#### TERM SHEET FOR MILESTONE PROPERTY DEVELOPMENT, LLC CRIMSON FLATS DEVELOPMENT

The purpose of this term sheet is to outline the general terms under which the City of Norman ("City") and Milestone Property Development, LLC ("Developer") intend to enter into a Disposition and Development Agreement, Loan Agreement, Mortgage and Security Agreement, and other transaction documents (collectively "Definitive Agreements"), pursuant to which Developer will acquire certain property owned by the City and City will provide Coronavirus State and Local Fiscal Recovery Funds ("SLFRF") funding to the Developer in support of Developer's proposed 75-unit affordable housing development.

- **Property**: Approximately 4.85 acres of real property located at the northeast corner of E. Imhoff Road and Oakhurst Road, as more particularly described on Exhibit A attached hereto.
- **Development**: Developer shall design, construct, finance, own and manage a new 75-unit affordable housing development, comprised of five buildings and related amenities (collectively, the "Development"), in accordance with the following minimum development requirements and criteria:

• Bedroom Types: 40 one-bedroom units (each approximately 700 square feet), 11 two-bedroom units (each approximately 950 square feet), and 24 three-bedroom units (each approximately 1,150 square feet), ranging from traditional one-bedroom apartments to two-story three-bedroom townhomes. The exact unit mix may vary slightly upon mutual agreement between City and Developer.

- All units shall have in-unit washer and dryer units, a garbage disposal, and dishwasher.
- Each bedroom and living area shall have a combined ceiling fan/light.
- Each building shall include a lobby for tenant mailboxes.

• A large community outdoor space at the center of the Property, with a playground, gardening areas and green space shall be included.

• A HERs rating less than or equal to a score of 80 shall be achieved, as evidenced by a report from a Certified Home Energy Rater that conducted a post-construction inspection of the Development.

• A storm shelter or safe room shall be constructed in accordance with the most recent State of Oklahoma Building Code requirements, which shall accommodate all possible residents based on the total number of bedrooms.

• All units constructed at ground level shall incorporate the City's Visitability Program requirements.

• The final building, site layout, and accessibility shall be substantially consistent with the preliminary site development plan and preliminary plat attached hereto as Exhibit B unless changes are mutually agreed to by the City and Developer.

• The building facades shall be at least 60% brick or stone; the remainder shall be comprised of cement type boards.

• Compliance with the Affordability Requirements during the Affordability Period (described below) shall be established and maintained.

• 10 units shall be available for project-based vouchers.

• The development shall comply with all federal, state, and local laws and regulations, including zoning and land use restrictions.

Affordability Requirements: At least 35% of the total number of units shall be affordable for households making 50% or less of the area median income (AMI) for the City of Norman. In addition, low-income targeting shall be achieved as follows: 10 of the low-income units shall be available for households at 30% AMI, 18 of the low-income units shall be available for households at 50% AMI, and 47 of the low-income units shall be available for households at 60% AMI (collectively, "Affordability Requirements"). The Affordability Requirements shall be maintained for a period of forty (40) years, as measured from the date the Development receives a final unrestricted certificate of occupancy ("Affordability Period").

- **Public Benefit**: Developer proposes the use of SLFRF program funds provided to the City under the American Rescue Plan Act of 2021, as a part of the overall development financing of the proposed Development. In exchange for the SLFRF funding requested in support of the Development, the Developer agrees to perform certain obligations and satisfy certain requirements to ensure a definite and measurable public benefit in the construction, ownership, and management of an affordable housing development in Norman, Oklahoma that will benefit persons or households with incomes less than 50% of the area median income limits annually set for the Oklahoma metropolitan statistical area.
- SLFRF Funds: Provided all conditions precedent in the Definitive Agreements have been satisfied, City agrees to provide a non-amortizing loan in support of the Development in the aggregate amount of Five Million Five Hundred Thousand Dollars and Zero Cents (\$5,500,000.00) (the "Loan"). The Loan shall bear an interest rate of three percent (3%) per annum, which shall accrue over a 30-year period, pursuant to the terms of a Loan Agreement and Promissory Note executed by Developer. Annual payments will be made in an amount calculated as 75% of the Development's annual surplus cash. The full outstanding principal balance and any accrued interest shall be due upon the earlier of: (i) any sale or transfer of the Development; or (ii) the maturity date of the Promissory Note. The City agrees to bifurcate the Loan, as may be necessary for Developer to secure distinct financing commitments for both the 9% LIHTC and 4% LIHTC/Tax-exempt Bond financed aspects of the Development.
- **Re-Plat/Zoning**: City shall work in conjunction with Developer to facilitate the re-platting and rezoning of the Property and shall be joint applicants on all applications for such purposes. City agrees to pay for the replatting and rezoning costs. Developer has provided City's employees and contractors with all necessary information to complete the preliminary plat and final site plan for rezoning. The City agrees to cause a portion of the Development's site work, comprised of: widening Imhoff Road and certain utility work (which is to be more specifically described in the Definitive Agreements), provided the City's costs related to such site work shall not exceed Five Hundred Thousand Dollars and Zero Cents (\$500,000.00),in addition to the Loan being made available for the Development. It is anticipated such site work shall occur prior to the transfer of ownership of the Property to the Developer.
- Tax Credits: Developer shall apply for an OHFA Funding Period One 2024 Tax Credit Allocation. Subject to OHFA's submission requirements for combined 9% and 4% developments, Developer shall submit, no later than December 31, 2023, one or more application(s) for Section 42 Low-Income Housing Tax Credits to the Oklahoma Housing Finance Agency ("OHFA") for 9% low-income housing tax credits and for 4% LIHTC/Tax-exempt bond financing. Developer shall provide City with a copy of its application(s). Developer shall promptly provide City with evidence of the tax allocation awarded by OHFA, which is anticipated in May 2024. In the event OHFA denies Developer's Funding Period One application, whether one or more, or the tax credit allocation awarded by OHFA is insufficient, Developer shall, no later than August 1, 2024, submit to the City for its approval an alternative funding structure and evidence that there shall be no change in the construction timeline for the Development, as provided below. If these requirements are not met or the City disapproves of the Developer's submittals, the City shall have the right to terminate all agreements executed by the City and Developer, and upon such termination, the parties shall be discharged from any further obligation or liability thereunder. Notwithstanding the foregoing, the City agrees to cooperate with the Developer to extend all applicable agreements and commitments necessary to allow the Developer to apply for LIHTC's in OHFA's Funding Period Two which is anticipated to be in June 2024 provided Developer can satisfy the construction deadlines below.
- **Construction**: Subject to OHFA's approval of Developer's applications for 9% low-income housing tax credits and 4% LIHTC/Tax-exempt bond financing for the Funding Period One 2024 Tax Credit Allocation, Developer shall issue a Notice to Proceed to the selected General Contractor of the Development no later than thirty (30) days from the date of Developer's acquisition of the Property, as more particularly described below, but in any event vertical construction of the Development shall commence no later than February 28, 2025 ("Commencement Date"), and shall make best efforts to complete construction, as evidenced by

a full and final certificates of occupancy for all buildings, within sixteen (16) months of the Commencement Date, but in any event all construction shall be complete and final certificates of occupancy shall be issued no later than August 31, 2026 ("Completion Date"). If OHFA does not approve either or both of Developer's Funding Period One applications, but subsequently approves Developer's application(s) for OFHA's Funding Period Two 2024 Tax Credit Allocation, the Commencement Date will be extended to June 1, 2025 and the Completion Date will be extended to October 31, 2026.

#### Not later than Sixty (60) Days Prior to the Commencement Date:

• **Submission of Plans**: Developer shall submit design and construction documents for review and approval by the City for its issuance of building permits for the Development.

#### Not later than Thirty (30) Days Prior to the Commencement Date:

- Evidence of Financing: Developer shall provide the City for its approval evidence of all equity and financing capacity and commitments necessary to finance the total development costs of the Development. Developer shall provide evidence, satisfactory to the City, that the Developer has secured the tax credit, equity capital, and any other financial commitments necessary for the completion of the Development in compliance with the requirements of the Definitive Agreements. Developer will be responsible for all cost overruns.
- **Construction Contract**: Developer shall provide City for review and approval the construction contract(s) to commence and complete the Development pursuant to the Definitive Agreements.

#### Not later than Fifteen (15) days before the Commencement Date:

- **Payment and Performance Bonds.** Developer shall provide City with the payment and performance bonds of its general contractor(s), in form, substance and amount acceptable to the City (with dual obligee rider to the performance bond in favor of the City) covering any contractors, subcontractors, and materialmen involved or expected to be involved in the construction of the Development.
- Lien Perfection and Priority. The City shall receive evidence satisfactory to the City that after construction is complete and Tax Exempt Bonds are paid off, the City's lien on the Property created under the Mortgage and Security Agreement shall be valid, enforceable, and properly perfected.
- **Permits.** Developer shall have obtained all permits and approvals necessary to commence construction of Development.
- **Insurance**. Developer shall provide evidence of insurance secured by the general contractor(s), including: (a) a comprehensive general liability policy in the amount of at least \$1,000,000.00 for any person, \$2,000,000.00 for any occurrence, and \$1,000,000.00 property damage naming the Authority as an additional insured and loss payee; and (b) property insurance written on a builder's risk "all-risk" or equivalent policy form in the amount of the initial contract sum, plus value of subsequent contract modifications, comprising total value for the entire work to be completed under each of the respective construction contracts, on a replacement cost basis.
- Land Closing: Upon satisfaction of all conditions precedent described in the Definitive Agreements, including, without limitation, Developer's delivery to the City of the purchase price of the Property in the amount of \$525,000.00. City shall convey to Developer good and marketable title in fee simple to the Property by special warranty deed, subject to exceptions listed in a written commitment issued by a title insurer to issue a title insurance policy that may be obtained by Developer.
  - <u>Declaration of Affordability Requirements</u>: Concurrently with closing, Developer shall execute and cause to be filed of record a Declaration of Affordability Requirements, as a covenant running with the land, to ensure all units assisted with SLFRF Funds meet the Affordability Requirements during the Affordability Period.
- **Prohibition on Transfer**: During the Affordability Period, the Property or any part thereof or interest therein, shall not be transferred to another entity which would give such entity "control" of the Property (excluding

ordinary course leasing, development easements, or other routine operational grants), without obtaining the prior written approval of the City. City approval shall not be required for, and any transfer restrictions described herein shall not apply to, transfers within or among the ownership structure of the tax credit investor, special limited partner or general partners of the Developer, and/or a transfer of any limited partner interest owned by tax credit investor.

Maintenance Covenants: Gorman Management Company, Inc. and its permitted successors and assigns, shall operate, manage, and maintain the Development and all improvements and landscaping situated on the Property in a safe, clean and neat condition and in a continuous state of good repair in accordance with City Code.

#### **Other Terms:**

- The right to request a qualified contract as defined in Section 42 (h)(6)(F) of the Internal Revenue Code shall be waived.
- The SLFRF funds shall be repaid to the City in the event the Development becomes non-compliant, including if the Development ceases to satisfy the requirements to be a qualified low-income housing project (as defined in section 42(g) of the Internal Revenue Code) or a qualified residential rental project (as defined in section 142 (d) of the Internal Revenue Code), or if the project fails to comply with any of the requirements of the extended low-income housing commitment that are described in Section 42(h)(6)(B)(i) (iv) of the Internal Revenue Code.
- There shall be no discrimination against or segregation of any person or group of persons on account of any prohibited category during the construction, operation, use, occupancy, leasing, or management of the Property.
- All real estate taxes and assessments on the Property or any part thereof shall be paid when due.

**Public Approvals:** All such public approvals as are necessary, appropriate or otherwise required by applicable law shall be secured to enter the Definitive Agreements, including without limitation, approvals for the provision of SLFRF in support of the Development, and the conveyance of the Property to the Development. Neither this term sheet nor any oral representations or promises create a binding commitment on the part of either party; a legally binding commitment will result only from the execution of the Definitive Agreements by the City and Developer.

Please indicate your agreement with the foregoing by executing this Term Sheet where indicated below.

11 day of October, 2023. Approved by the Developer this

Developer:

Milestone Property Development, LLC an Oklahoma limited liability company

By:

Thomas A. Gorman, Manager

Approved by the City Council of The City of Norman, Oklahoma, on the \_\_\_\_ day of \_\_\_\_\_, 2023.

ATTEST:

MAYOR

\_\_\_\_\_

City Clerk

REVIEWED as to form and legality this \_\_\_\_\_ day of \_\_\_\_\_, 2023.

City Attorney

#### EXHIBIT A

#### Legal Description of the Property

A part of the Southeast Quarter (SE/4) of Section Four (4), Township Eight (8) North, Range Two (2) West of the Indian Meridian, Cleveland County, Oklahoma, and being more particularly described as follows:

Beginning at a point on the South line of said Southeast Quarter (SE/4), 1321.76 feet North 88°50'06" East of the Southwest Corner of said Southeast Quarter (SE/4), said point of beginning, being on the East line of Oakhurst Avenue;

Thence North 01°09'54" West a distance of 50.00 feet;

Thence North 45°05'45" West a distance of 33.84 feet;

Thence North 00°00'00" East a distance of 402.54 feet to the Southwest corner of Lot 19, Block 30 of Oakhurst Addition Section 10;

Thence South 90°00'00" East. on the South line of Oakhurst Addition Section 10, a distance of 676.69 feet; Thence South 01°05'28" East a distance of 463.08 feet to the South line of said Southeast Quarter (SE/4);

Thence South 88°50'06" West on said South line a distance of 660.65 feet to the point of beginning.

LESS AND EXCEPT the East 220.00 feet of the following described tract:

A part of the Southeast Quarter (SE/4) of Section Four (4), Township Eight (8) North, Range Two (2) West of the Indian Meridian, Cleveland County, Oklahoma, and being more particularly described as follows:

Beginning at a point on the South line of said Southeast Quarter (SE/4), 1321.76 feet North 88°50'06" East of the Southwest Corner of said Southeast Quarter (SE/4), said point of beginning, being on the East line of Oakhurst Avenue;

Thence North 01°09'54" West a distance of 50.00 feet;

Thence North 45°05'45" West a distance of 33.84 feet;

Thence North 00°00'00" East a distance of 402.54 feet to the Southwest corner of Lot 19, Block 30 of Oakhurst Addition Section 10;

Thence South 90°00'00" East on the South line of Oakhurst Addition Section 10, a distance of 676.69 feet;

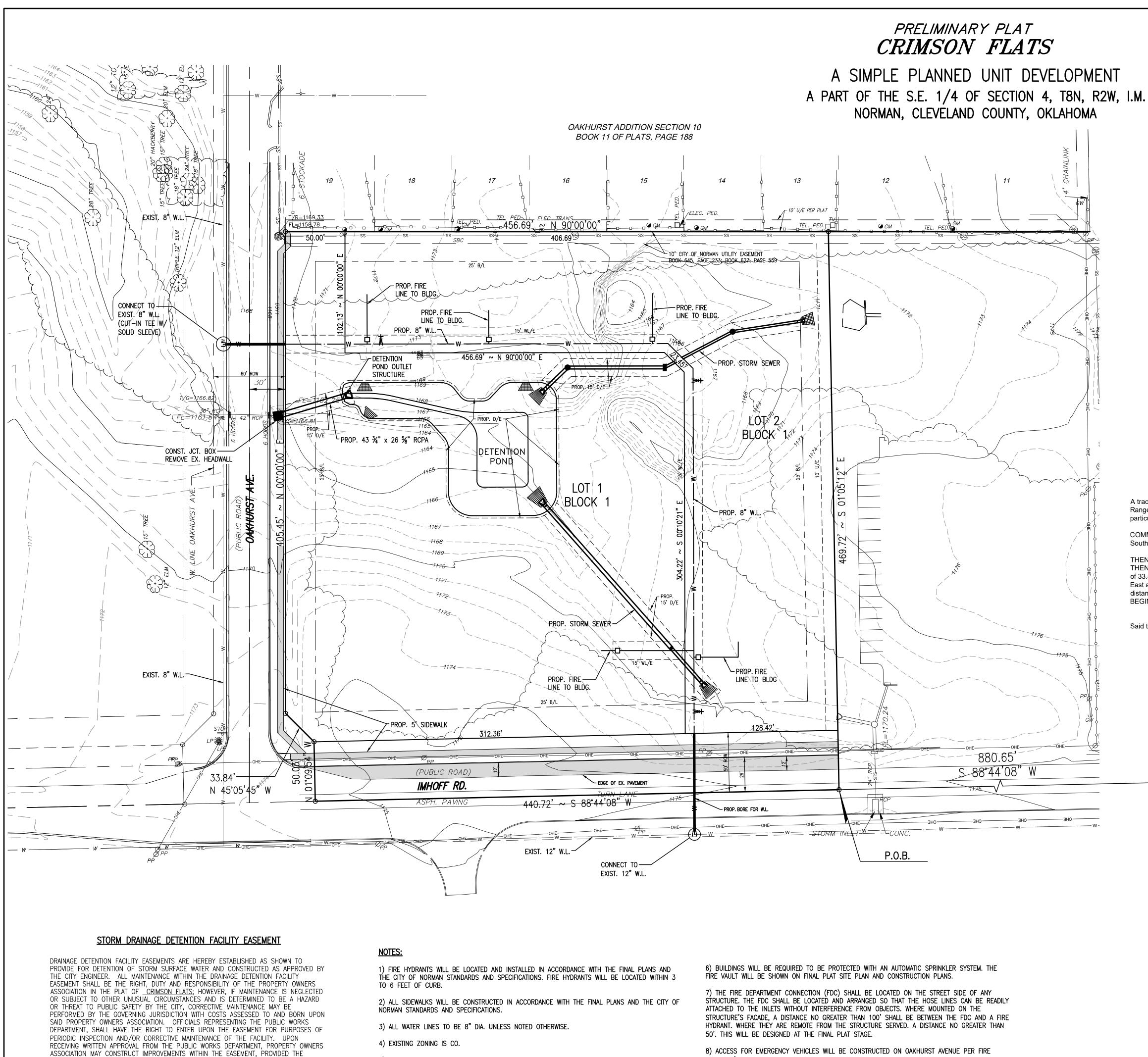
Thence South 01°05'28" East a distance of 463.08 feet to the South line of said Southeast Quarter (SE/4);

Thence South 88°50'06" West on said South line a distance of 660.65 feet to the point of beginning.

### EXHIBIT B

Preliminary Site Development Plan and Preliminary Plat

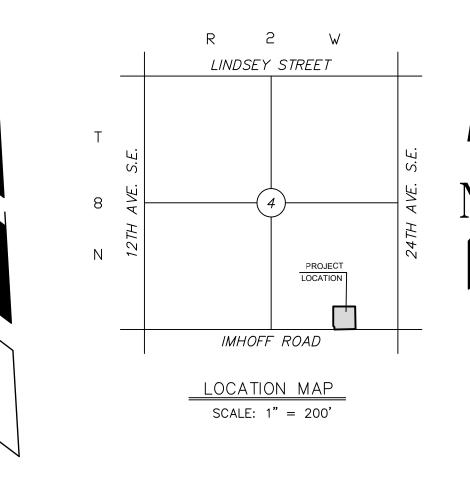
(ATTACHED)



5) STORMWATER DETENTION FOR THIS PROEJCT MAY BE COORDINATED WITH AND CONSTRUCTED WITH THE CRIMSON CREEK PROJECT ON THE WEST SIDE OF OAKHURST ROAD.

IMPROVEMENT DOES NOT INTERFERE WITH THE FUNCTION OF THE DETENTION FACILITY.

8) ACCESS FOR EMERGENCY VEHICLES WILL BE CONSTRUCTED ON OAKHURST AVENUE PER FIRE MARSHALL'S REQUEST. DRIVE SHALL BE CONSTRUCTED WITH GRASS PAVERS AND IS SHOWN ON THE PRELIMINARY SITE DEVELOPMENT PLAN.



SCALE: 1'' = 40'

LEGAL DESCRIPTION

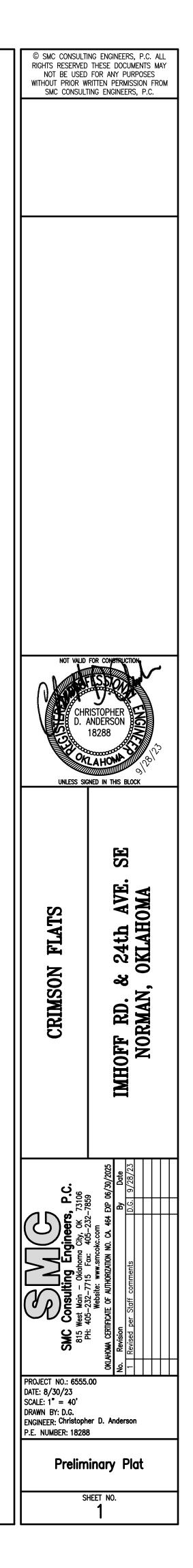
A tract of land lying in the Southeast Quarter (SE/4) of Section Four (4), Township Eight (8) North, Range Two (2) West of the Indian Meridian, Cleveland County, Oklahoma and being more particularly described as follows:

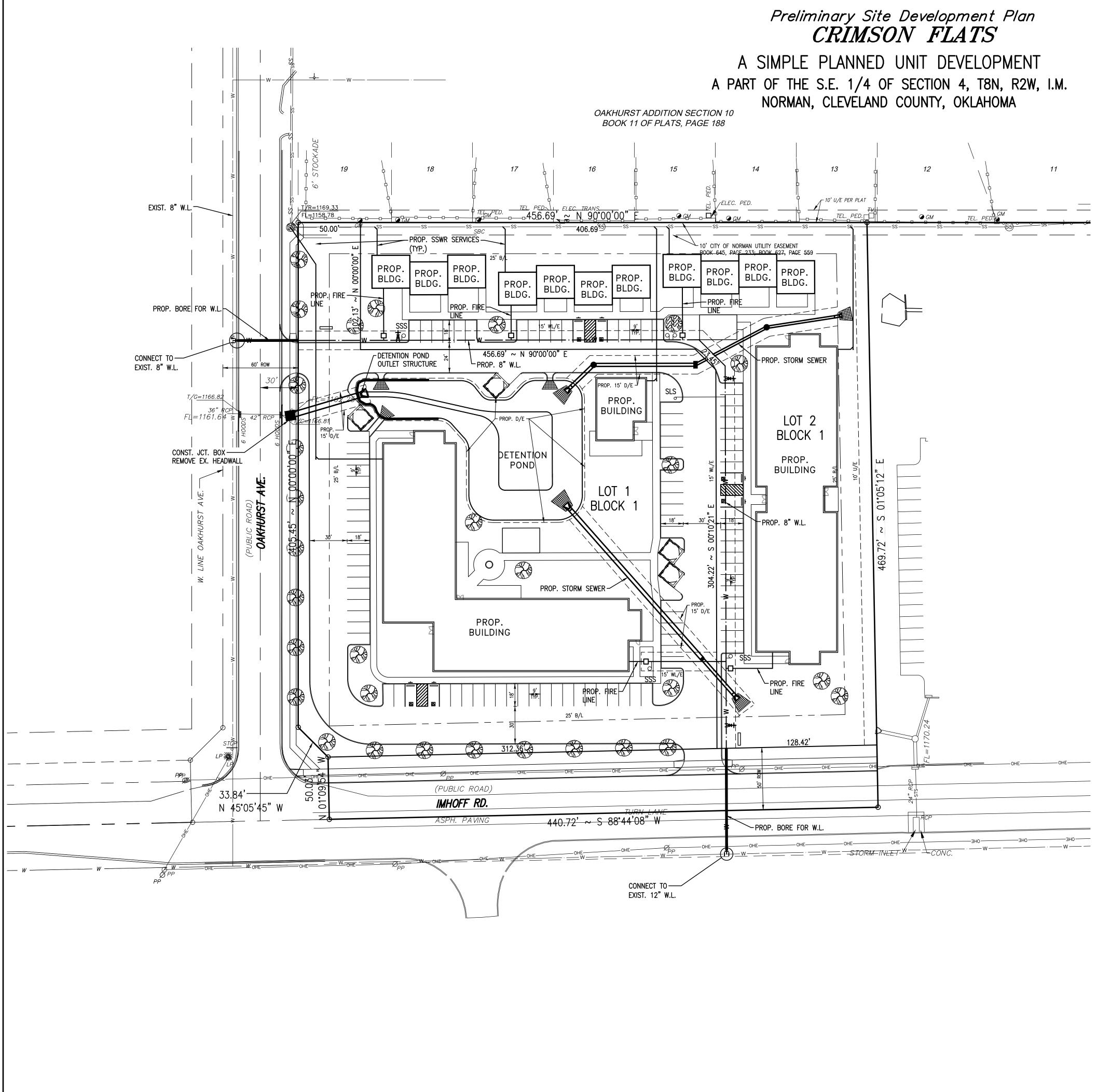
COMMENCING at the Southeast corner of said SE/4; THENCE South 88°44'08" West along the South line of said SE/4 a distance of 880.65 feet to the POINT OF BEGINNING;

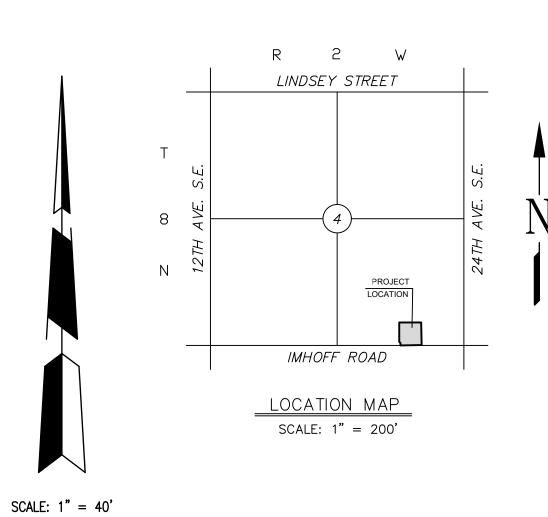
THENCE continuing South 88°44'08" West along said South line a distance of 440.72 feet; THENCE North 01°09'54" West a distance of 50.03 feet; THENCE North 45°05'45" West a distance of 33.84 feet to a point on the East right-of-way line of Oakhurst Drive; THENCE North 00°00'00" East along said East right-of-way line a distance of 405.45 feet; THENCE North 90°00'00" East a distance of 456.69 feet; THENCE South 01°05'12" East a distance of 469.72 feet to the POINT OF BEGINNING.

Said tract of land contains an area of 217,421 square feet or 4.99 acres, more or less.

P.0.C. S.E. COR. S.E.1/4 SEC. 4 T9N, R2W, I.M.









# NOTES:

- 1. FIRE HYDRANTS WILL BE LOCATED AND INSTALLED IN ACCORDANCE WITH THE FINAL PLANS AND THE CITY OF NORMAN STANDARDS AND SPECIFICATIONS.
- 2. ALL SANITARY SEWER LINES ARE PRIVATE AND WILL BE 8" DIA., UNLESS NOTED OTHERWISE.
- 3. ALL WATERLINES SHALL BE 8" UNLESS OTHERWISE NOTE.
- 4. ALL RADII SHALL BE 3' UNLESS OTHERWISE NOTED.
- 5. THE FIRE DEPARTMENT CONNECTION (FDC) SHALL BE LOCATED ON THE STREET SIDE OF ANY STRUCTURE. THE FDC SHALL BE LOCATED AND ARRANGED SO THAT THE HOSE LINES CAN BE READILY ATTACHED TO THE INLETS WITHOUT INTERFERENCE FROM OBJECTS. WHERE MOUNTED ON THE STRUCTURE'S FACADE, A DISTANCE NO GREATER THAN 100' SHALL BE BETWEEN THE FDC AND A FIRE HYDRANT. WHERE THEY ARE REMOTE FROM THE STRUCTURE SERVED. A DISTANCE NO GREATER THAN 50'.
- 6) FIRE LANE STRIPING: "NO PARKING FIRE LANE" MARKING SHALL CONSIST OF A SIX (6) INCH WIDE RED STRIPE ALONG THE CURB ON ALL SIDES OF THE BUILDING. THE WORDS "NO PARKING FIRE LANE" SHALL BE MARKED ON THE STRIPES IN FOUR (4) INCH HIGH WHITE LETTERS AT 25-FT. MAXIMUM INTERVALS. STRIPING AND LETTERS SHALL BE APPLIED ACCORDING TO THE CITY OF NORMAN. FIRE LANE & FIRE PROTECTION MUST BE APPROVED BY THE FIRE MARSHALL PRIOR TO BUILDING PERMIT BEING ISSUED. CONTRACTOR TO COORDINATE ALL FIRE LANE MARKINGS WITH THE NORMAN FIRE MARSHALL.
- 7) BUILDINGS WILL BE REQUIRED TO BE PROTECTED WITH AN AUTOMATIC SPRINKLER SYSTEM. THE FIRE VAULT WILL BE SHOWN ON FINAL PLAT SITE PLAN AND CONSTRUCTION PLANS.

## STORM DRAINAGE DETENTION FACILITY EASEMENT

DRAINAGE DETENTION FACILITY EASEMENTS ARE HEREBY ESTABLISHED AS SHOWN TO PROVIDE FOR DETENTION OF STORM SURFACE WATER AND CONSTRUCTED AS APPROVED BY THE CITY ENGINEER. ALL MAINTENANCE WITHIN THE DRAINAGE DETENTION FACILITY EASEMENT SHALL BE THE RIGHT, DUTY AND RESPONSIBILITY OF THE PROPERTY OWNERS ASSOCIATION IN THE PLAT OF <u>CRIMSON FLATS</u>; HOWEVER, IF MAINTENANCE IS NEGLECTED OR SUBJECT TO OTHER UNUSUAL CIRCUMSTANCES AND IS DETERMINED TO BE A HAZARD OR THREAT TO PUBLIC SAFETY BY THE CITY, CORRECTIVE MAINTENANCE MAY BE PERFORMED BY THE GOVERNING JURISDICTION WITH COSTS ASSESSED TO AND BORN UPON SAID PROPERTY OWNERS ASSOCIATION. OFFICIALS REPRESENTING THE PUBLIC WORKS DEPARTMENT, SHALL HAVE THE RIGHT TO ENTER UPON THE EASEMENT FOR PURPOSES OF PERIODIC INSPECTION AND/OR CORRECTIVE MAINTENANCE OF THE FACILITY. UPON RECEIVING WRITTEN APPROVAL FROM THE PUBLIC WORKS DEPARTMENT, PROPERTY OWNERS ASSOCIATION MAY CONSTRUCT IMPROVEMENTS WITHIN THE EASEMENT, PROVIDED THE IMPROVEMENT DOES NOT INTERFERE WITH THE FUNCTION OF THE DETENTION FACILITY.

