

**OUTLINE OF MATERIAL TERMS AND CONDITIONS OF EXISTING AND
PROPOSED NEW DEVELOPMENT AGREEMENT FOR AFFORDABLE HOUSING AT
602 GALENA**

- I. EXISTING DEVELOPMENT AGREEMENT DATED MAY 23, 2023 (as amended in or about August, 2023, as relates to other terms and conditions).**
- A. The Town owns 602 Galena (the “Property”) and intends that it be developed as affordable housing under a long term lease of the Property to NHP for 65 years (for \$1/year rent payment);**
- B. NHP agrees to plan, entitle, finance, construct, own and operate an affordable housing project on the Property (the “Project”);**
- C. NHP agrees to seek Low Income Housing Tax Credit (“LIHTC”) financing for the Project and that the Project would consist of 45 dwelling units with affordability ranging between 30%AMI and 120% AMI, with an average of 80% AMI or less (as a result of the LIHTC limitations);**
- D. The Town’s standard form of affordability covenant would encumber the Property, but it would only become effective as to affordability restrictions at such time as the affordability restrictions of the LIHTC financing expired;**
- E. The Town agreed to no loans or other subsidies for the Project (the Town did agree in this May, 2023 agreement to loan \$2.5 million to NHP to enable NHP to purchase the 101 Main Street property. The 101 Main property is now the subject of a separate agreement); and**
- F. The deadlines for the Project are:**
- (i) Demolish the existing structure and start construction of the Project by July 1, 2025 or pay Summit County \$1.5 million that will be owed the County by the Town under the IGA that aided the Town’s purchase of the Property;**
 - (ii) Commence residential occupancy of the Project by July 1, 2027 or pay Summit County \$1.5 million that will be owed the County by the Town under the IGA that aided the Town’s purchase of the Property;**

- (iii) Default under the agreement if NHP has not obtained its building permit for the Project – including the payment of all fees in connection with the permit – on or before May 23, 2026.

II. DEVELOPMENT AGREEMENT CURRENTLY PROPOSED

- A. The Town owns 602 Galena (the “Property”) and intends that it be developed as affordable housing under a long term lease of the Property; NHP proposes 75 years (for \$1/year rent payment);
- B. NHP agrees to plan, entitle, finance, construct, own and operate an affordable housing project on the Property (the “Project”);
- C. The Project would consist of 54 dwelling units with affordability at an up to 120% AMI level for each unit (no LIHTC financing);
- D. The Town’s standard form of affordability covenant (at 120% AMI) would encumber the Property immediately as a result of the density bonus provisions of the Town Code;
- E. The Town would agree to a loan of \$3.2 million for the Project; and
- F. The deadlines for the Project are:
 - (i) Demolish the existing structure and start construction of the Project by July 1, 2025 or pay Summit County \$1.5 million that will be owed the County by the Town under the IGA that aided the Town’s purchase of the Property;
 - (ii) Commence residential occupancy of the Project by July 1, 2027 or pay Summit County \$1.5 million that will be owed the County by the Town under the IGA that aided the Town’s purchase of the Property;
 - (iii) Default under the agreement if NHP has not obtained its building permit for the Project – including the payment of all fees in connection with the permit – on or before September 30, 2025.

III. FINANCING FOR DEVELOPMENT CURRENTLY PROPOSED

A. 501(c)(3) Bonds. We have not been informed on details of NHP's proposed first position financing, however NHP has indicated that it intends to issue tax-exempt bonds in first position to finance the construction. We anticipate this 501(c)(3) bonds structure to include:

- (i) Proposed bond amount of \$14,665,024 as indicated by NHP in its latest budget.**
- (ii) Minimum debt service coverage of 1.20 to 1.00. The bond sizing tends to be debt coverage constrained rather than loan to value constrained.**
- (iii) Secured by a first position deed of trust.**
- (iv) Financing could be obtained from a public issuance of the tax-exempt bonds or private placed with a large lending institution.**

B. Colorado Department of Local Affairs ("DOLA") – More Housing Now Funds

- (i) \$375,898 grant from DOLA to Town of Frisco pursuant to a State of Colorado Intergovernmental Grant Agreement to be used at 602 Galena.**
- (ii) Funding to be used to construct infrastructure to support the affordable housing site, including: demolition and removal of existing roadway and sidewalk; water line upgrades; construction of site concrete for sidewalks, ramps, and drainage; asphalt paving; installation of signage; and striping in public right of way.**
- (iii) Funding to be paid on a reimbursement basis.**
- (iv) Performance measures include:**
 - a. Putting the project out to bid within 120 days of September 20, 2024 (January 31, 2025 – satisfied).**
 - b. Within 45 days after bid opening, award and finalize the subcontract to do the work.**
 - c. Within 45 days of the effective date of the subcontract, provide DOLA with a project timeline.**

C. Colorado Department of Local Affairs ("DOLA") – Strong Communities Funds

- (i) **\$4,000,000 grant from DOLA to Town of Frisco pursuant to a State of Colorado Intergovernmental Grant Agreement to be used at 602 Galena and 101 West Main Street. Latest budget from NHP proposes \$1,979,610 of these funds for 602 Galena.**
- (ii) **Town to provide a local match amount of \$1,000,000.**
- (iii) **Funding to be used to provide infill development at 602 Galena and 101 West Main Street, collectively intended to develop approximately 106 units of housing at AMIs between 30% - 120%.**
- (iv) **Subject to receipt of federal award of Coronavirus State Fiscal Recovery Funds.**
- (v) **Units are to have permanent deed restrictions.**
- (vi) **Work for 602 Gelena includes tap and permit fees, installation of lighting and EV chargers, design and engineering, improvement to streets, parking and sidewalks, improvement of stormwater utilities and paving, drainage and landscaping work.**
- (vii) **Funding to be paid on a reimbursement basis.**
- (viii) **Performance measures include contractor mobilization to begin within 6 months after September 26, 2024 (March 26, 2025, as may be extended).**
- (ix) **Structure of funding could be as a grant to NHP or a loan.**

D. Town of Frisco Subordinate Loan

- (i) **\$3,200,000 proposed loan amount.**
- (ii) **Interest rate, if any, not yet determined.**
- (iii) **Proposed maturity of 30 years.**
- (iv) **Proposed repayment only upon sale or refinance of Project.**

E. Remaining Funding Gap per NHP: \$4,800,000.