

DRAFT – 12-16-08

Term Sheet

Common Bond Communities – Bishop’s Creek Family Housing Project (Kaiser Tannery Redevelopment Phase 1A)

Project: Common Bond Communities (the “Developer”) proposes to redevelop a portion of the site of the former Kaiser Tannery facility at the southwest corner of West Hampton Avenue and North 32nd Street. Common Bond Communities will develop 55 units of affordable housing (the “Project”) on a portion of larger site being developed by Bishop’s Creek CDC.

Project Budget: Estimated total costs for the Project are approximately **\$10,160,000**.

Developer: Common Bond Communities

City Contribution: The City shall provide a contribution for the Project in the amount **not to exceed \$650,000**.

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. A final budget for the total costs of construction (hard and soft costs) shall have been approved in writing by City’s Commissioner of City Development, (the “Commissioner”).
- B. The Developer shall have received all federal, state and local agency approvals that are necessary to undertake the construction of the project.
- C. The Commissioner shall have approved the final plans and specifications for the project.
- D. 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.
- E. The Commissioner shall have received and approved a signed EBE Agreement.

- F. The disbursement of TID funds shall be contingent upon all financing sources for Phase 1A being finalized.

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. The Development Agreement may be collaterally assigned by Developer to a specified bank without the written consent of the City. All other collateral assignments shall be subject to the written approval of the Commissioner.

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 Phase 1A 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.

Design Review:

The Commissioner shall have the right to approve all plans and specifications for all work funded in whole or in part by the City.

Human Resource Requirements:

The Developer shall enter into an EBE agreement that places a mandatory 25% EBE requirement.

Limits on Developer Action:

Until the Phase 1A Project has been completed and fully occupied, the Developer may not:

- Liquidate or consolidate the Phase 1A Project property;
- Merge with another entity;
- Sell, lease or transfer the Phase 1A 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 complete 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 into a transaction that would cause a material and detrimental change to the Developer's financial condition.

General:

This Term Sheet does not constitute a binding agreement. The terms set forth herein and other provisions customary for a transaction of this sort shall be incorporated in one or more agreements, including the Development Agreement mentioned above, among the City, RACM, and Developer. Resolution approving the Term Sheet will also provide for the execution of all additional documents and instruments necessary to implement the Project.

All other customary provisions (Comptroller audit rights, DCD Commissioner review and approval of project budget and design, etc.) will also be included in the Development Agreement.