

Term Sheet

This Term Sheet by and between the West St. Paul Leased Housing Associates I, LLP (the “Developer”) and the West St. Paul Economic Development Authority (the “EDA”) is intended to set forth the general terms upon which the parties hereto are willing to enter into a Development Agreement. 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 TIF and Development Agreements are approved by the EDA and executed by both parties.

1. Developer: West St. Paul Leased Housing Associates I, LLLP
2. Property:
 - a. Existing Commercial - PID #42-01700-50-012
 - b. Kmart - PID# 42-01700-55-060 (approximately 392,350 sq. ft. (90%))
 - c. Signal Hills - PID# 42-01700-55-051 (approximately 44,450 sq. ft. (6%))
3. TIF District:
 - a. Parcels 42-01700-55-060 (Kmart) and 42-01700-55-051 (Signal Hills) are decertified from County CDA TIF District #10
 - b. Signal Hills Company II, LLP or current owner of parcel 42-01700-55-051 agrees to forgo the remaining obligation currently outstanding until February 1, 2023
 - c. Establishment of TIF District No. 1-6, a Housing District
4. Minimum Improvements: Construction of an approximately ~~137146~~-unit affordable non-age restricted apartment and ~~232247~~-unit affordable senior apartment.
5. Compliance with Low- and Moderate-Income Requirements: The TIF district is a Housing District that requires annual compliance with certain income requirements. In this case, at least 40% of the residential units in the Project must be occupied or available for occupancy by persons whose incomes do not exceed 60% of the area median income.

The Developer must submit documentation evidencing that they comply with the low to moderate income requirements.
6. Construction Schedule: Commence construction by ~~June-October 301~~, 2020, and complete by ~~June-October 301~~, 2022. For the purpose hereof, “Commence” shall mean beginning of physical improvement to the Property, including demolition, grading, excavation, or other physical site preparation work. “Complete” 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 EDA will issue a pay-as-you-go TIF Note in an approximate amount of ~~\$3,640,000~~\$5,000,000 and reimburse the Developer from 90% of available tax increments received from the County. The interest rate will not exceed the lesser of 5% or the actual financing rate incurred on the project.

8. Payment Dates: First payment date will be August 1, 2022 and each February 1 and August 1 thereafter for a final payment date of ~~August February 1, 2035-2038~~ (period of ~~13-516~~ years).
9. Minimum Assessment Agreement: The Minimum Improvements to be constructed upon the Property are anticipated to have an assessed value of ~~\$46,125,000~~\$49,125,000 by January 2, 2022.
10. Lookback: The Developer acknowledges that the TIF Note will be reduced on a dollar for dollar basis if actual Total Development Costs are less than the amount stated in the TIF Agreement (shown as an exhibit).
11. Fees: The EDA acknowledges that the Developer has deposited \$10,000 to pay for the reasonable out-of-pocket legal, financial and legal consultant and administrative fees associated with this transaction. The Developer is required to deposit an additional \$20,000 for creation of the TIF District and drafting of the TIF and Development Agreements by ~~February 1~~July 1, 2020. If additional dollars beyond this are required, prior to the execution of a Development Agreement, the EDA shall notify the Developer in writing and the Developer will be required to deposit additional funds. Any unused funds will be returned to the Developer.
12. Taxes:
 - a. Developer covenants to pay property taxes and maintain customary insurance.
 - b. Developer will notify the EDA of a tax petition being filed to reduce the market value or property taxes on any portion of the Property.
 - c. If a tax petition is pending, the EDA will continue to make payments on the TIF Note in accordance with the values contained in the Minimum Assessment Agreement.