



August 19, 2019

Memo to: Nate Carlson

From: Scott Koester

RE: EDA Loan and Land Contribution

Nate:

As a follow up to the recent discussion surrounding the EDA loan, and land contribution of the 510 Washington property as part of the 5th Street Lofts redevelopment project, we can offer the following.

- 1.) Recourse for the land contribution should the project not move forward/be completed. We would have the understanding that should the project not proceed for reason including lack of financing, etc. the 510 Washington Property would revert back to EDA ownership. In the unlikely scenario that the project starts construction, but not be completed, we would assume there would be language addressing that issue in the ultimate agreement between EDA, 5th Street Lofts, and the Construction lender.
- 2.) Developer fee deferral. We propose that a portion of the developer fee be deferred during the construction time period. It is our intention to collect 65% of the developer fee at the time of financing and construction start, and defer 35% over the construction period up to receipt of the Certificate of Occupancy.
- 3.) Timing of funding and, draw of the \$250K EDA loan. A typical funding process for a project is that the construction lender looks to have the investor equity contribution drawn on first; then other funding, (such as the EDA loan), and then the construction loan is drawn. We will discuss options to see if the EDA loan can be drawn after the financing lenders construction financing, but it main remain that the EDA loan would be used after the investor equity.

Let us know if these clarifications are helpful in your discussion and review of the EDA's participation in this project.

Thank you in advance for your work and assistance in moving this exciting project forward.

Cc: Nate Stencil
Brett Reese