

Hi-Lake Triangle Apartments
Term Sheet
10-22-12

Ownership Entity

Property Owner: Hi Lake Limited Partnership

Limited Partner: Stratford Capital Group (Investment fund name TBD)

General Partner: Hi Lake Triangle LLC

Managing Member of General Partner: Steve Wellington

Development Requirements

1. The developer will develop the Hi-Lake Triangle Apartments project consisting of the following:
 - (a) A rental apartment component with 53 one-bedroom units, and 11 two-bedroom units. All 64 units will be affordable to households earning 60% of Area Median Income (AMI).
 - (b) A commercial component with approximately 5,125 square feet available for rent by retail uses.
2. The City will provide TIF assistance in the form of one pay-as-you-go note in an amount not to exceed \$772,100. This pay-as-you-go note will be repaid using increment from both the commercial and apartment components of the development.
3. The developer intends to assign the TIF note to the holder of the first mortgage loan.
4. In addition to LIHTC equity, the developer will provide equity to the project in the approximate amount of \$345,786, and will defer \$477,500 of the developer's fee.
5. Closing deadline: 12/31/2012
6. Construction commencement deadline: within 1 month after closing
7. Contracting Requirements: City prevailing wage rates apply, affirmative action goals apply, demonstrated competitive selection of contractor required. Apprenticeship and preconstruction booklet requirements apply.

Financing

Interest Rate on Tax Increment Financing Note: 5.2%, compounded semi-annually

Housing TIF District affordability requirement: 40% of units affordable at 60% of AMI

Term of TIF Note: Up to 26 years, term may be less if Note is retired early through higher-than-projected increment payments.

Recapture Provisions

In the event of a refinance or sale of the project, the order of payments using the proceeds of the refinance or sale will be:

1. Repayment of third-party debt as required at the time of the refinance/sale transaction
2. Repayment of Developer's equity in the project (\$345,786)
3. Repayment of deferred developer fee amount not yet repaid through construction savings or project cash flow at the time of the refinance/sale
4. Payment to City of Minneapolis and the Developer, with each entity receiving 50% of the remaining proceeds after items 1-3 above

Legal Description of Land

Tract A: Lot 16, Block 2, Harvester Addition, according to the plat thereof on record in the office of the County Recorder in and for Hennepin County, Minnesota.

Tract B: That part of Lots 7, 8, 9, 10, 11, 12, 13, 14 and 15, Block 2 said Harvester Addition, lying southwesterly of the following described line:

Commencing at the right-of-way boundary corner B303 as designated on Minnesota Department of Transportation Right of Way Plat No. 27-110 as on file as Doc. No. 3050528 in the office of the Office of Registrar for Hennepin County Minnesota and Minnesota Department of Transportation Right of Way Plat No. 27-62 as on file as Doc. No. 6774062 in the office of the Office of County Recorder for Hennepin County Minnesota; thence on an assumed bearing of South 89 degrees 25 minutes 19 seconds West 179.22 feet to the point of beginning for said line. Said point of beginning being on a line between Right-of-Way Boundary Corners B303 and B304 as shown on said plats; thence North 25 degrees 22 minutes 52 seconds West 387.86 feet; thence North 26 degrees 48 minutes 00 seconds West 35.81 feet to the northerly line of said Lot 7 and there terminating.

Tract C: That part of Lot 14, Block 1, Lakeland Addition to Minneapolis, according to the plat thereof on record in the office of the County Recorder, Hennepin County, Minnesota, lying southeasterly of the following described line:

Commencing at the southwest corner of Lot 14, Block 1, Lakeland Addition; thence northeasterly to a point on the westerly line of Lot 16, Block 2, Harvester Addition to Minneapolis, according to the plat thereof on record in the office of County Recorder in and for Hennepin County, Minnesota, distant 60 feet north of the southwest corner of said Lot 16, Block 2, and there terminating.

PROPOSED PERMANENT EASEMENT DESCRIPTION:

Reserving a permanent easement for transit purposes lying 40.00 feet southwesterly and parallel with the following described Line 1:

Line 1: Commencing at Right of Way Boundary Comer B303 as shown on said Minnesota Department of Transportation Right of Way Plat No. 27-110 (assuming the line between Right of Way Boundary Comer B303 and B304 of said plat is assumed to bear North 89 degrees 25 minutes 19 seconds West); thence North 79 degrees 32 minutes 14 seconds West 207.69 feet to the southeast comer of said Lot 13, Block 2, Harvester Addition; thence North 89 degrees 59 minutes 20 seconds East a distance of 26.24 feet to the point of beginning for said Line 1; thence North 28 degrees 32 minutes 20 seconds West for a distance of 388.64 feet to the northerly line of Lot and there terminating.

The westerly sideline of said easement should be extended or shortened to terminate at the west and south lines of Block 2, Harvester Addition according to the recorded plat thereof, Hennepin County, Minnesota.