

Status of F&C-Residence at the COR two Notes from the City

NOTE #1 (TIF Loan) – Balance owing of \$1,300,000 (\$120,000 of original \$1,420,000 paid at closing)

Per Development Agreement Under Article VII Note #1 Section 7.7: “If Borrower repays \$2,000,000 or more the outstanding amounts due under Note #2 (Bond) on or before the date 12 months after the date of the first disbursement of proceeds of Note #2 the HRA shall forgive \$250,000 of the principal amount of Note #1, such forgiveness to be effective as of the date Borrower has prepaid at least \$2M of the amount due under Note #2.” **As stated under Note #2 below: \$500,000 was applied to accrued interest and principal and the date of the first disbursement from Loan #2 was July 16, 2012. Thus, the ending date for obtaining the \$250,000 in principal forgiveness for Note #1 would be July 16, 2013, at which time an additional \$1,500,000 needs to be paid to the city.**

NOTE #2 (Bond) - Balance owing of \$6,450,448 (\$6,916,000-\$91,000 advanced back to HRA for issuance costs & \$374,552 paid towards principal on 11/1/12 net of accrued interest per calculation below). **F&C is to pay simple interest on the original issue amount of \$6,825,000 at the rate of 6.27% per annum for 18 months from July 16, 2012 to January 16, 2014. If at January 16, 2014 the city does not receive \$2,500,000 (\$3,000,000-\$500,000 11-1-12 paydown) the interest rate increases to 8.27% per annum.** The 8.27% rate stays in effect until the earlier of F&C prepaying a total of \$3M or the maturity date of the debt. If \$3M or more is received prior to the maturity date, the interest rate is reduced to 6.27% from the date the total \$3M is received. **The entire outstanding principal balance and all accrued, unpaid interest under Note #2 are due and payable in full upon the earlier of June 1, 2015, or sale of the development property.**

Section 8.5 Prepayments: Borrower may prepay Note #2, in whole or in part, at any time and, if in part, from time to time, during the term of Note #2. All payments shall be applied first to the payment of accrued, unpaid late charges, then to accrued, unpaid interest, if any, with the balance, if any, applied to the reduction of principal.

Application of \$500,000 prepayment on November 1, 2012 (Council accepted terms on 10-30-12)

Principal of Note #2: \$6,825,000

Interest Rate: 6.27%

Interest Rate term: 107 Days (July 12, 2012 – October 31, 2012)

Accrued Interest: \$125,448

Amount applied to principal reduction: \$374,552

Net Principal balance of Note #2: \$6,450,448 (\$6,825,000-\$374,552)

Accrued interest Owing to Date: From October 31, 2012 – July 16, 2013

Principal Balance: \$6,450,448

Interest Rate: 6.27%

Interest Rate Term: 258 Days

Accrued Interest: \$285,882