

MEMORANDUM OF UNDERSTANDING  
NORTHERN VIRGINIA INNOVATION CAMPUS

THIS MEMORANDUM OF UNDERSTANDING (“MOU”) is made as of November 3, 2018 (“Effective Date”) between (i) Virginia Polytechnic Institute and State University (“Virginia Tech”) and the City of Alexandria, Virginia (“City”). Both of the foregoing shall be referred to collectively as the “Parties”.

Background:

Amazon is anticipated to select a second Amazon headquarters (HQ2) in North America. Amazon is seeking a location with strong local and regional talent, particularly in computer science, software development, and related tech fields. Amazon is expected to announce the location of HQ2 prior to year-end 2018, and Pentagon City/Crystal City/Potomac Yard is one of the finalist locations that is under consideration.

Virginia Tech is a national leader in STEM education and research. Virginia Tech, the Commonwealth’s land grant university, has deep roots in Northern Virginia and across the state and a strong track record of large-scale public-private partnerships that have revitalized local communities and promoted economic development.

Alexandria has spent the last two decades recruiting innovation-focused agencies like the United States Patent and Trademark Office and the National Science Foundation, building on the City’s brand as a community dedicated to growth, exploration and enhancing educational and research opportunities within its geographic boundaries.

Virginia Tech desires to create a new campus (the “Innovation Campus”) in Northern Virginia that will be a magnet for tech talent, innovation and collaboration. The Innovation Campus will develop leading academic programs in technology fields, create a robust talent pipeline for tech jobs, and provide a platform for public-private partnerships and industry collaboration, including Amazon and other industry partners.

Virginia Tech is interested in development of approximately 2.0 million square feet of mixed uses, which may include academic uses, research and development (R&D) space, office, residential, retail and other uses. Virginia Tech is interested in exploring development of the Innovation Campus in Alexandria strategically located proximate to Pentagon City/Crystal City/Potomac Yard and the potential site of Amazon HQ2.

Amazon HQ2 is anticipated to attract several billion dollars of private investment, and directly create upwards of 50,000 jobs. The construction and operation of HQ2 is projected to create indirectly tens of thousands of additional jobs, as well as billions of dollars in additional investment throughout the surrounding community. Given HQ2’s potential for job creation and economic development, the City and the Commonwealth of Virginia desire to support and facilitate the development of the Innovation Campus.

The Parties agree that the creation of the Innovation Campus in Alexandria is a key element in positioning Pentagon City/Crystal City/Potomac Yard as the location for HQ2. Consequently, the Parties desire to set forth a framework for collaborating to move forward with identification of a suitable site(s) and the development of the Innovation Campus in the City.

NOW, THEREFORE, in consideration of the foregoing, the Parties have agreed as follows:

1. **Framework.** This MOU is intended to create a framework pursuant to which the Parties intend to work together to develop the Innovation Campus in Alexandria.

2. **Development Program.** The Parties anticipate that the Innovation Campus will be developed in two phases (each, a "**Phase**"), with the following development program:

a. Phase 1: Phase 1 of the Innovation Campus will consist of approximately 1 million square feet and include:

- Approximately 300,000 square feet of academic space, including classrooms and R&D facilities.
- Approximately 250,000 square feet of innovation space, including space for start-ups/accelerators, public-private partnerships, and industry collaboration.
- Approximately 450,000 square feet of housing and retail uses, including neighborhood-serving retail, to support the Innovation Campus.

b. Phase 2: Phase 2 of the Innovation Campus will consist of approximately 500,000 – 1,000,000 square feet. The development program is generally anticipated to be a mixed-use program, with specific uses to be dictated by the then-current needs of the Innovation Campus and market.

3. **Allocation of Uses.** The development program is anticipated to be allocated as follows:

a. Phase 1: The academic space will be owned by Virginia Tech and developed by a developer(s). The innovation space will be developed and owned by an owner/developer(s) and may be: (1) leased in part by Virginia Tech for its own use on a long-term basis, (2) subject to a long-term master lease in part by Virginia Tech for use by others, and/or (3) leased to private sector partners. The housing and retail will be developed and owned by an owner/developer(s).

b. Phase 2: The allocation of the use of Phase 2 will be determined based on the then-current needs of the Innovation Campus and market.

4. **Phase 1 Financing Plan.** Virginia Tech, the City, and partners will cooperate to develop a plan for the acquisition of the land and the financing necessary to develop and construct Phase 1. It is anticipated that Virginia Tech will be responsible for providing or obtaining the financing required to develop and construct the academic building. Virginia Tech will collaborate with an owner/developer to obtain the financing required to develop and

construct the innovation building. An owner/developer(s) will be responsible for providing or obtaining the financing required to develop and construct the remaining mixed uses.

**5. City Financial Support/Incentives.** To support the development of the Innovation Campus in Alexandria, the City will help identify a suitable site or sites, consider financial incentives or participation in the project, and actively pursue state and other available incentives to defray the costs of developing and constructing Phase 1 and to facilitate financing. Incentives may come in the form of, including but not limited to, foregoing real estate taxes for parcels/buildings owned by Virginia Tech, facilitating tax-exempt bond financing, one time grant payments and forgiveness of required developer contributions associated with site(s).

**6. Costs.** Each Party will bear its own out-of-pocket costs and expenses (including attorneys' fees) in connection with the preparation and implementation of this MOU.

**7. Public Announcements.** The Parties shall use good faith efforts to coordinate with each other all public announcements and statements to the media regarding the transaction described in this MOU, and no Party shall make any such announcements or statements without the prior written approval of all Parties.

**8. Termination.** Any Party may, in its sole discretion, elect to terminate this MOU at any time on or after March 1, 2019.

[signatures on following page]

IN WITNESS WHEREOF, the Parties have executed this MOU as of the Effective Date.


Virginia Tech:

Virginia Polytechnic Institute and State University

By:


Name:

Its:

  
M. Dwight Shelton, Jr.  
VP for Finance & CFO

City:


City of Alexandria

  
\_\_\_\_\_  
City Attorney  
Approved as to Form

By:

Name:

Its:

  
MARK JINES  
CITY MANAGER