

Preliminary Term Sheet

This Term Sheet, dated as of _____, 2023, is intended to set forth the general terms upon which the Developer (as defined below) and the City of Ramsey, Minnesota (the "City") may be willing to enter into a Tax Increment Financing Agreement (the "TIF Agreement").

1. Developer: Presbyterian Homes Housing and Assisted Living, Inc., a Minnesota non-profit corporation (or a limited partnership or other entity to be formed thereby or affiliated therewith)
2. Property: A portion of a parcel of land located a 14501 Nowthen Blvd. in Ramsey, Minnesota identified as property number 25-35-25-24-0059, subject to a final plat of the Property.
3. Developer Conditions, as determined to date:
 - a. Execution of TIF Agreement
 - b. Secure necessary financing for the construction of the Minimum Improvements
 - c. Site Control
4. City Conditions, as determined to date:
 - a. Establishment of a new Housing TIF District subject to approval after all proceedings as required by law
 - b. City approval of Construction Plans
 - c. City Council approval of Planning Application
 - d. Execution of a TIF Agreement
5. Minimum Improvements: Improvements to the Property will include two phases. Phase 1 will include the construction and equipping of a multi-story, approximately 280-unit general occupancy apartment with at least 20% of the units occupied or held for occupancy by persons and families whose incomes do not exceed 50% of area median income, and underground and surface parking stalls.

Phase 2 will include the construction and equipping of a multi-story, approximately 160-unit senior (ages 62+) apartment and 20 (ages 55+) rental park homes and with at least 20% of the units occupied or held for occupancy by persons and families whose incomes do not exceed 50% of area median income, and underground and surface parking stalls.
6. Construction Schedule: Commence construction on Phase 1 by June 1, 2024 with substantial completion of construction by December 31, 2025. Commence construction on Phase 2 by June 1, 2025 with substantial completion of construction by December 31, 2026. For the purpose hereof, "Commence" shall mean beginning of physical improvement to the Property, including grading, excavation, or other physical site preparation work; and "Complete" shall mean that the Minimum Improvements are sufficiently complete for the issuance of a Certificate of Occupancy. Upon Completion the City will issue, if requested by the Developer, a "Certificate of Completion" in recordable form.
7. Public Assistance: Subject to all terms and conditions of the TIF Agreement and satisfaction of the requirements of applicable law including a final "but for" analysis, the City will reimburse the Developer for costs of construction of the Minimum Improvements as follows:

- a. Phase 1 in the form of a pay-as-you-go (PAYGO) note in the amount of up to \$5,632,000, bearing simple, non-compounding interest at a rate per annum of up to the lesser of 5% or the rate of interest on the first lien mortgage financing for the Minimum Improvements. The PAYGO note will be payable from 90% of the tax increment generated from the Minimum Improvements for a period of up to 20 years; and
- b. Phase 2 in the form of a pay-as-you-go (PAYGO) note in the amount of up to \$3,631,000, bearing simple, non-compounding interest at a rate per annum of up to the lesser of 5% or the rate of interest on the first lien mortgage financing for the Minimum Improvements. The PAYGO note will be payable from 90% of the tax increment generated from the Minimum Improvements for a period of up to 20 years

The PAYGO note will be issued upon completion of the Minimum Improvements and proof of expenditures for qualified TIF-eligible costs.

- 8. Fees: Within two (2) weeks of approval of this Term Sheet by the City, Developer shall deposit to the City 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. Unexpended funds will be returned to the Developer and if, additional funds are needed to pay such expenses, the Developer will deposit such additional funds upon request by the City.
- 9. Look-Back Provision: The TIF Agreement will include a look-back provision to review actual project performance and returns on investment against initial projections. If returns on investment exceed certain limitations, then the TIF notes may be reduced.
- 10. Development Fees / Plat: Development fees, including but not limited to Park Dedication, Sewer, Water, Storm Sewer will be included in the Development Agreement. Any reduction or amendment to these standard fees will require City Council approval.

The Developer acknowledges that except for Section 8 above which shall be binding upon the Developer, this Term Sheet shall not be deemed conclusive or legally binding upon either the Developer or the City, and neither the Developer nor the City shall have any obligations regarding the Property, the Minimum Improvements or the Public Assistance described herein, unless and until a definitive TIF Agreement is approved by the City Council and executed by both the Developer and the City.

PRESBYTERIAN HOMES HOUSING AND ASSISTED LIVING,
INC., A MINNESOTA NON-PROFIT CORPORATION

By: _____
Its: _____