

The Development Finance Authority of Summit County

in cooperation with the

City of Green

Proposes to provide financing to

Green Land Trust, Ltd.

for the

Springhill Public Infrastructure Project

Uniontown, Ohio

Final TIF Financing Term Sheet

May 17, 2018

The following preliminary term sheet is for discussion purposes only and is not meant to be a commitment by the Development Finance Authority of Summit County (DFA). This transaction is subject to further due diligence and negotiations by all parties, as well as DFA Board of Directors approval. This preliminary term sheet and related information is confidential and proprietary.

I. DESCRIPTION OF THE SPRINGHILL DEVELOPMENT

Green Land Trust, Ltd. (the “Owner”) desires to commence development on the remaining 130-acre Springhill Development (the “Project Site”) which currently consists of a Goddard School and a single-family home development (the “Existing Private Improvements”), located in the City of Green (the “City”). The Owner will develop the Project Site in three phases consisting of an approximately 135,000 square foot assisted living facility for the Village of St. Edwards Communities (“Phase I”) approximately 160,000 square feet of retail which may include a major grocery store or similar anchor user, together with related office and retail (“Phase II”) as well as the development of three (3) outlot parcels, a 24,000 square foot office park, and three (3) future blocks (“Phase III”) (collectively, the “Private Improvements”). The City, as part of a development agreement with the Owner, will create a new 30yr, 100% ORC 5709.40 TIF for the construction of Public Improvements (the “Project TIF”). The Project TIF will commence on a rolling basis as each Phase of the Private Improvements is completed. The City has executed a master school compensation agreement (the “Compensation Agreement”) with the Green Local Schools, allowing them to create the Project TIF. For consideration of its Compensation Agreement, the City will retain approximately 36% of all tax increment financing service payments (the “TIF Service Payments”) from the Private Improvements (the “City Compensation”) for the payment to the Green Schools. The balance of all TIF Service Payments (the “Net Service Payments”) will be available to the Owner for public improvements previously completed at the Project Site. Originally, the City of Green issued two tranches of Bonds to pay for public improvements associated with the Existing Private Improvements (the “City Bonds”).

II. DESCRIPTION OF THE TIF PROJECT

In order to partially defease general obligation bonds originally issued by the City of Green, the proceeds of which were used to pay for public infrastructure improvements that benefit the Existing Private Improvements, (The “City Bonds”), the Development Finance Authority of Summit County (the “DFA”) will issue approximately \$2,780,000 of non-rated, taxable bonds to

be sold to an institutional investor (the “Senior Bonds”) and approximately \$395,000 of subordinate, taxable bonds to be purchased by the Developer or its affiliates (the “Junior Bonds”). Together, the Senior Bonds and Junior Bonds will be referred to as (the “Bonds”). The Bonds will have a 32-year term. The Senior Bonds will be secured by (1) a 1st priority pledge of Net Service Payments and (2) Minimum Service Payments, more fully described below, from the Phase I property (the “Minimum Service Payments” or “MSPs”). The Junior Bonds will have a subordinate pledge of the Net Service Payments generated by the Phase I property and a senior pledge of Net Service Payments generated by the Phase II and Phase III properties. The Senior and Junior Bond proceeds will be deposited with Zions Bank as Trustee and used to retire the City Bonds, fund a debt service reserve, fund an interest reserve, and pay for issuance costs on the Bonds.

III. FINANCING SOURCES AND USES OF FUNDS FOR THE TIF IMPROVEMENTS PROJECT

Sources of Funds

DFA Bonds	\$2,780,000
Subordinate Bonds	\$ 395,000
<u>City Contribution for Goddard TIF (estimated)</u>	<u>\$ 148,283</u>
Total Sources of Funds	\$3,323,283

Uses of Funds

Par call of City Arlington Sewer Bonds (estimated)	\$2,198,867
Par call of City Liberty Sewer Bonds (estimated)	\$ 406,847
Senior Bond Reserve	\$ 110,000
Senior Bond Capitalized Interest (28 months)	\$ 442,151
Estimated Costs of Issuance	\$ 111,627
<u>Contingency/Detention Basin</u>	<u>\$ 53,791</u>
Total Uses of Funds	\$3,323,283

IV. DFA BOND FUND BOND REPAYMENT SCHEDULES

Detailed Sources and

Uses of Funds: See attached Schedule I for further details.

Property Valuations and Total

TIF Service Payments: See attached Schedule II.

Estimated TIF Revenue

Vs Bond Debt Service: See attached Schedule III.

DFA Bond

Payment Schedule: See attached Schedule IV.

V. TERMS OF THE SENIOR BONDS

Issuer:	The Development Finance Authority of Summit County
Estimated Amount:	\$2,780,000
Taxable Interest Rate:	Estimated to be 6.50%, fixed, subject to market conditions at the time of the sale.
Security:	<p>Senior Bonds will be secured in the following manner:</p> <ol style="list-style-type: none">1) Net Service Payments and Minimum Service Payments, as required, on the Phase I property. If Net Service Payments are less than the recorded Minimum Service Payment amount, the difference will be invoiced by the Trustee on a semi-annual basis.2) Debt Service Reserve of \$110,000.
Minimum Service Payments Recorded against The Phase I Property:	<p>The Phase I Property owner will have an annual Minimum Service Payment, provided in the Cooperative Agreement and, recorded against the Phase I Property in a declaration of covenants. The Annual Minimum Service Payment obligation will be payable beginning in calendar year 2021 (subject to change) and offset by the Net Service Payments. The Annual Minimum Service Payment will be in an amount sufficient to pay 1) all principal and interest, 2) all ongoing and calculation agent fees, and 3) base property taxes, including but not limited to special assessments and school district payments.</p>
Guarantor of Bond Debt Service:	<p>The Developer and/or another acceptable entity will guarantee annual Senior Bond Debt Service prior to and during construction of the Phase I Private Improvements. Once the Phase I Private Improvements have paid its TIF Service Payments from its operating cash flows for two consecutive calendar years, this guaranty will be released.</p>
Debt Service Reserve:	<p>In an amount equal to half of the average annual Senior Bond debt service or \$110,000, whichever is greater, to be funded with Bond Proceeds (the “Primary Reserve”)</p>

Capitalized Interest Period: The Senior Bonds will be structured as interest only from the Closing Date through the November 15, 2020 payment. Interest on the Senior Bonds will be funded with bond proceeds during this period.

VI. TERMS OF THE JUNIOR BONDS

Issuer: The Development Finance Authority of Summit County

Estimated Amount: \$395,000

Taxable Interest Rate: Estimated to be 7.00%, fixed, subject to market conditions at the time of the sale.

Unpaid Interest: Unpaid interest will accrue to the principal balance of the Junior Bonds.

Security: The Subordinate Bonds will be secured in the following manner:

- 1) Subordinate pledge of the Net Service Payments from the Phase I Private Improvements and a pledge of Net Service Payments from Phase II and Phase III Private Improvements.

VII. GENERAL TERMS OF THE BONDS

Expected Closing Date: July 19, 2018 (estimated)

Term of Bonds: 32.3 years with final maturity on November 15, 2050.

Master Developer: Green Land Trust, Ltd. or its assigns.

Assignment: The Master Developer may assign its rights and responsibilities under Bond Fund financing documents, including its guaranty obligations, upon the written consent of DFA.

**First TIF Semi-annual
Service Payment
From Owner to County:** February 1, 2021

**First Principal and Interest
Payment on the Bonds
from TIF Payments:** June 30, 2021

**Final TIF Semi-annual
Service Payment**

From Owner to County:	August 1, 2050
Final Principal and Interest Payment on the Bonds from TIF Payments:	December 30, 2050
Construction Period for Phase I Project:	Construction is expected to begin in Q2 2018 and be completed in Q3 2019.
TIF Legislative Authority:	The City will serve as the legislative authority authorizing the creation of the TIF District and pass the TIF Resolution for the TIF Property.
Calculation Agent Duties:	As set forth in the Cooperative Agreement.

VIII. PARTIES TO THE BONDS

Issuer:	Development Finance Authority of Summit County (DFA);
Financial Advisor:	DiPerna Advisors
Bond Counsel:	Roetzel & Andress
Developer's Counsel:	Winkhart & Rambacher
Bond Purchaser:	TBD
Bond Trustee:	Zions Bank

IX. PRIMARY AGREEMENTS

Private Construction Contract Agreement:	Green Land Trust, Ltd. or its assigns will have a guaranteed maximum price construction contract/fixed price contract with a qualified contractor for the Phase I Private Improvements. Green Land Trust, Ltd. will be responsible to construct and complete the Phase I Private Development on time and on budget and will be responsible for all cost overruns.
TIF Cooperative Agreement:	The DFA will enter into a "Cooperative Agreement" with the Owner, City of Green, and the Trustee.

X. OTHER REQUIREMENTS

The Master Developer will provide the following information as requested by the DFA prior to pricing/closing of the Senior Bonds:

- 1) A detailed budget and cost estimates for the Phase I Private Improvements;
- 2) Fixed Price/GMP contracts to construct the Phase I Private Improvements;
- 3) Final term sheet and financing commitment letter from the senior lender of the Phase I Private Improvements;
- 4) The Owner of the Phase I Private Improvement property must enter into a service agreement providing for a Minimum Service Payment amount to be recorded as a covenant running with the property.
- 5) An indemnification of DFA by an acceptable entity;
- 6) Delivery of Financial Statements for Master Developer or other entity acceptable to the Senior Bond Bondholder as guarantor of the Minimum Service Payments;
- 7) Other items, if required.

XI. COMMITMENT FEE DEPOSIT

By signing below, Green Land Trust, Ltd. agrees to the terms and conditions outlined herein and to pay the balance of the Commitment Fee deposit of \$20,000. The Commitment fee will be reimbursed to Green Land Trust, Ltd. or its designee at closing.

If, before the closing date, there are any substantial changes to the term sheet or Project, the DFA reserves the right to amend the terms of this term sheet. DFA will not be responsible for any financing costs or breakup fees if the transaction does not close for any reason.

The Owner has the right to terminate its participation in this term sheet prior to the closing date. However, in the event of termination by the Owner for any reason, the Owner will be obligated for any reasonably incurred legal fees, DFA fees and financial advisory fees not covered by the Commitment Fee Deposit and the Owner will forfeit the Commitment Fee deposit to the extent needed to cover such fees.

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XII. APPROVAL AND ACCEPTANCE

This transaction is subject to certain approvals by the DFA, Summit County, City of Green, delivery of required legal opinions, final due diligence, final documentation, sale of the Bonds, and closing of all other required funding for the Private Development Project.

This term sheet must be executed and returned to the DFA no later than May 25, 2018. Please indicate your acceptance of the terms herein by signing below.

Green Land Trust, Ltd.

Signed

Name Printed

Title

Date

The City of Green, Ohio

Signed

Name Printed

Title

Date

Development Finance Authority of Summit County

Signed

Christopher Burnham
President

Date