

NORTHCROSS MALL PROPOSED TERM SHEET

The purpose of this proposed term sheet is to address many of the concerns expressed by the neighborhood groups about the Northcross Mall development.

Wal-Mart and Lincoln could not address every request, primarily because the Northcross Mall site is not a blank slate. There are existing tenants, signed leases, and neither Lincoln nor Wal-Mart owns many of the properties that many people might think of as part of "Northcross Mall." Instead, Lincoln owns primarily the center of the property - the "hole in the donut." Perhaps most importantly, there are many existing small businesses in the existing Northcross Mall to whom Lincoln has made promises that must be fulfilled. These existing small businesses like Chaparral Ice, Guitar Center, Wallpapers To Go, Veranda and Gallery of Salons cannot be asked to close for even a day, and are awaiting new, improved store space that Lincoln has agreed to provide. Finally, some can be construed to jeopardize the existing entitlements on the site and all proposals are subject to Lincoln and Wal-Mart being able to receive building permits and certificates of occupancy without being penalized in any way for voluntarily making these proposals.

The project revisions described below are merely proposals; they are not intended to amend, modify, waive or otherwise alter any existing rights under any approved or pending site plans, permits or other rights connected to the project. As explained below, no proposal will be final until it is legally approved by the City of Austin as an administrative revision to an existing site plan pursuant to city code and state law.

At this point, Lincoln and Wal-Mart are asking for additional feedback from neighborhood residents. As this dialogue continues, it should be understood that many—if not all—of the proposals described in this document, including those that are modified as a result of further discussions, are contingent upon the occurrence of further events and in many cases, obtaining other approvals from various parties. A clear understanding of this process will benefit all parties concerned.

First, the parties must reach a consensus that a given set of proposals is acceptable. Second, Lincoln and Wal-Mart must amend their existing ground lease on terms that are acceptable to each of them in their sole discretion in light of such proposals. Third, Lincoln will present the appropriate aspects of the proposals to the City of Austin as administrative changes to an existing approved site plan under the applicable provisions of the City's Land Development Code and state law. (The site plan for the project is legal and valid in all respects, and no proposed change should be interpreted as a suggestion that either the existing site plan or the additional pending site plan is deficient under applicable state or local law. Lincoln reserves the right to withdraw any proposed change before it is approved by the City.) Fourth, the adoption of most of the traffic and access-related proposals are subject to the feasibility determinations described in this term sheet, and further will require the approval and consent of not only the City from a regulatory standpoint, but also from private landowners and other third parties whose access or other legal rights under existing leases or agreements stand to be affected by the implementation of those proposals. Finally, Lincoln and Wal-Mart each must ensure that

the implementation of any given proposal or recommendation will not adversely affect their respective existing legal rights and interests.

Lincoln and Wal-Mart are ready and willing to continue this process with our neighbors. We are jointly hosting an open house on Monday, March 5, 2007 from 3 p.m. to 8 p.m. at the Norris Conference Center at Northcross Mall to receive your input about the ideas described below to improve the redevelopment of Northcross, and we look forward to seeing you there.

I. Traffic.

A. New Traffic Impact Analysis (TIA).

A number of neighborhood leaders have questioned the quality of the Traffic Impact Analysis prepared for this project. In particular, neighborhoods have questioned the traffic projections used for a Wal-Mart SuperCenter. Wal-Mart and Lincoln stand behind the quality of the existing TIA, which complied with City Code. Wal-Mart and Lincoln will, nonetheless, do the following:

- a) Lincoln and Wal-Mart will prepare and share with the neighborhoods supplemental information related to the TIA that will use traffic rates derived from measured traffic volumes at the Ben White Wal-Mart SuperCenter and the recent ITE Journal Study.

B. Anderson Lane/Burnet Road Traffic.

Neighborhood leaders have expressed concerns about the impact of this development on the intersection of Anderson Lane and Burnet Road. Based on traffic counts, the aspect of that intersection in most need of improvement is for traffic turning north toward 183 onto Burnet Road from eastbound Anderson Lane. In order to address this issue, Wal-Mart and Lincoln propose the following. These proposals are subject to feasibility determinations, including necessary third party consents to include existing tenants, neighboring property owners and utility relocation.

1. New Turn Lane. Wal-Mart will fund the addition of a new, double left turn lane from eastbound Anderson Lane to northbound Burnet Road.
 - a) Estimated project cost is \$400,000.00.
2. New Traffic Signal. If the City and the traffic engineers determine that an additional traffic light on Anderson Lane will improve traffic flow, Wal-Mart will fund the addition of a new traffic signal at the second driveway to Northcross on Anderson Lane.

- a) Estimated project cost is \$150,000.00.

C. Neighborhood Traffic.

The neighborhoods expressed concern about increased volumes of cut through traffic to and from the Wal-Mart in particular. Wal-Mart and Lincoln propose to make the following changes to direct traffic away from residential neighborhoods. These proposals are subject to feasibility determinations, including necessary third party consents:

1. Foster Lane.

- a) Wal-Mart will revise the site plan to require that any traffic entering Northcross Mall from Foster Lane be required to take an inconvenient, circuitous route to reach the Wal-Mart parking structure. One possible scenario for the proposed modifications for Foster Lane are depicted on the conceptual drawings. There may be other designs which could achieve the desired objective.

2. Northcross Drive.

- a) If the City and the traffic engineers determine that traffic flow will be improved, Wal-Mart will fund the lengthening of the northbound left turn lane from Northcross Drive onto westbound Anderson Lane.
- b) Wal-Mart will fund the addition of a right in, right out driveway on Northcross Drive north of Foster Lane.

D. Truck Traffic.

Neighborhood leaders requested that Wal-Mart restrict truck delivery routes. Wal-Mart proposes:

- 1. Wal-Mart will prohibit its 18 wheeler trucks from using neighborhood streets.
- 2. Wal-Mart will require its 18 wheeler trucks to use a designated truck delivery route.
 - a) The route will be IH-35 to 183 to Burnet Road to Northcross e to the Wal-Mart. Departing trucks will exit Wal-Mart on to Northcross Drive to eastbound Anderson Lane to northbound Burnet Road to 183.

(1) This route is subject to change for unforeseen impediments including construction, road closures, accidents and material changes to the roads mentioned.

3. Wal-Mart will also prohibit its 18 wheeler trucks from idling for more than three (3) minutes upon arrival.
4. There are also a number of misconceptions circulating about the number of truck deliveries a SuperCenter receives per week. Wal-Mart SuperCenters receive an average of 89 truck deliveries per week. Less than half of the average weekly truck deliveries are Wal-Mart 18-wheeler trucks. Wal-Mart anticipates this store will receive an average number of deliveries. Reports of hundreds of trucks per week are inaccurate.

II. Hours of Operation.

Neighbors have asked that the Wal-Mart have hours of operation compatible with existing stores in the area. Wal-Mart proposes the following:

A. Wal-Mart will close to customers between 1 a.m. and 5 a.m. nightly.

1. Wal-Mart will have the option of offering extended hours for seasonal events, such as sales tax holiday weekends and during the months of November, December and January.
2. When Wal-Mart stays open between 1 a.m. and 5 a.m., it will provide on-site manned security in the parking areas during those hours.

III. Uses.

Neighbors have expressed concerns about certain potential uses of the property, such as gas stations and tire and lube centers. Neighbors also requested that there be no overnight RV parking. Neighbors also asked for community-oriented open space. Wal-Mart and Lincoln propose:

A. Prohibited Uses.

1. Wal-Mart will not operate a gas station.
2. Wal-Mart will not operate an automotive repair facility.
3. RV overnight camping will be prohibited.

B. Open Space.

1. Subject to City approval, Wal-Mart will provide a pedestrian mall with an external facing restaurant and outdoor eating space. The pedestrian mall will link to vegetated, tree-shaded, pedestrian route connecting Wal-Mart to Anderson Lane.
 - a) This pedestrian mall and green area and other new green areas are generally depicted on the conceptual drawings.

IV. Size and Design.

Neighbors have asked that the project employ the City of Austin's new commercial design standards, include a smaller store, be pedestrian friendly, utilize green building methods, and include vegetative buffers. Wal-Mart and Lincoln propose the following:

A. Revised Site and Building Plan.

1. Wal-Mart and Lincoln will prepare a revised site plan and a building plan in substantial conformance with the design generally depicted on the conceptual drawings.
2. Wal-Mart will reduce its building size to less than 220,000 square feet.
3. Just like most successful retailers, Wal-Mart studies the demographics and trade area of a proposed store. Based on this information and Wal-Mart's experience, the store is sized to properly serve its customers and accommodate the needs of its associates. A two-story store also requires features that require more space than a single story store would not.

B. Commercial Design.

1. Pedestrian Shade and Shelter.
 - a) Wal-Mart will provide a landscaped pedestrian route for pedestrian traffic accessing Northcross Mall from Anderson Lane.
 - (1) The sidewalk on this route will be at least five feet wide.
 - (2) Design of the pedestrian route is generally depicted on the conceptual drawings.
 - b) Wal-Mart will provide other shaded sidewalks depicted on conceptual drawings.
 - (1) These sidewalks will be at least five (5) feet wide.

- c) Lincoln will provide shade and shelter for pedestrian traffic around the perimeter of the remaining portion of the existing Mall.

- (1) The combined sidewalk and tree zone will average at least fifteen (15) feet wide around the building.

- (2) Shade and shelter routes are generally depicted on the conceptual drawings.

2. Lighting and Utilities.

- a) Wal-Mart will use full, cut off flat lens fixtures for all new exterior lighting.

- b) Wal-Mart and Lincoln will screen all equipment and utilities using materials similar to those used for exterior building facades.

3. Materials.

- a) Wal-Mart's material palette will include natural materials (brick, stone, or similar quality) on all facades of the Wal-Mart building and parking structure.

- (1) The conceptual drawings contain a rendering.

- b) Lincoln will use quality materials of manufactured stone, exterior insulation finish systems, steel canopies, fabric awnings and storefront systems for the façade of the Mall.

4. Glazing.

- a) Wal-Mart will have incorporate exterior glazing where appropriate for the Wal-Mart building, similar to that depicted on the conceptual drawing.

5. Building Design.

- a) Lincoln will build the Mall in substantial conformance with the design generally depicted on the conceptual drawings.

- b) Wal-Mart will build the Wal-Mart and Parking Structure in substantial conformance with the design generally depicted on the conceptual drawings.

6. Public Spaces.

- a) Wal-Mart and Lincoln agree that the site will have at least 2% open spaces for pedestrians.

After making these changes to the project's design, Wal-Mart and Lincoln's architects and engineers believe that the project attains compliance with many aspects of the City's new commercial design standards, even though those new standards do not apply to this project.

C. Green Building and Sustainability.

Neighbors have also requested that Wal-Mart and Lincoln address environmental sustainability issues for this project. Wal-Mart and Lincoln propose the following:

1. Wal-Mart will implement a rainwater harvesting program.
2. Wal-Mart and Lincoln agree that the Water Quality Pond will use a filter medium that is superior to standard sand.
3. Wal-Mart and Lincoln agree that the Water Quality Pond will have a fence that is not a chain link fence surrounding it.
4. Wal-Mart agrees to capture additional storm water runoff above and beyond what will be treated in the water quality pond.
 - a) Treatment will be through a series of vegetative filter strips and bioswales proposed to run north-south through the site in conjunction with improved pedestrian access.
5. Wal-Mart agrees to work with the City to explore opportunities for improving baseflow to Shoal Creek - this is being studied as part of Wal-Mart's water quality and conservation strategy.
6. Wal-Mart will implement an integrated pest management system.
7. Wal-Mart will use a daylight harvesting system (skylights, electronic dimming ballasts, computer controlled daylight sensors, etc.) in its store.
8. Wal-Mart will use LED lighting for any new internally-illuminated exterior signage.
9. Wal-Mart will use LED lighting in its frozen food cases and other refrigerated cases with doors.
10. Wal-Mart will use LED lighting in its jewelry cases.

11. Wal-Mart will use a white reflective membrane roof.
12. Wal-Mart will implement an energy management system that dims sales floor lighting during the evening and night hours.
13. Wal-Mart will use T-8 or better fluorescent lamps and electronic ballasts for its overhead sales floor lighting.
14. Wal-Mart will use occupancy sensors in the non-sales areas of its store to automatically turn off lights when an area is not occupied.
15. Wal-Mart will utilize waste heat from its refrigeration equipment for hot water heating.
16. Wal-Mart will incorporate fly ash and/or slag in the concrete for the pavement in its exterior concrete pavement areas where appropriate.
17. Wal-Mart will utilize sensor-activated, low flow faucets in its restrooms.

D. Pedestrian and Bicycle Access.

1. Wal-Mart will provide shaded pedestrian access as generally depicted on the conceptual drawings.
2. Wal-Mart and Lincoln will provide bike racks near the entrances to the Wal-Mart and on all four sides of the Mall.
3. Wal-Mart and Lincoln will meet with Capitol Metro to discuss the possibility of improved mass transit access to Northcross Mall.

E. Vegetation.

1. Wal-Mart will increase tree replacement caliper-inches for the overall site from 360 inches (current City code requirement) to 480 inches.
2. Wal-Mart will plant large trees on its portion of the site. Specifically, Wal-Mart will plant trees that are at least four caliper inches within its portion of the site; and will incorporate a minimum of eight large caliper trees (eight to twelve caliper inches) into the site.
3. Wal-Mart will implement the City's Grow Green program to use native and adapted plantings on its portion of the site.
 - a) Specifically, the plant material used in the project shall be native to Central Texas, or native and adapted plants recommended in the Grow Green Native and Adapted Landscape Plants Guide prepared

by the City of Austin and the Texas Cooperative Extension. Plants listed on the Invasive Species list or the Problem Plants list in the Grow Green Plants Guide may not be included.

V. Local Business.

- A. Wal-Mart will make best efforts to include local restaurants in its restaurant space at market rates.
- B. Subject to City approval, Wal-Mart and Lincoln are willing to modify the site plan to include two or more liner stores in the parking structure and give local business the first opportunity to lease that space at market rates.
- C. Lincoln's tenants in the mall building include local businesses, including Chaparral Ice, Veranda Restaurant, the Norris Conference Center, and Gallery of Salons.

Wal-Mart and Lincoln thank the neighborhoods for their thoughtful and thorough comments and thank the City for facilitating the neighborhoods' input. We believe we have been responsive to the vast majority of the issues raised. We look forward to hearing your thoughts on these proposed improvements at our March 5th open house.