
**THE SQUARE AT ROCKVILLE CITY CENTER
MEMORANDUM OF UNDERSTANDING**

This **THE SQUARE AT ROCKVILLE CITY CENTER MEMORANDUM OF UNDERSTANDING** (this “MOU”) is effective this 1st day of July 2025 (the “**Effective Date**”) by and among (i) **THE MAYOR AND COUNCIL OF ROCKVILLE**, a municipal corporation and body politic of the State of Maryland, acting through its City Manager (the “**Mayor and Council**”); (ii) **MORGUARD ROCKVILLE RETAIL LLC**, a Delaware limited liability company, as to an undivided 78% interest, and **MORGUARD ROCKVILLE II LLC**, a Delaware limited liability company, as to an undivided 22% interest, as tenants in common (together, the “**Morguard Commercial Retail Owner**”); and (iii) **MORGUARD FENESTRA APARTMENTS LLC**, a Delaware limited liability company (the “**Morguard Commercial Residential Owner**”). Individually, the Mayor and Council, the Morguard Commercial Retail Owner, and the Morguard Commercial Residential Owner may each be referred to hereinafter as the “**Party**,” or collectively as the “**Parties**.”

RECITALS

WHEREAS, the Mayor and Council was instrumental in the establishment of a 12.5 acre mixed-use development located in the heart of Rockville City Center, and is encompassed within the area bounded by Beall Avenue to the north, Hungerford Drive to the east, Middle Lane to the south, and North Washington Street to the west, except for the land identified as ownership lots 16A and 16B, Parcel N 127, Block B, City Center (“**The Square at Rockville City Center**”); and

WHEREAS, The Square at Rockville City Center consists of (i) a City of Rockville-owned public plaza, which is intended for use by the general public, and includes a pavilion, stage, interactive fountain and storm water management facilities (the “**City Plaza**”), (ii) a building owned by Montgomery County, Maryland which houses the Rockville Memorial Library and a commercial space (the “**Public Library Building**”), and (iii) five (5) mixed-use condominium developments, each of which is owned by a different condominium association (the “**Mixed-Use Developments**”); and

WHEREAS, all the commercial retail units in the Mixed-Use Developments are owned by the Morguard Commercial Retail Owner, and all the commercial residential apartment buildings in the Mixed-Use Developments are owned by the Morguard Commercial Residential Owner; and

WHEREAS, the Morguard Commercial Retail Owner and the Morguard Commercial Residential Owner (collectively, the “**Morguard Owners**”) and the Mayor and Council desire to work together expeditiously and in good faith to help ensure that The Square at Rockville City Center is a vibrant, safe and well-managed neighborhood that offers residents and visitors healthy, active and environmentally friendly amenities and entertainment; and

WHEREAS, the Morguard Owners and the Mayor and Council intend to work cooperatively to facilitate the success of The Square at Rockville City Center through a mutually agreed implementation strategy that reflects the goals and objectives of the Parties, and the Mayor and Council views this cooperation as an integral part of its 2025 Rockville Town Center Master Plan; and

WHEREAS, the Parties desire to enter into this MOU to establish the roles, responsibilities and protocols between the Morguard Owners and the Mayor and Council, and as a basis for future memorialized agreements.

NOW, THEREFORE, to support a collaborative and constructive process for the success of The Square at Rockville City Center, the Parties agree to pursue in good faith the following commitments to this MOU:

1. MAYOR AND COUNCIL COMMITMENTS

a. Levying of Special Taxes. The Mayor and Council commits to (i) levy a Town Square Commercial District tax against all commercial property within The Square at Rockville City Center at a rate of zero cents (\$0.00) on each \$100 of assessable value of said property, and (ii) levy a Town Square Street and Area Lighting District tax against all non-exempt real property within The Square at Rockville City Center at a rate of zero cents (\$0.00) on each \$100 of assessable value of said property, for a period of five (5) years.

b. Signage Improvements. The Mayor and Council commits to (i) erecting, installing, constructing, repairing, and maintaining wayfinding signs at its sole expense in and around The Square at Rockville Town Center, (ii) designing, installing and maintaining, at its sole expense, signage along the periphery of The Square at Rockville City Center, directing people to The Square at Rockville Town Center, (iii) working with the Washington Metropolitan Area Transit Authority to install signage along the pedestrian bridge near The Square at Rockville City Center noting “Rockville Town Center,” and (iv) partnering with the Morguard Owners to identify other opportunities (including cost sharing) to install additional signage and murals on public and private property on or near The Square at Rockville City Center.

c. Management and Maintenance of Public Parking Garages. The Mayor and Council, as owner and lessor of the three (3) public parking garages in The Square at Rockville City Center (the “**City Owned Garages**”), commits to working with the Morguard Commercial Retail Owner, lessee of the City Owned Garages, to amend the Parking Garage Lease Agreement in order to:

i. permit the Morguard Commercial Retail Owner to sublease and/or license full sized parking spaces in the “Block 4 Parking Garage” located at 330 Hungerford Drive to use and operate for a purpose other than as a first-class public parking garage facility, for a period not to exceed five (5) years; and

ii. require the Mayor and Council to reduce the number of designated parking spaces in the “Block 4 Parking Garage” that the Mayor and Council has a right to use, at no expense or charge, from forty (40) designated parking spaces to not more than five (5) designated parking spaces, for a period of five (5) years.

d. Wi-Fi Network Improvements. In order to provide the general public with free Wi-Fi network services in and around the City Plaza, the Mayor and Council commits to paying the monthly operating cost, estimated to be \$417.68 per month, of the Morguard Commercial Retail Owner’s Wi-Fi network, which will be located on the Morguard Commercial Retail Owner’s property in The Square at Rockville City Center (the “**Morguard Wi-Fi Network**”).

e. Leasing Incentives. The Mayor and Council commits to working with the Morguard Commercial Retail Owner on offering potential scalable leasing incentives to significant retail tenants in The Square at Rockville City Center, on the condition that those tenants will generate enhanced employment opportunities, sales tax revenue, business multipliers and space improvements and that any incentives provided will contain claw back provisions.

2. MORGUARD OWNERS COMMITMENTS

a. Management and Maintenance of The Square at Rockville City Center. The Morguard Owners commit, both collectively and, as applicable, individually, to:

i. provide certain “streetscape maintenance” and “streetscape amenities maintenance” services for the “streetscape” and “streetscape amenities” in The Square at Rockville City Center, as set forth in Section 22-70 of the Rockville City Code;

ii. provide for the improvement and maintenance of certain “street and area lighting” in The Square at Rockville City Center, as may be required by the City Manager or his designee; and

iii. ensure that each of the tenants and/or lessees of the commercial retail units in the Mixed-Use Developments maintain the commercial retail units in accordance with all applicable City laws and regulations, including those laws and regulations relating to obsolete signage and the maintenance of infrastructure such as grease traps.

b. Management and Maintenance of Public Parking Garages. The Morguard Commercial Retail Owner, as lessee of the City Owned Garages, commits to providing 90 minutes of initial free parking in the City Owned Garages, but reserves the right to modify as needed to respond to its tenant needs and parking demand fluctuations. The Morguard Commercial Retail Owner would also be permitted, at its discretion, to discontinue the use of the “parking management availability system.” The Morguard Commercial Retail Owner and the Mayor and Council commit to reassessing the free parking arrangement after data is collected to ascertain the impact on parking demand and revenue generation.

c. Security and Monitoring. The Morguard Owners commit to providing increased security and monitoring activities within The Square at Rockville City Center to enhance the safety and security of persons and property in public areas by installing and maintaining security cameras and providing access to the footage, as needed, to the Rockville City Police Department.

d. Promotion and Marketing. The Morguard Owners commit to:

i. promote and program public events and activities in The Square at Rockville City Center, including the sponsorship of at least seventeen (17) concert events or other promotional events in the City Plaza each calendar year. The Morguard Owners' preauthorized public events and activities in the City Plaza will be prioritized and the City staff will program public events and activities during other times; and

ii. provide for the promotion and marketing of The Square at Rockville City Center.

e. Signage Improvements. The Morguard Commercial Retail Owner commits to erecting, installing, constructing, repairing, and maintaining new murals and banners at its sole expense in accordance with the terms of an amended and restated Revocable License and Maintenance Agreement.

f. Wi-Fi Network Improvements. The Morguard Commercial Retail Owner commits to erecting, installing, constructing, repairing, and maintaining the Morguard Wi-Fi Network which will be made available for free to the general public.

g. Use of Vacant Retail Space. The Morguard Commercial Retail Owner commits to providing the Mayor and Council with temporary use of vacant retail space in The Square at Rockville City Center of sufficient size, such that the Department of Recreation and Parks may offer programming. The Department of Recreation and Parks will be required to vacate the space upon 90 days' notice from the Morguard Commercial Retail Owner.

3. Each Party will respectfully cooperate with the other Party to advance the commitments and intent of this MOU.

4. This MOU is not meant to imply pre-approval by the Mayor and Council or the City Manager or his designees or any other approving authority of any planning, environmental or development applications that may be required, or to fetter the Mayor and Council's decision-making role.

5. The Parties agree that this MOU is a non-binding document, which may serve as the basis for future legally binding agreements and documents related to The Square at Rockville City Center.

IN WITNESS WHEREOF, the Parties have each executed, or caused to be duly executed, this Memorandum of Understanding under seal in duplicate, in the name and behalf of each of them (acting individually or by their respective officers or appropriate legal representatives, as the case may be, thereunto duly authorized) as of the day and year first written above.

MAYOR AND COUNCIL

Approved as to form:

**THE MAYOR AND COUNCIL OF
ROCKVILLE**, a body corporate and municipal
corporation of the State of Maryland

Robert E. Dawson, City Attorney

By: _____
Jeff Mihelich, City Manager

**MORGUARD COMMERCIAL RESIDENTIAL
OWNER**

**MORGUARD FENESTRA APARTMENTS
LLC**, a Delaware limited liability company

By: _____
[Insert Name and Title]

**MORGUARD COMMERCIAL RETAIL
OWNER**

MORGUARD ROCKVILLE RETAIL LLC, a
Delaware limited liability company

By: _____
[Insert Name and Title]

MORGUARD ROCKVILLE II LLC, a Delaware
limited liability company

By: _____
[Insert Name and Title]