: _____ Name: Daniel Keck Title: Managing Member and Chief Executive Officer Date: _____

Address for Notices: DX/DT LLC _____

Email: dkeck@dx-dt.com

NORTH STAR CIVIC AUTHORITY, INC. *(to be formed; signed by Sponsor as Founding Agent)*

By: DX/DT LLC, as Founding Agent

By: _____ Name: Daniel Keck Title: Managing Member and Chief Executive Officer of DX/DT LLC, as Founding Agent of NSCA Date: _____

EXHIBIT A — The Block Project Description

1. Site

- **Address:** 301 Henderson Road North, Fairbanks, Alaska

- **Legal Description:** [To be confirmed upon subdivision]
- **Existing Condition:** [To be confirmed through environmental assessment and site characterization]
- **Total Project Site Acreage:** [TBD]
- **Civic Parcel (Block footprint):** [To be determined through subdivision]
- **Sponsor Private Parcels (Pavilion, resort, related development):** Remainder of Project Site
- **Parking:** [TBD] spaces, shared with adjacent Sponsor development per Shared Infrastructure Agreement
- **Site Access:** Via Henderson Road North; internal circulation plan to be developed during design development

2. Facility Summary

- **Facility Type:** Multi-purpose civic event venue with permanent ice
- **Construction Type:** Earth-sheltered; poured-in-place reinforced concrete and structural steel
- **Levels:** Six (6)
- **Bowl Configuration:** U-shaped seating around central floor
- **Clear Span (bowl):** 240 feet
- **Main Program Area:** Approximately 72,000 SF
- **Rooftop/Grade-Level Park:** Approximately 90,000 SF (green roof at surrounding grade; stormwater managed on-site)
- **Target Design Life:** 50+ years
- **Sustainability Target:** LEED Silver minimum (or equivalent); see Section 5.3

3. Capacity

Configuration	Fixed Seats	Floor/GA	Total Capacity
Hockey / Ice Events	3,600	—	3,600
Concert (end stage)	3,600	Up to 1,400	~5,000
Concert (center stage)	3,600	Up to 800	~4,400
Convention / Trade Show	Retracted	40,000+ SF flat floor	Varies by layout
Combined with Pavilion	3,600	~180,000 SF combined	Varies by layout
Banquet (seated dinner)	Retracted	Up to 2,500	2,500

All capacities are preliminary and subject to design development, fire code review, and ADA compliance.

4. Ice Facility

- NHL-regulation ice sheet: 200 ft × 85 ft
- Permanent installation with year-round refrigeration capacity
- Rapid-conversion floor system: hockey to flat-floor mode in 12–14 hours
- Designed to accommodate NCAA Division I hockey (subject to UAF agreement)

5. Adjacency: The Pavilion

The Pavilion is a separately-owned Sponsor facility on an adjacent parcel. The Block and The Pavilion are connected by a 100 ft × 40 ft accordion door on The Block’s south wall. When open, the combined footprint is approximately 180,000 SF. The Pavilion is not part of The Block, is not owned by NSCA, and is not subject to the CBA. Use of the combined space is governed by the Shared Infrastructure Agreement (Section 4.9).

6. Shared Infrastructure

The following infrastructure is shared between the Civic Parcel and Sponsor’s private parcels, governed by the Shared Infrastructure Agreement:

- Utility connections (electrical, water, sewer, heating)
- Access roads and internal circulation
- Parking
- Stormwater management (green roof system)
- Loading dock
- Accordion door connection
- Snow removal and general site maintenance

Cost allocation, scheduling, insurance, and maintenance responsibilities for shared infrastructure are set forth in the Shared Infrastructure Agreement.

7. Program Areas

Area	Approximate SF
Main Bowl (seating + event floor)	72,000
Concourse and circulation	[TBD]

Area	Approximate SF
Premium hospitality (suites, club, lounges)	[TBD]
Locker rooms (home, visitor, officials)	[TBD]
Back-of-house (green rooms, production, offices)	[TBD]
Loading dock (enclosed)	[TBD]
Mechanical and ice plant	[TBD]
Rooftop park (at grade)	90,000
Total enclosed area	[TBD — to be confirmed through design development]

8. Preliminary Schedule

Phase	Target Timeline	Reference
Subdivision application	90 days from Effective Date	Section 4.8(c) (Subdivision Timing)
Design development	12–18 months from Effective Date	—
GMP / cost certainty	12 months from Effective Date	Section 5.2
Permitting	6–12 months (concurrent with DD)	Section 11
Construction	48–52 months	—
Commissioning	Q4 2031 / Q1 2032	Subject to permitting and financing

All timelines are preliminary and subject to permitting, financing, and design development.

9. Budget

- **Target all-in project cost (The Block only):** \$110,000,000
- **Exclusive of:** The Pavilion, resort, and other Sponsor private development
- **Subject to:** Design development and GMP process (Section 5.2)

10. Estimated Employment

- **Construction:** Approximately 400 positions over 48–52 month build
- **Permanent operations:** Approximately 100+ positions

EXHIBIT B — Community Benefit Agreement Term Sheet

1. Rate Classes and Eligibility

Category	Eligibility Verification	Discount from Standard Rate
Borough-Sponsored Events	Written Borough designation	Cost Recovery Rate
K-12 Schools (public & private)	Verification letter from school	[30-40]% discount
Youth Sports Organizations	501(c)(3) status + youth-serving mission	[30-40]% discount
501(c)(3) Nonprofits	IRS determination letter	[20-30]% discount
Active Military & Veterans	Military ID or DD-214	[15-25]% discount
University/College Events	UAF or accredited institution	[20-30]% discount

2. Civic Days at Cost Recovery Rate

- **Annual Cap:** Thirty (30) days per calendar year
- **Eligible Events:** Borough-sponsored civic events, community celebrations, public safety events, official ceremonies
- **Booking Priority:** Civic days may be booked up to 18 months in advance; unutilized days do not roll over
- **Cost Recovery Calculation:** Per Section 9.2 (direct costs only; no overhead or profit)

3. Youth Sports Commitments

- Priority booking windows for youth hockey, basketball, and other athletic programs
- Minimum of [50] youth tournament/event days per year at discounted rates
- Coordination with Borough Parks & Recreation and school district athletic programs

4. Reporting and Verification

- Annual operator report on CBA utilization (days used, discounts provided, beneficiary organizations)

- Borough right to audit supporting records with 30 days' notice
- Independent third-party verification every three (3) years

5. Remediation of CBA Shortfalls

- Notice and 60-day cure period for CBA shortfalls
- If shortfall not cured, Borough may offset against Community Access Services Agreement payments
- If shortfalls persist for three (3) or more consecutive years: - The Parties shall engage an independent monitor (mutually selected, costs shared equally) to assess the cause and recommend a corrective action plan - Sponsor shall implement the corrective action plan within ninety (90) days - If Sponsor fails to implement the corrective action plan, the Borough may seek specific performance or additional payment offsets, but CBA shortfalls alone shall not constitute grounds for termination of the Management Agreement

6. Workforce Commitments

- Carlson Center employee priority consideration for Block positions (Section 8.5)
- Local hire targets for construction and permanent operations (Section 9.8)
- Coordination with UAF, trade unions, and workforce development organizations for training and apprenticeship opportunities
- Annual workforce reporting as part of impact metrics (Section 9.4)

7. Local and Small Business Participation

- Local business outreach and inclusion plan for construction phase (Section 9.7)
- Aspirational target of 30% construction contract value to FNSB-based businesses
- Small and disadvantaged business outreach (Section 9.7(c))
- Annual local vendor spend reporting (Section 9.4)

8. Public Art

- Minimum 0.5% of hard construction costs invested in public art (Section 9.9)
- Priority to Alaska-based and Indigenous artists
- Integration into The Block and rooftop park

9. Nondiscrimination and Accessibility

- Nondiscrimination requirements applicable to all construction, operations, and event access per Section 9.10
- ADA and accessibility compliance per Sections 5.4(a) and 9.10

EXHIBIT C — Transition Plan Framework

1. Priority Tiers for Booking

Tier	Category	Advance Booking Window
1	Borough civic events (at Cost Recovery)	18 months
2	Anchor tenants (UAF hockey, major annual events)	12 months
3	Youth sports tournaments	9 months
4	National touring acts / promoter holds	9 months
5	Trade shows / conventions	6 months
6	General public / corporate rentals	6 months

2. Booking Protocol

- Centralized booking through Sponsor venue management
- Conflict resolution: Higher tier prevails; within tier, first-confirmed prevails
- Date holds expire after [14] days without deposit
- Force majeure and cancellation policies per industry standard

3. 24-Month Ramp Schedule (Post-Commissioning)

Period	Target Utilization	Notes
Months 1-6	40-50%	Grand opening events; anchor tenant onboarding
Months 7-12	50-65%	First full event season; hockey season
Months 13-18	60-75%	Expanded booking; regional marketing push
Months 19-24	70-80%	Steady-state operations

4. Capacity Differential

The Parties acknowledge the capacity differential (3,600 fixed seats vs. Carlson’s ~4,500). The Block accommodates up to ~5,000 in concert configuration and ~180,000 SF combined with The Pavilion. Events requiring more than 5,000 seats will be addressed on a case-by-case basis in the Transition Plan.

5. Event Categories for Transition

- **Hockey:** UAF Nanooks (subject to UAF agreement), junior hockey, adult leagues, tournaments

- **Concerts/Entertainment:** National touring acts, regional performers, comedy, family shows
- **Conventions/Trade Shows:** Industry conferences, consumer shows, expos (up to 180,000 SF combined with Pavilion)
- **Community Events:** Midnight Sun Festival, graduations, civic ceremonies, public assemblies
- **Corporate:** Meetings, banquets, product launches, holiday parties

6. Hockey Feasibility Pathway

- Contingent on UAF agreement to relocate home games
- Ice plant and facility specifications to meet NCAA Division I requirements
- Sponsor to engage UAF athletics within 60 days of Effective Date to assess feasibility and timeline
- If UAF agreement not achieved within 18 months, Parties to reassess hockey component of Transition Plan

EXHIBIT D — Borough Support Package Term Sheet

1. Charitable Property Tax Exemption (The Block)

- **Scope:** Civic Parcel and Block improvements only
- **Basis:** NSCA is a 501(c)(3) nonprofit; The Block is used for charitable and educational purposes
- **Duration:** Ongoing, for so long as NSCA maintains 501(c)(3) status and The Block is used for exempt purposes
- **Mechanism:** Charitable property tax exemption under applicable Alaska law
- **Fallback:** If exemption unavailable, Borough structures equivalent annual payment to NSCA
- **PILOT Offset:** NSCA/Sponsor to pay PILOT for direct services consumed (see below)

2. Economic Development Property Tax Exemption (Private Parcels)

- **Authority:** FNSB Code 8.12.030 / AS 29.45.050(m)
- **Scope:** Sponsor's private development parcels on the Project Site (resort, Pavilion, related commercial facilities)
- **Exemptable portion:** Areawide assessments only (currently 10.620 mills); non-areawide levies (currently 0.584 mills for EMS), solid waste collection district levy (currently 1.648 mills), and any applicable service area levies remain payable
- **Duration:** Up to ten (10) years from Assembly approval
- **Approval:** Requires Assembly approval following FNSB Code 8.08 application, review, and public hearing process
- **Qualifying criteria:** Property not previously taxed, creates employment, expands Borough tax base

3. PILOT Structure

- **Covered Services:** Fire/EMS response, road maintenance attributable to venue traffic, waste/recycling, water/sewer (if applicable)
- **Calculation:** Actual incremental cost to Borough, reviewed annually
- **Payment:** Quarterly, concurrent with property tax cycle

4. Community Access Services Agreement

- **Term:** Ten (10) years, with renewal options
- **Annual Payment:** [To be determined based on Civic Day Cap × estimated Cost Recovery Rate]
- **Performance Standards:** Tied to CBA commitments; shortfall offsets per Exhibit B

5. Bond Financing Support

- Borough to serve as conduit issuer, or to support issuance through another Alaska conduit issuer acceptable to the Parties, for up to \$50,000,000 in Tax-Exempt Bond Financing (Section 6.4)
- No Borough general obligation or moral obligation pledge
- NSCA/Sponsor responsible for all debt service; Borough protected by standard conduit issuer provisions

6. Bed Tax Support (Final Backstop)

- Residual funding source: Borough bed tax (transient accommodation tax) revenues to cover any gap remaining after Qualified Sponsor Capital, Qualified Campaign Capital and Tax-Exempt Bond Financing (Section 6.5)
- Structured as capped commitment approved by Assembly (maximum aggregate capital appropriation and/or maximum annual payment for a defined term)
- Subject to Assembly appropriation and applicable law
- Also available for CBA shortfall rebalancing (Section 9.6) during ramp-up period

7. Carlson Center Transition

- Sponsor invests up to \$20 million in private capital to convert the Carlson Center into a year-round community recreation facility
- Facility program: pickleball courts, indoor turf fields, youth sports leagues, and other public programming
- Sponsor requests naming rights, one advisory/board seat, design oversight participation, and \$20 million in tax credits against Borough GF bed tax and alcohol tax
- No discretionary Borough spending on Carlson after Commissioning (Section 8.2)

8. Marketing and Advocacy

- Joint marketing plan with Explore Fairbanks (annual budget: \$[TBD])
- Borough inclusion of The Block in official tourism and economic development materials

- Coordinated state advocacy for capital funding and infrastructure support

9. Transportation and Infrastructure Support

- Borough cooperation on traffic impact analysis and transportation management plan development (Section 11.4, 11.5)
- Borough support for state and federal grant applications for public roadway or utility improvements associated with The Block (Section 11.6)
- Coordination with Alaska DOT&PF for any state-maintained road improvements necessitated by event traffic

10. Incremental Revenue Operating Support

- **Source:** Ad valorem property tax, general fund bed tax share (35% of 8%), and FNSB alcohol tax (5%) from Sponsor private development parcels (resort, Pavilion, commercial), net of PILOT direct service costs
- **Amount:** Lesser of (i) actual Incremental Resort Tax Revenue received and (ii) verified Operating Support Gap (debt service × 1.25 coverage target + capital reserves – net operating income before support)
- **True-Up:** Cumulative within each fiscal year; annual reconciliation within 120 days of fiscal year-end
- **Term:** Duration of Management Agreement or retirement of Tax-Exempt Bonds, whichever is later
- **Payment:** Quarterly in arrears via Community Access Services Agreement or separate operating support agreement
- **Condition:** Subject to annual Assembly appropriation; failure to appropriate triggers proportional CBA reduction (Section 10.11(h))
- **Management Fee:** Excluded from Sponsor management fee revenue base
- **Estimated Range:** \$2,700,000–\$4,200,000 per year (based on \$250M resort assessed value at 16.5 mills, 343 rooms at \$700 ADR, 45%–65% occupancy ramp, and 1.25× coverage target)

EXHIBIT E — Milestone Schedule

#	Milestone	Deadline	Section Reference
1	Borough designates Project Coordinator	10 business days	11.1
2	Pre-application meetings with Borough departments	30 days	11.2

#	Milestone	Deadline	Section Reference
3	First public input session (concept program stage)	60 days	5.6(a)
4	Sponsor delivers Concept Program and Site Plan	60 days	5.1
5	NSCA incorporated and in good standing	60 days	4.2
6	UAF engagement initiated	60 days	Exhibit C
7	Phase I Environmental Site Assessment commenced	90 days	5.5(a)
8	Subdivision application submitted	90 days	Section 4.8(c) (Subdivision Timing)
9	Assembly negotiation authorization (target)	90 days	12.2
10	Transition Plan completed	90 days	7.4
11	First quarterly progress report	90 days	3.6
12	Sponsor off-ramp if no Assembly authorization	150 days	12.4, 1.4(b)
13	GMP / cost certainty mechanism	12 months	5.2
14	Transportation Impact Study completed	12 months	11.4
15	Local business outreach plan submitted	90 days after Dev. Agreement	9.7(a)
16	Transportation Management Plan adopted	Prior to Commissioning	11.5

#	Milestone	Deadline	Section Reference
17	NSCA board reconstituted — Construction Phase composition	Commencement of construction	Section 4.3(b)
18	NSCA board reconstituted — Operations Phase composition	6 months after Commissioning	Section 4.3(c)
19	Carlson Center conversion initiated	Commissioning	Section 8.3 (Community Recreation Facility Conversion)

All deadlines measured from Effective Date unless otherwise noted.

[END OF MEMORANDUM OF UNDERSTANDING]