



February 21, 2023

Fruita Housing Authority
Attention: Mike Bennett, Executive Director
325 E. Aspen Avenue
Fruita, Colorado 81521

RE: The Fruita Mews Partnership Opportunity

Dear Mr. Bennett,

IndiBuild LLC is pleased to present the Fruita Housing Authority with an opportunity to serve as a limited partner in the ownership of The Fruita Mews, a fifty-unit affordable housing community that will be developed in the City of Fruita.

The Colorado Housing and Finance Authority awarded The Fruita Mews an allocation of federal Low-Income Housing Tax Credits last May. Since then, our team has secured financing and development partners. We expect to close on the financing and begin construction this spring.

Partnerships between private developers and local housing authorities have become a regular feature of affordable housing projects in Colorado. The housing authority's participation would allow the project to qualify for property, sales, and use tax exemptions under state statute.

For the Housing Authority's participation, IndiBuild will:

1. grant the Housing Authority a right of first refusal and purchase option to acquire the project at a discounted price at the end of the project's fifteen-year tax credit compliance period;
2. pay the Housing Authority an annual fee from the project's cash flow;
3. arrange a grant from the Colorado Housing and Finance Authority, which the Housing Authority will lend to the project, and which the project will repay from its cash flow; and
4. reimburse the Housing Authority for its out-of-pocket expenses, including reasonable attorney's fees, related to its participation.

Attached to this letter you will find a proposed organizational chart of the project's ownership entity and a good-faith estimate of the value of the tax exemptions. We would be happy to provide you with other information about the project or the proposed role of the Housing Authority role upon request.

IndiBuild respectfully requests the Fruita Housing Authority pass a resolution authorizing its participation in the project and delegating authority to its Executive Director to negotiate the terms of the Housing Authority's participation.

On behalf of IndiBuild,

Kim Coughlin, Founder & Principal

Attachments: Fruita Mews LLLP Organizational Chart
Estimate of Tax Exemptions

info@indibuild.com

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Fruita Mews

Impact of Housing Authority Participation as SLP

Sales and Use Tax Abatement

Construction Contract	14,058,237
less non taxable	(8,434,942)
Taxable Amount	5,623,295
Sales Tax	8.27%
Estimated Sales Tax Savings	465,046

Property Tax Abatement

Estimated Property Tax	26,000
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Increased Borrowing Amount	330,427
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Loan Terms

Interest Rate (TBD)	6.00%
Amortization	35
DSCR	1.15

TOTAL VALUE OF SLP TO LLLP	795,473
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