

**Project Framework (Term Sheet Summary)**  
**Confidential working draft for discussion purposes**

The proposed terms and conditions contained herein are provided for discussion purposes only and do not constitute an offer, agreement or commitment to provide an incentive inclusive of tax credits or a legally binding obligation or agreement of any party hereto to negotiate or consummate the transaction(s) described herein. The actual terms and conditions upon which the Rhode Island Commerce Corporation (“Corporation”) or any other public or non-profit party might provide for an incentive are subject to the satisfactory completion of due diligence, review and execution of corresponding documentation, completion of required processes, approvals of boards or the entities involved, and such other terms and conditions as are determined by the Corporation in its sole discretion. The terms herein are also subject to the Developer’s satisfactory completion of due diligence, review, and execution of corresponding documentation and such other terms and conditions as are determined by the Developer in its sole discretion.

**Project information:**

- A. **Developer:** High Rock Westminster Street, LLC (“Developer”).
- B. **Location:** 111 Westminster Street, Providence, RI (“Project”).
- C. **Project:** 285 residential units (approximately 395,700 square feet); approximately 9,000 square feet commercial office space, and approximately 26,000 square feet banking hall.
- D. **Expected sources:**

Source	%	Amount
Construction Debt	51.8%	\$115,652,299
Developer’s Initial Equity – Land and building	4.5%	\$10,000,000
Developer’s Initial Equity – Cash	9.5%	\$21,127,167
Developer’s Additional Equity – Cash	4.9%	\$11,000,000
Rebuild RI Tax Credit Award	6.7%	\$15,000,000
RI First Wave Closing Fund	2.6%	\$5,700,000
RI Housing - ARP	0.4%	\$1,000,000
RI Housing - WHIC	2.0%	\$4,500,000
New Market Tax Credits	0.9%	\$2,100,000
City Funds	2.2%	\$5,000,000
Federal Historic Tax Credits	9.9%	\$22,041,933
Providence Housing Trust Loan	4.5%	\$10,000,000
<b>Total SOURCES</b>	<b>100.0%</b>	<b>\$223,121,399</b>

**Deal Structure:**

- A. **First wave closing fund:** \$5.7 million issued upon certificate of occupancy.
- B. **Rebuild Rhode Island tax credits:** \$15 million loan (“Rebuild Loan”), which shall represent a component of the \$26.2 million Convertible Note as described below.
  - a. Rebuild Loan shall be extended as follows, subject to certification of the financing gap:

- i. Upon certification: 30% of total Rebuild Loan amount
  - ii. 1st Anniversary of Certification: 30% of Rebuild Loan
  - iii. 2nd Anniversary of Certification: 25% of Rebuild Loan
  - iv. 3rd Anniversary of Certification: 15% of Rebuild Loan
- C. **RI Housing Workforce Housing Funds:** \$4.5 million from RI Housing to support workforce housing issued during construction on a reimbursement basis.
- D. **RI Housing ARP Funds:** \$1 million from Rhode Island Housing (“RI Housing”) from its Acquisition and Revitalization Program issued during construction on a reimbursement basis.
- E. **City of Providence:** \$5 million from the City of Providence issued upon certificate of occupancy.
- F. **Providence Housing Trust Fund Loan:** from the Providence Redevelopment Authority: \$10 million at 1% for a period of forty years.
- G. **New Market Tax Credits:** \$2.1 million in proceeds from new markets tax credits.
- H. **Federal Historic Tax Credits:** receipt and vesting of the array of federal historic tax credits for the project, which shall be a condition of the Convertible Note funding. This condition shall be more fully set forth in subsequent agreements.
- I. **Tax Stabilization Agreement:** 30-year municipal tax stabilization agreement.
- J. **RI Foundation Bridge Loan:** RI Foundation shall provide to the developer a bridge loan of \$15 million commencing at certificate of occupancy. Such loan will have an interest rate of 1%, and it shall bridge funding for the proposed Rebuild RI loan (“Rebuild Loan”), which will be advanced in four annual installments, as indicated in B(a) above, after the issuance of a certificate of occupancy and certification. The developer will execute an assignment of any payments of the Rebuild Loan to RI Foundation.
- K. Project Owner shall issue to the Corporation a \$26.2 million Convertible Note, which may be converted into an interest in the Project subject to certain priority returns and conversion restrictions as detailed in an agreement with the Corporation (“Convertible Note”).

**Affordability:**

- A. The project will have no less than fifty-seven affordable units, as set forth below (and set forth in a permanent deed restriction):
  - a. Fourteen units affordable to those earning up to 80% of the average median income (“AMI”);
  - b. Fourteen units affordable to those earning up to 100% of the AMI;
  - c. Twenty-nine units affordable to those earning up to 120% of the AMI.
- B. Developer will take proactive measures to ensure that residents of the City of Providence are able to secure access to the affordable units (as set forth herein), including engaging a mutually agreeable agency, individual or organization to assist with tenant placement.

**MBE/WBE Participation:**

- A. The Developer shall ensure that its general contractor will utilize best efforts to achieve twenty percent (20%) MBE/WBE participation in the project.
  - a. Developer shall ensure that its general contractor will take proactive measures to achieve the above target, including by attending and participating in any MBE/WBE recruitment activities/events and training efforts of the City of Providence.

- b. Developer shall ensure that its general contractor will participate in the Corporation's SupplyRI program in order to pursue the above target.

**Banking Hall:**

- A. The Developer will use best efforts to find a lessor(s) of the banking hall portion of the Project and other sources of revenue not currently accounted for in Project proformas submitted to the Corporation (i.e. building and/or banking hall naming rights, telecommunications leases, additional areas within the building for lease not accounted for in current Project proformas, etc.) ("Additional Revenue Sources"). In the event that the Developer cannot identify Additional Revenue Sources prior to the execution of an incentive agreement that memorializes the transactions contemplated herein (the "Project Incentive Agreement"), which shall be executed no later than 2 months from the approval of the State and municipal commitments contemplated herein by all required officials, boards, councils or other authorized bodies of those executing this Term Sheet Summary, Developer shall commit an additional \$11 million in equity to the Project or such lesser amount of additional equity as is necessary to ensure that, when the value of all Additional Revenue Sources (as mutually agreed upon between the Developer and the Corporation) are combined with the additional equity, the total is \$11 million.

**Pre-Construction Efforts:**

- A. Upon executing this document, Developer will use commercially reasonable and prompt efforts to prepare all necessary pre-construction documentation, renderings, drawings, depictions, and plans, and timely pursue all required licenses, permits, and approvals, such that Developer can close on anticipated financings and timely commence Project construction activities. The sequence and timing for such matters shall take into consideration best customary practices from projects of similar geography, scope, scale and/or nature as the Project.
  - a. An estimated timeline for pre-construction and construction milestones will include time estimates and benchmarks, delivered by Developer to the Corporation. The timeline is subject to mutual agreement by the Developer and the Corporation, which shall be fairly and reasonably negotiated by both parties. Notwithstanding the foregoing, Developer shall commence the demolition phase of the construction of the Project no later than ninety (90) days from issuance and receipt of a demolition permit for the Project.
- B. Upon execution of this document, Developer will use good faith, commercially reasonable, and prompt efforts to secure financings contemplated in connection with the Project.

**Restrictions on transfer:**

- A. Prior to termination or repayment of the Convertible Note, project owner may not sell or otherwise transfer title to the Project, in whole or in part, to any institutional user, except a real estate investment firm, without consent from the Corporation. .
- B. Project owner may not lease, license, or enter into an equivalent use agreement in whole or in part the Project to an institutional user for more than ninety-one of the units in the Project without prior approval by the Corporation, which shall not be unreasonably withheld, delayed, or conditioned, subject to (1) a cooperative process with to-be defined

criteria for approval, and (2) a minimum of 75 days' notice to the Corporation. The foregoing shall apply until the sixteenth year from the Certificate of Occupancy.

- C. Project owner may not sell to another party without notice to the Rhode Island Commerce Corporation.

**Additional project elements:**

- A. All construction laborers will be paid according to the wage requirements set forth in Chapter 21, Article XVIII of the City of Providence's Code of Ordinances. It is anticipated that the project will enter into a project labor agreement.
- B. Developer shall make a charitable contribution to Crossroads Rhode Island, totaling \$500,000 and payable in annual, equal installments over a ten year period, which shall begin on the third anniversary of Developer's receipt of a certificate of occupancy.
- C. The Project will be designed to meet LEED Certified status (formerly known as LEED Bronze).

\*Numbers denoted with an asterisk are estimated based upon information provided to the Corporation. These numbers are subject to change based upon additional information provided to the Corporation, additional due diligence, and finalized financial modeling.


RHODE ISLAND COMMERCE CORPORATION

  
Name and title:

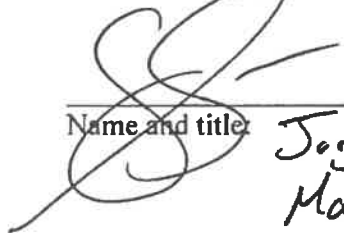
HIGH ROCK WESTMINSTER STREET, LLC

  
Name and title:


RHODE ISLAND HOUSING

  
Name and title:

CITY OF PROVIDENCE

  
Name and title: Jose Elorza  
Mayor.

RHODE ISLAND FOUNDATION

  
Name and title:  
President & CEO