

DRAFT

**Term Sheet
Franklin Square Project**

Project: Franklin Square represents the second phase of the Teutonia Gardens Project, located at the intersection of Teutonia Avenue and Center Street. The first phase of the project, a 24 unit affordable housing development with ground floor commercial space representing over \$5 million in new investment was completed in August of 2008. The development team for the first phase was a joint venture of Maures Development Group, LLC and Horizon Development Group.

The second phase, Franklin Square, is an affordable housing development consisting of 37 housing units for individuals and families contained in two separate buildings (the “Project”). The first building will be on the northeast corner of Center and 15th Streets. It will be a four story elevator building that will house 27 apartments (with secure first floor parking). The second building, at the southwest corner of Teutonia Avenue and Hadley Street, will contain six townhomes and four flats. Interior sidewalks will be incorporated within this phase of the Project, along with strategically placed green space to connect and unify the two phases of the development.

Franklin Square is being co-developed by Maures Development Group, LLC and Brinshore Development Group, LLC (the “Developer”).

Both the first and second phases of the Project involve the sale of city-owned land.

Project Budget: Total estimated Project costs for the development are \$ 8.7 million.

Developer: Co-developers are and Maures Development Group, LLC and Brinshore Development Group, LLC.

City Contribution: The City shall provide a contribution to the Project from Tax Incremental District #44 an amount not to exceed \$600,000. The contribution will be structured as a loan to the project. While no payments will be required, the loan will accrue interest at a rate of 3% and have a term of 15 years.

Developer Responsibilities:

- Design and develop the project consistent with the approved plans.
- Purchase the land from the City as-is. Developer will assume all costs of storm water management, land division, site preparation and extension of sewer and water laterals to the properties.
- Submit final development budget for the project, financing commitments and proof that all funding sources have been committed.
- Commit to 30% Emerging Business Enterprise participation for all contracted construction work.

- The Developer shall guaranty completion of construction of the Project.

Disbursements:

Disbursement of funds will occur in two equal stages- the first at 50% of construction completion and the second at full completion. Prior to disbursement of City funds to the Developer, the following actions must occur:

- A final budget for the total costs of construction (hard and soft costs) shall have been approved by City's Commissioner of City Development, (the "Commissioner").
- The Developer shall have received all federal, state and local agency approvals that are necessary to undertake the construction of the Project.
- The Commissioner shall have approved the final plans and specifications for the Project.
- The architect or engineer shall have certified in writing to the Commissioner that the work that is subject to the draw request has been completed in accordance with the Commissioner-approved plans and specifications and the costs have been fully substantiated by the Developer on appropriate AIA forms, such as AIA Document G702.
- The Commissioner shall have received and approved a signed EBE Agreement.

Development Agreement:

The City and the Developer shall enter into a development agreement ("Development Agreement") containing terms consistent with this Term Sheet and customary for such development agreements.

Closing on the Development Agreement will not take place prior to demonstration by the Developer that all necessary financing commitments have been secured sufficient to complete the Project.

Financial Statements:

Developer shall provide internally generated financial statements for the Project, certified as to accuracy. At its discretion, the City may request independently audited financial statements to be provided within ninety days of the close of any fiscal year. The City shall pledge to hold such records confidential to the greatest extent permitted by law.

Limits on Developer Action:

Until the Project has been completed and fully occupied, the Developer may not:

- Liquidate or consolidate the Project property;
- Merge with another entity;
- Sell, lease or transfer the Project property other than to residential tenants of the completed Project or to facilitate standard section 42 Tax Credit syndication activities;

- Enter into any transaction that would materially adversely affect the ability of the Developer to completed the Project or its obligations under the Development Agreement;
- Assume or guarantee the obligations of any other person or entity that would materially adversely affect the ability of the Developer to complete the Project or fulfill its obligations under the Development Agreement; or
- Enter in a transaction that would cause a material and detrimental change to the Developer's financial condition.

**Maximum
Term of TIF
District:**

The maximum term of the TID is 2028. The expected date of full amortization of the debt is 2011.

General:

This term sheet does not constitute an agreement between the City or RACM and the Developer. The terms set forth herein, and other provisions customary for a transaction of this sort, shall be incorporated in a Development Agreement for Tax Incremental District No. 44 to be entered into between the Developer, the City and the Redevelopment Authority.