

Term Sheet

This Term Sheet is executed as of this ____ day of _____, 2015 by and between Owner and the City of Coon Rapids (the "City") and is intended to set forth the terms upon which the parties hereto may be willing to enter into a Development Agreement. Except for Section 9 below (which shall be binding upon the Developer), This Term Sheet shall not be deemed conclusive or legally binding upon either party and neither party shall have any obligations regarding the property defined below unless and until a definitive Development Agreement is approved by the City and executed by both parties.

1. Owner: Coon Rapids Leased Housing Associates IV, LLLP, an affiliate of Dominion.
2. Property: 110xx Crooked Lake Boulevard, Coon Rapids, MN
3. Developer Conditions:
 - a. Execution of Development Agreement
 - b. Acquisition of EDA- and HRA-owned property and payment of impact fees as stipulated by Development Agreement totaling \$1,100,000.
4. City Conditions:
 - a. Establishment of new Tax Increment Financing Housing District
 - b. City approval of Construction Plans
 - c. Execution of Development Agreement
 - d. City determination that Developer has sufficient financial means to construct Minimum Improvements
5. Minimum Improvements: Improvements to the property will include the construction of 166 units of independent senior housing.
6. Construction Schedule: Commence construction by September 1, 2015, and complete by December 31, 2016. For the purpose hereof, "Commence" shall mean beginning of physical improvement to the Property, including grading, excavation, or other physical site preparation work; and "Completed" shall mean that the Minimum Improvements are sufficiently complete for the issuance of a Certificate of Occupancy.
7. Public Assistance: Subject to all terms and conditions of the Development Agreement, the City will reimburse Developer from available tax increments for up to \$1,550,000 (present value) of qualified costs related to the Minimum Improvements (out of an estimated total of \$30,814,590). Payments will be issued on a pay-as-you-go basis over 25 years with interest at an assumed rate not to exceed 6.0% per annum. The actual interest rate may be adjusted downward based on the developer's actual rate of financing.

The HRA will also provide a deferred loan in the amount of \$300,000 from existing funds. The deferred loan will carry an interest rate of 1.0% simple interest and will become due 3 months after maturity of the Developer's first mortgage.

8. Building Value: The building to be constructed upon the Property is anticipated to have a value of approximately \$100,000 per unit.
9. Fees: The City acknowledges that the Developer submitted a \$12,000 TIF application fee to pay for the costs of establishing a housing TIF district. The Developer shall submit, in addition to the application fee, the sum of Ten Thousand Dollars (\$10,000.00) to pay for the reasonable out-of-pocket legal, financial consultant and administrative fees associated with this transaction.
10. Miscellaneous:
 - a. No transfer of Property or Development Agreement without City consent, which consent rights will be subject to investor and lender requirements.
 - b. Developer covenants to pay property taxes and maintain customary insurance.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first set forth above.

COON RAPIDS LEASED HOUSING ASSOCIATES IV,
LLLP

By: _____
Its: _____

CITY OF COON RAPIDS

By: _____
Its: Mayor

By: _____
Its: City Manager