AGENDA OF THE
GREEN BAY HOUSING AUTHORITY

THURSDAY, JUNE 8, 2023, 2:00 PM
City Hall, Room 604 - The Harry Maier Room.
Virtual attendance is also available via Zoom.

A. Zoom Meeting Information.

1. This item contains Zoom information, instructions, and a link to the Virtual Comment Form.

B. Roll Call.

1. William VandeCastle - Chair, Terri Refsguard Vice-Chair, Sandra Popp, Erin Edwards and Stephen Srubas

C. Approval of the Agenda.

1. Approval of the agenda for the June 8, 2023, meeting of the Green Bay Housing Authority.

D. Regular Business.

1. Approval of the Executive Summary for the transaction between Gorman & Company LLC and Green Bay Housing Authority related to the renovation of Mason Manor and Scattered Sites.

E. Adjournment.

1) THIS MEETING IS RECORDED: THE VIDEO OF THIS MEETING AND MINUTES ARE AVAILABLE ONLINE AT www.greenbaywi.gov
2) ACCESSIBILITY: Any person wishing to attend who requires special accommodation because of a disability, should contact the City Safety Manager at 920-448-3125 at least 48 hours before the scheduled meeting time so that arrangements can be made.
3) QUORUM: Please take notice that a majority or quorum of the Common Council will attend this Green Bay Housing Authority meeting and will constitute a meeting of the Common Council for purposes of discussion and information gathering relative to this agenda.
4) REPRESENTATION: The party requesting the communication, or their representative, should be present at this meeting.

Virtual Meeting Instructions

Green Bay Housing Authority

Zoom Meeting Information

Join Zoom Meeting
https://us02web.zoom.us/j/81434999289?pwd=N0dlMGxWSS85SGswK2lZeGhZZUN0UT09

Meeting ID: 814 3499 9289
Passcode: 483400

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Find your local number: https://us02web.zoom.us/u/krKl9HZQR

Public Comments

If you wish to speak at this public meeting or leave a comment, please fill out the online Comment Form prior to the meeting.

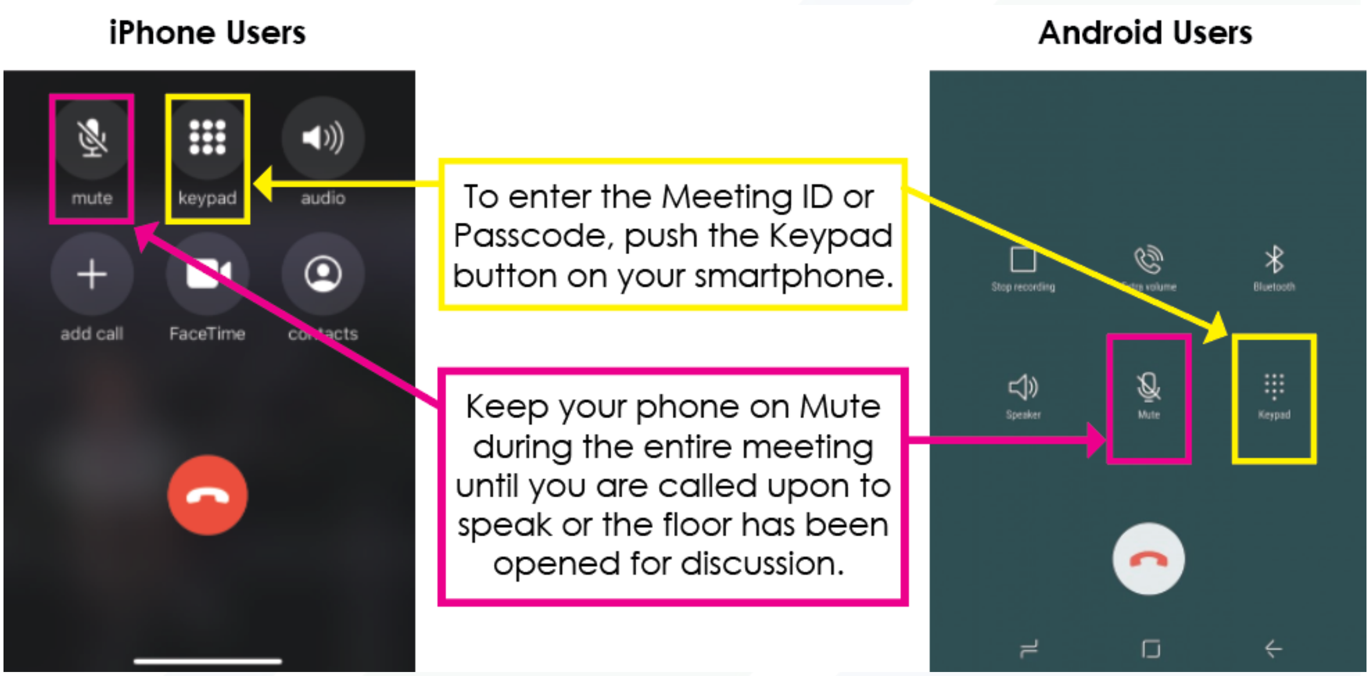
Additional Information

1. Wisconsin Open Meetings Law still applies
   a. Persons interested in speaking to an item must state their name and address for the minutes.
   b. Committee/Commission/Board members will still follow *Roberts Rules of Order Newly Revised 12th edition.*
2. Please log into the Zoom meeting at least 10 minutes before the meeting begins to ensure a proper connection and that your technology is working.
   a. If you are a Board Member, please log into CivicClerk with a computer, laptop, or tablet device.
3. Once you are in the meeting please mute yourself.
   a. You may unmute yourself when you are called upon to speak.
4. Waiting room
   a. When you call in or connect via web or Zoom app, you will be placed in a "waiting room."
   b. The meeting host will then admit you to the meeting, and mute you upon entrance (you will still be able to hear and or otherwise observe the meeting).
5. Registering
   a. The host may ask you to register for the meeting. A registration link will be sent to you along with the invite. You'll receive another email confirming that you're registered for the meeting.
   b. If you're using a phone, your registration will be tied to an email.
6. Raising your hand
   a. Committee/Commission/Board members—you can either use CivicClerk and request to speak or you can also utilize the "raise your hand" tool in the Zoom platform (you'd need to use a computer or tablet) to let the host know you would like to speak. You can also un-mute yourself and start speaking.
   b. Persons with items on the agenda or other interested parties —you can also utilize the "raise your hand" tool on the Zoom platform via computer or mobile device. You will be allowed to speak once the committee, commission, or board has moved to "open the floor for interested parties to speak." Once discussion on your agenda item has concluded, the host will mute you, unless the committee opens the floor again.
7. What devices should I use?
   a. Smart phone (please see more detailed instructions on page 3)
   b. Land line
   c. Tablet— in advance of the meeting, please download the Zoom Meeting app by using either the Apple Store or the Play Store. You will be asked to input your name, to identify you for the meeting.
   d. Computer— you can access the meeting through a web browser by clicking on the meeting link, or through the Zoom Meeting app. If using the app, please download it in advance of the meeting. You will be asked to input your name, to identify yourself for the meeting.
   e. For tablet and computer users--if you download the app you may be asked to verify your email.

8. Zoom etiquette
    a. Muting yourself when you're not speaking will prevent your background noise from interfering with others' ability to listen to and participate in the meeting.
    b. If you're using a telephone, please identify yourself with your phone number and state your name and address before you speak. Zoom meeting hosts can see only your telephone number and will ask you to identify yourself.
9. Closed session
    a. Persons in the Zoom meeting will be put into a waiting room while the committee/commission/board meets in Closed Session. Participants will be admitted back into the Zoom meeting once the committee reconvenes in Open Session.
    b. Persons watching a Common Council meeting live on YouTube will see a gray screen with the City logo during closed session.
10. Persons interested in attending anonymously or listening to the meeting may call in by dialing *67 followed by the phone number in the Zoom Meeting Information box.

Calling into the Zoom meeting using a smartphone

1. Dial the phone number listed at the beginning of this document.
2. When prompted, enter the Meeting ID number followed by **#**
3. Once you are in the meeting, notify the meeting host that you are in and state your name.
4. If you do not wish to speak, please make sure your phone is on **Mute**
    a. If you're using a smartphone, look at your screen and click the Mute button



Report to the
Housing Authority of the City of Green Bay

MEETING DATE	PREPARED BY
June 8, 2023	Jayme Valentine, Staff

AGENDA ITEM # D.1

Approval of the Executive Summary for the transaction between Gorman & Company LLC and Green Bay Housing Authority related to the renovation of Mason Manor and Scattered Sites.

BACKGROUND

The Executive Summary lays out the process to bring the transaction between Gorman & Company LLC and GBHA, Inc to fruition. The Executive Summary follows the Memorandum of Understanding that was agreed upon between Gorman & Company and GBHA, Inc in December 2022, which defines the responsibilities and obligations of both parties.

Staff has been working closely with Attorney Paul Dombrowski at Husch Blackwell and Kaitlin Konyn and team from Baker Tilly on the specifics of these legal documents. The attached documents have been reviewed by all parties and are being recommended by staff for board approval.

RECOMMENDATION

To approve the Executive Summary for the transaction between Gorman & Company LLC and Green Bay Housing Authority related to the renovations of Mason Manor and Scattered Sites.

FISCAL IMPACT

ATTACHMENTS

1. Executive Summary Board Resolution with Exhibits
2. GBHA Memorandum of Understanding executed

EXECUTIVE SUMMARY

June 1, 2023

The materials presented to you today for approval will start the process of fulfilling the concepts that were previously stated and agreed to within the Memorandum of Understanding dated November 30, 2022 (the “MOU”) between Gorman & Company, LLC (“Gorman”) and the Green Bay Housing Authority (“GBHA”). Please note the MOU has been provided as part of your packet today for reference and the paragraphs numbered within this document intentionally correspond to the paragraphs with the MOU for ease of reference.

1. ***Formation of Development Entity***

   A new limited liability company will be formed, GBHA Properties, LLC, to act as the “Development Entity” for the renovation of Mason Manor (152 units) and the scattered sites (48 units) to be collectively referred to as “The Project”. Our proposed tax credit purchaser, Enterprise Housing Credit Investments, LLC (“Enterprise”) will own 99.99% of the Development Entity. The remaining .01% of the Development Entity will be owned by another new LLC we will form called GBHA Properties MM, LLC, which will be referred to herein as the “Managing Member Entity”. This Managing Member Entity will be initially owned by Gorman holding 51% and the GBHA owning 49%. Gorman will own the majority of this Managing Member Entity from construction through Project Stabilization due to the guarantees it will have to provide during this period. Please note that during this period Gorman is specifically excluded from the following actions without unanimous consent : (i) selling any part of the Project; (ii) acquiring more debt; (iii) filing for bankruptcy or (iv) changing design, scope or specifications of the Project.

2. *Gorman & Company/GBHA's Role in the Project*

Gorman will design and construct the Project pursuant to a scope of work, design specifications, a resident relocation plan (within Mason Manor) and a lease up strategy we all agree upon. After the Project is complete and all substantive HUD, WHEDA and Investor requirements for the Project have been met, Gorman will exit the Managing Member Entity upon "Project Stabilization" (defined as the Project being complete and achieving the required Debt Service Ratio, typically a 1.15, for three consecutive months. This exit will occur by Gorman assigning its 51% membership interest in the Managing Member Entity to GBHA so that GBHA will be the 100% owner of the Managing Member Entity. Prior to Project Stabilization, GBHA will act as a co-manager and co-developer of the Project with Gorman. After Project Stabilization Gorman will exit the Project and GBHA will be the sole Manager of the Project. GBHA will manage the Project in its ordinary course for 15 years from the date the Project is completed or called "Placed in Service". At the end of the 15th year the Development Entity Operating Agreement will allow GBHA to acquire the 99.99% from Enterprise within the Development Entity for one dollar (assuming all of the outstanding debt) and own the Project 100%. At this point GBHA can cancel or retain (at its sole discretion) any ground lease or promissory note it holds on the Project.

3. *Site Control*

Mason Manor is currently owned by the GBHA. GBHA will ground lease the land under Mason Manor to the Development Entity for 75 years for $1. GBHA will convey the improvements on top of this leased land (i.e. the Mason Manor building, etc.) to the Development Entity for a purchase price of $9,100,000.

The scattered sites are currently owned by GBHA Properties 1, Inc. (referred to herein as "Properties 1"). Properties 1 will ground lease the land under the scattered sites to the Development Entity for 75 years for $1. Properties 1 will convey the improvements associated with the scattered sites (i.e. the homes, etc.) to the Development Entity for $5,700,000.
Please note these values were determined by a Novogradac appraisal dated April 8, 2022.

4. ***Project Sources – Final Documents To Be Drafted For GBHA Review and Approval***

The sources of the Project will be as follows:

- WHEDA First Mortgage (35 term/35 amort.) $5,130,578
  Please refer to the attached draft WHEDA Conditional Commitment dated May 25, 2023

- Enterprise Equity from sale of tax credits $24,840,666
  Please refer to the draft Enterprise Letter of Intent dated May 31, 2023 showing the terms by which Enterprise agrees to purchase the following tax credits: Federal LIHTC, Federal HTC and State HTC

- GBHA Seller Note for Mason Manor (3.72% interest long term AFR)-
  40-year term/0% interest-no payments due $5,975,000

- Properties 1 Seller Note for Scattered Sites (3.72% interest)
  40-year term/0% interest-no payments due $3,825,000

- GBHA Subordinate Debt (from proceeds received at closing for sale of Mason Manor) at 3.72% interest
  40-year term/0% interest-no payments due $3,125,000

- Properties 1 Subordinate Debt (from proceeds received at closing for sale of scattered sites) at 3.72% interest
  40-year term/0% interest-no payments due $1,875,000

- GBHA CFP Funds Promissory Note (3.72% interest)
  40-year term/0% interest-no payments due $1,769,916

- GBHA Reserves Promissory Note (3.72% interest)
  40-year term/0% interest-no payments due $500,000

- Deferred Developer Fee (5% interest)
  15-year payout $3,000,000

TOTAL **$50,041,160**

- GBHA Loan from Unrestricted Funds to the Project as Additional Operating Deficit Reserve Funds (3.72% interest)
  No more than 15-year term $__________

5. Project Guarantees

Gorman will provide the following Guarantees from closing to Project Stabilization:

- Completion Guaranty – this guaranty will state that we promise to complete the scope, design and specifications that we agreed to with WHEDA and Enterprise
- Construction Finance Guaranty – this guaranty will state that we promise to pay back the WHEDA construction note
- Compliance Guaranty – this guaranty will state we will comply with all HUD and WHEDA regulations as well as other City, State and Federal laws, rules and regulations
- Operating Deficit – we have to make sure enough funds are available to operate the Project during this period as a co-manager
- Tax Credit Delivery – we have to promise to deliver the tax credits we sold to Enterprise in a timely manner
- Any other guarantees provided by Enterprise

GBHA will provide the following Guarantees from Closing to Project Stabilization:

- Environmental – guaranteeing unknown that results in more cost

GBHA will provide the following Guarantees after Project Stabilization:

- Operating Deficit – GBHA will have to make sure enough funds are available to manage the Project post stabilization for the next five years
- Tax Credit Delivery – GBHA will have to operate the Project post stabilization in its ordinary course to make sure tax credits are delivered each year during the 10 year tax credit delivery period
- Environmental – guaranteeing unknown that results in more cost

We are still negotiating with Enterprise to eliminate the liquidity and net worth requirement for GBHA at stabilization.

6. ***Developer Fee Projected*** **-** Total Developer Fee is ~ $6,000,000

- Gorman will receive 50% of this fee by Project Stabilization which is referred to as "Realized Fee"
- GBHA will receive 50% of this fee Post Project Stabilization through cash flow which is referred to as "Deferred Fee". The amount and extent of Deferred Fee is important because it allows the GBHA to capture 100% of the cash flow of the project despite the fact they only have a .01% partnership interest.

7. ***Gorman's role in the Project from Closing to Project Stabilization***

- General Contractor
- Architect
- Co-Manager
- Relocation Consultant

- Compliance Manager

GBHA's role in the Project from Closing to Project Stabilization

- Co-Manager

GBHA's role in the Project from Project Stabilization

- Manager
- Compliance Manager (Can outsource this)

8. See above

9. Predevelopment Expenses

Currently the predevelopment expenses total $216,542.37 to date and these expenses have been incurred by Gorman to date with the assistance of a predevelopment loan from Impact 7. An itemized list of these predevelopment expenses are attached. We anticipate another $100,000 of legal expense to close this transaction and another $100,000 of scattered site survey expense prior to closing. That will total approximately $416,000 of predevelopment expenses.

10. Schedule of the Project

• Financing Plan Submitted to HUD	June 2023
• Closing	October 2023
• Start Construction	October 2023
• Construction Completion	March 2025
• Project Stabilization	October 2025

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Project Name: GBHA Repositioning
Project Number: 3063
Loan Number: 111654
Location: Green Bay, WI (Brown County)

Sent Via Email: tmatkom@gormausa.com

May 25, 2023

Mr. Ted Matkom
Gorman & Company
200 N. Main Street
Oregon, WI 53575

RE: Conditional Commitment to Issue Tax-Exempt Bonds in the amount of $24,205,942

Dear Mr. Matkom:
Wisconsin Housing and Economic Development Authority ("WHEDA") has reviewed the materials submitted by Green Bay Housing Authority Properties, LLC ("Borrower") in connection with its request that WHEDA issue long-term tax-exempt bonds in the amount of **$5,130,578** and short-term tax-exempt bonds in the amount of **$19,075,464** or such other amount as the parties may mutually agree upon in writing (the "Bonds") to finance the development of a multifamily housing project known as **GBHA Repositioning**, to be located at **Multiple Addresses (scattered site), Green Bay, WI** (the "Project"), all as described in more detail in the materials.

The proceeds from the Bonds are to be loaned to Borrower (the "Loan"), and, subject to limitations on the use of Bond proceeds, the Loan may be used to finance the purchase of land, buildings, furnishings, and equipment, constructing improvements, making rehabilitation expenditures, funding of initial marketing expenses, rehabilitation costs, construction costs, bonding costs, and initial operating deficits of the Project. We anticipate the rental revenue generated from the Project will be used to make debt service payment on the Bonds.

Based upon the information provided, WHEDA is willing to issue such Bonds and make such Loan, subject to the terms and conditions described in this letter (the "Conditional Commitment"). The current indicative interest rates as of 05/26/2023 are 6.60% and 6.00% for the long-term tax-exempt bonds and the short-term tax-exempt bonds, respectively. The long-term tax-exempt bonds will be fully amortized over 35 years once the loan has been converted to permanent financing. A 24 month construction period is expected based on the application provided.

<u>WHEDA's willingness to issue the Bonds and make the Loan is expressly conditioned upon the following:</u>

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- Borrower and WHEDA agreeing to the structure of the Bonds

- WHEDA having sufficient private activity volume cap to issue the Bonds, as determined in WHEDA's sole discretion and taking into consideration other uses for such volume cap.

- Borrower agreeing to pay and paying either: (a) all issuance costs associated with the Bonds as well as WHEDA's issuance fee and other fees if the Bonds are issued as a stand-alone issuance, or (b) all Loan fees and other expenses associated with the Loan if WHEDA elects to issue the Bonds as part of a lager issuance of bonds, all as approved by WHEDA's Members Loan Committee.

- WHEDA timely receiving all required due diligence materials as requested from time-to-time in order to underwrite the Project.

- Borrower providing a market study, and other reports and documentation requested by WHEDA, each in form and content acceptable to WHEDA.

- WHEDA determining, in its sole discretion, that that the Project is financially feasible, based upon the terms of the Loan, the market demand for the rental units, and any other factors considered by WHEDA.

- The Bonds and Loan being structured in a manner satisfactory to WHEDA and so as not to violate any applicable legal orother requirement.

- WHEDA determining, in its sole discretion, that its underwriting of the Project meets WHEDA's internal requirements.

- Borrower entering into WHEDA's loan documents in form and substance acceptable to WHEDA.

- The Bonds, the use of proceeds, and all other aspects of the transaction complying in all respects with all applicable provisions of the Internal Revenue Code, regulations, revenue rulings, revenue procedures, notices, and announcements.

- Between the date of this letter and the date of the issuance of the Bonds, there existing no material adverse change in: the financial feasibility of the Project; the capital financial structure of the Project financed by the proceeds of the Bonds; or the state, national, or international financial, banking, bond, or credit industries.

- All information and materials submitted or otherwise provided to WHEDA in connection withthe Bonds and the Loan being acceptable to WHEDA, and not being materially

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inaccurate or incomplete either as of the date of the submission or as of the date of the issuance of the Bonds.

- Once the structuring and other details related to the Bonds and the Loan are determined, WHEDA obtaining all necessary internal approvals and resolutions to issue the Bonds and make the Loan, including, but not limited to, the approval of its Members Loan Committee to issue the Bonds and make the Loan, as determined in its sole discretion, and the adoption of the requisite series resolutions to issue the Bonds by WHEDA's Board or Members Loan Committee as applicable.

- Borrower and WHEDA entering into a mutually agreeable amendment to this Conditional Commitment or a superseding commitment, setting forth the structure of the Loan and the Bonds in more detail, and incorporating various other closing conditions and general requirements, all in form and substance acceptable to WHEDA, on or before 12/31/2023.

WHEDA agrees that the Bonds will be initially sold through public sale. WHEDA reserves the unilateral right to issue the Bonds as part of a larger bond issuance, the proceeds of which to be used to finance the Loan to the Project and other loans to other projects.

This Conditional Commitment sets forth the entire agreement between Borrower and WHEDA and supersedes any and all agreements, understandings, statements or representatives, whether oral or written, of WHEDA or anyone acting on behalf of WHEDA. Any modification or waiver of any provision of this Conditional Commitment must be in writing and be signed by Borrower and WHEDA. To the extent the terms and conditions of this Conditional Commitment are not contradicted by the terms and conditions of documents later executed and delivered, the terms and conditions hereof shall survive the execution and delivery of such later documents. If there is any conflict between the Conditional Commitment and the ultimate Bond and Loan documents, the terms of the Bond and Loan documents shall prevail.

BORROWER (AND ANYONE ACTING ON BEHALF OF BORROWER) AND WHEDA EACH COVENANTS AND AGREES NOT TO ELECT A TRIAL BY JURY WITH RESPECT TO ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT, OR OTHERWISE, ARISING OUT OF, IN CONNECTION WITH, RELATED TO, OR INCIDENTAL TO THIS CONDITIONAL COMMITMENT, TRANSACTIONS CONTEMPLATED THEREBY AND RELATIONSHIPS ESTABLISHED IN CONNECTION THEREWITH. THIS WAIVER IS SEPARATELY GIVEN BY EACH PARTY KNOWINGLY AND VOLUNTARILY WITH THE BENEFIT OF LEGAL COUNSEL (OR THE OPPORTUNITY TO CONSULT LEGAL COUNSEL, WHICH SUCH PARTY HAS WAIVED). THIS WAIVER SHALL BE DEEMED A MATERIAL INDUCEMENT TO WHEDA TO MAKE, AND BORROWER (AND ANYONE ACTING ON BEHALF OF BORROWER) TO ACCEPT, THIS OFFER.

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If the terms and conditions of this Conditional Commitment are acceptable, please return a copy of the Conditional Commitment signed on behalf of Borrower to Dan Beres at dan.beres@wheda.com

Sincerely,
WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY

By: ________________________________
Shreedhar Ranabhat
Director, Commercial Lending

ACCEPTANCE BY BORROWER:

The undersigned hereby accepts the foregoing offer this ______ day of _____________, 2023 and agrees to be fully bound by the terms and conditions hereof.

By: ________________________________

By: ______________________________

Name: ___________________________

Title: ____________________________

May 31, 2023

Mr. Brian Swanton
President & CEO
Gorman & Company, LLC
200 N. Main Street
Oregon, WI 53575

Ms. Cheryl Renier-Wigg
Executive Director
Green Bay Housing Authority
100 North Jefferson Street
Green Bay, WI 54301

Dear Mr. Swanton and Ms. Renier-Wigg:

Thank you for considering our proposal! This letter outlines the terms and conditions under which Enterprise Housing Credit Investments ("Enterprise") as representative for one or more equity funds will make an equity investment in Mason Manor and Scattered Sites (the "Project") located in Green Bay, Wisconsin.

A. <u>The Project</u>

- Involves the new construction and/or acquisition and rehabilitation of 200 rental units in 42 buildings, 100% of which will be leased to LIHTC-eligible households
- Is projected to qualify for:
    - $2,022,319 of annual Federal Low-Income Housing Tax Credits (the "Federal Housing Credit"), based on the following tax credit percentages, which will be locked as of closing: 4% for acquisition and 4% for construction
    - $5,337,178of Federal Historic Tax Credits (the "Federal HTC")
    - $3,500,000 of State Historic Tax Credits (the "State HTC")

B. <u>Project Ownership, Fees, Cash Flow and Capital Proceeds Allocations</u>

- Sponsored by Green Bay Housing Authority (the "Sponsor")
- At closing through Stabilization, the general partner will be a non-profit subsidiary of the Sponsor (the "General Partner"), which will be a single purpose entity with a 0.0049% interest in the partnership and a for-profit subsidiary of Gorman & Company, LLC which will be a single purpose entity with a 0.0051% interest in the partnership. Per the requirements in section G below, Gorman & Company will exit the ownership structure on the date on which the Limited Partner makes its third equity contribution and receipt of IRS Form(s) 8609. Thereafter, the general partner

*If there is a discrepancy between any figures shown in this letter, compared to the projections shared by Enterprise, please defer to the projections.

will be a non-profit subsidiary of the Sponsor (the “General Partner”), which will be a single purpose entity with a 0.01% interest in the partnership. While the LOI refers to an LP structure for the partnership, the Sponsor may subsequently propose to use an LLP or LLC structure.

- The Enterprise equity fund will be the limited partner (the "Limited Partner") with a 99.99% interest in the partnership
- Development Fee – the development fee in the amount of $6,000,000, or such other amount approved by WHEDA, will be payable as follows:
    - $2,895,313is projected to be paid out of equity as detailed in Section C below
    - The remainder is deferred and paid from cash flow at the interest rate shown in the projections.
- Investor Services Fee - the Limited Partner will receive an investor services fee of $10,000 inflating 3% per year paid in accordance with Section E. Unpaid investor services fee will accrue without interest and be paid as a priority from subsequent cash flow or proceeds from refinancing or sale
- Partnership Administration Fee - the General Partner will receive a partnership administration fee of $9,608, inflating at 3% per year paid in accordance with Section E. Unpaid partnership administration fee will accrue without interest to be paid from subsequent cash flow or proceeds from refinancing or sale

Ownership Assumptions	Inv. Mem.	For Profit MM/AM	Non Profit MM/AM
Percentage Ownership Interest	99.990%	0.0000%	0.01%
Share of CF After GIA	99.990%	0.0000%	0.01%
Share of Capital Proceeds at Sale	99.990%	0.00%	0.01%
Investor Income Tax Rate:	21.00%	Notes:	
GIA - (Priority Cash Distribution to GP)		0.000%	0.00%

C. Pricing of Credits and Schedule of Capital Contribution Payments

The Limited Partner proposes making an investment of $24,840,666 based upon:

- $0.87 per dollar of Federal Housing Credit (“Federal Housing Credit Price”)
- $0.82 per dollar of Federal HTC (“Federal HTC Price”)
- $0.82 per dollar of State HTC (“State HTC Price”)

We assume the Limited Partner will be admitted to the partnership on October 1, 2023. If prior to closing there are material changes in the underwriting or timing assumptions or Enterprise’s cost or availability of capital, the Limited Partner may adjust the investment. Capital contributions (“Payments”), as scheduled in the projections, will be due upon the satisfaction of conditions and delivery of the items outlined below, to the extent not provided at closing, with approval by the Limited Partner. All Payments are contingent upon satisfaction of the conditions of prior Payments, and receipt of reporting items (see Section I below) and representations and warranties to insure the Project's viability. Additional conditions may be imposed during underwriting and will be reflected in the final partnership agreement (the “Partnership Agreement”).

<u>First Payment: Admission $2,484,067 (10%)</u>

Up to the amount projected but limited to the amount needed to cover immediate costs.

$724,000 of Development Fee (25% of paid fee) will be paid as part of this Payment.

<u>Second Payment: Completion $17,388,4665 (70%)</u>

$724,000 of Development Fee (25% of paid fee) will be paid as part of this Payment.

On the latest to occur of April 1, 2025 and:

- Temporary certificates of occupancy for 100% of the units (for renovation projects, all applicable building department signoff on permits or recorded notice of completion or other such confirmation that the local government approves of the completed work may be acceptable in lieu of certificates of occupancy)
- Construction completion which requires that the Limited Partner and its consultant accept the architect certification that construction is complete in accordance with the relevant project documents, excepting punch list items that do not impede occupancy on a full rent paying basis provided that funds are escrowed or retained by construction lender to complete them
- Radon testing for each building and evidence of mitigation, if required
- Lead free inspection certificate (for buildings built before 1978) or acceptable Operations and Maintenance Plan.
- The Part 3 application submitted to the National Park Service
- Title report evidencing there are no recorded mechanics liens that have not been released or bonded against
- Partial lien release and current AIA forms G702 and G703
- Draft as-built plans approved by the architect
- Draft General Partner or accountant prepared cost certification documenting the Project's eligible basis, balanced sources and uses, calculation of annual credit and evidence of the 50% test.
- Current source and use schedule for the Project confirming sufficient funds <u>will</u> be available to achieve loan conversion ("Loan Conversion") which consists of:
    - Conversion of all loans to permanent status
    - Closing and funding of all permanent loans in accordance with the terms shown on the Projections
    - Repayment of all construction loans
    - Approval of all loan documents
- Required insurance
- Operating or rental subsidy agreements

<u>Third Payment: Conversion/Stabilization $4,678,133 (18.44%)</u>

$1,157,313 of Development Fee (40% of paid fee) will be paid as part of this Payment.

On the latest to occur of October 1, 2025 and:

- Permanent certificates of occupancy for 100% of the units (for renovation projects, all applicable building department signoff on permits or recorded notice of completion or other such confirmation that the local government approves of the completed work may be acceptable in lieu of certificates of occupancy)
- Final mechanic's lien release and final AIA forms G702 and G703
- Part 3 Approval from the National Park Service
- Recorded extended use agreement. When the state process precludes recording the extended use agreement prior to the end of the first credit year, Enterprise may defer this requirement
- Final accountant certified cost certification documenting the Project's eligible basis, balanced sources and uses, calculation of annual credit and evidence of the 50% test.
- 98% documented tax credit qualified occupancy
- Credit projection
- Stabilization Date, which is the date that is the later of:
    - i. Construction completion
    - ii. The date the Project has satisfied the required debt service coverage ratio (the "Coverage Ratio") of 1.15 for a period of three (3) consecutive calendar months evidenced as a single time period, with revenues calculated on a cash basis and expenses on an accrual basis. Rental and operating subsidy payments receivable may be included in rental income (up to the projected subsidy income) provided such amounts are not more than sixty (60) days in arrears. Revenue shall not include non-recurring revenue nor tenant-based voucher income exceeding maximum Federal Housing Credit rents. Throughout this period, the underwritten physical occupancy of the residential units is achieved and revenue equals or exceeds projected effective gross income. Project expenses (including required reserve funding) will be actuals for insurance and for all other expenses, the greater of:
        1. actual expenses; OR
        2. the lesser of
            - A. the expenses shown on the projections
            - B. the current approved budget

      Note that the Coverage Ratio may be adjusted upward during underwriting to maintain appropriate minimum Coverage Ratio during the initial compliance period.
- Loan Conversion, which may be simultaneous with equity funding per this Payment

<u>Fourth Payment: 8609 $290,000 (1.56%)</u>

$290,000 of Development Fee (10% of paid fee) will be paid as part of this Payment.

On the latest to occur of April 1, 2026 and:

- Receipt of IRS Form(s) 8609
- Tax return for the first Federal Housing Credit year

D. <u>Adjusters</u>

The maximum aggregate upward adjuster is 10% of the projected total capital contribution and payment thereof shall not be subject to any conditions other than as may be set forth below. The calculation of the adjuster will be subject to the Limited Partner's approval and include no negative tax implications to the Limited Partner. If the unpaid Payments are less than any downward adjustment, the General Partner will make a cash contribution or loan in the amount of the deficiency on an after-tax basis to be distributed to the Limited Partner. The specific adjustments follow:

1. <u>Total Credit Adjuster:</u>

If there is a reduction of total credits of any type at any time, as compared to projections, then the next Payment will be reduced. The amount of the downward adjuster will be the respective credit price multiplied by the reduction of the relevant credits.

If there is an increase of total credits of any type, as compared to projections then the aggregate capital contribution will be increased as of the Payment for which 8609s are received. The amount of the upward adjuster will be the respective credit price multiplied by the increase of the relevant credits.

2. <u>Timing Adjuster:</u>

If there is a reduction in equity according to the following paragraphs, it will be implemented as of the Payment dependent upon the Stabilization Date. Any additional equity funded under this section D.2 will be payable as part of the Payment requiring receipt of the relevant tax return showing the faster delivery, by year. If the Project delivers fewer Federal Housing Credits than shown in the following schedule, total capital contribution will be reduced by $0.59 per dollar of credit differential, and if the Project delivers more Federal Housing Credits than shown in the following schedule, total capital contributions will be increased by $0.49 per dollar of credit differential:

2024	**2025**
$455,022	$1,981,874

If the increase in first year Federal Housing Credits results in any loss of Federal Housing Credits due to the 2/3 rule, the increase will be reduced by both the permanent loss of Federal Housing Credits and present value of the rescheduled credit delivery.

If the project delivers Federal HTC starting in the year subsequent to the projected placed-in-service year, the total capital contribution for the Federal HTC will be decreased by $0.36 per dollar of credit for such year. If the project delivers Federal HTC in the year prior to the projected placed-in-service year, the total capital contribution for the Federal HTC will be increased by $0.30 per dollar of credit for such year.

If the project delivers State HTC in the year subsequent to the projected placed-in-service year, the total capital contribution for State the HTC will be decreased by $0.41 per dollar of credit for such year. If the project delivers State HTC in the year prior to the projected placed-in-service year, the total capital contribution for the State HTC will be increased by $0.41 per dollar of credit for such year.

3. <u>Recapture Adjuster</u>

If the actual Federal Housing Credits allocated to the Limited Partner on the federal tax return are less than projected (after adjustments per D.1 and D.2 above), or there is recapture of Federal Housing Credits, then the Limited Partner's capital will be reduced by $1.00 for every dollar reduction in the amount of Federal Housing Credits plus any interest and penalties imposed by the IRS.

If it is determined that a recapture adjuster will be applicable in subsequent years, the full adjuster for the future years will be made at the time of the initial determination. If the unpaid capital contributions are less than this adjustment, the General Partner will make a cash contribution in the amount of the deficiency on an after-tax basis. This contribution will be distributed to the Limited Partner. However, this cash contribution will be limited to the capitalized Development fee. If the adjuster exceeds the capitalized Development fee, the difference will be distributed to the Limited Partner as a priority from available cash flow and/or proceeds upon refinance or sale.

4. <u>Depreciation Adjuster</u>

Failure to make various General Partner or Sponsor tax and Project depreciation elections as called for in the projections and the Partnership Agreement will result in a reduction in capital contributions to reflect the reduction in benefits to the Limited Partner. If unpaid capital contributions are less than such adjustment, the General Partner will be required to make a cash contribution up to the amount of such reduction in tax benefits on an after-tax basis. This contribution will be distributed to the Limited Partner.

5. <u>Excluded Credit Adjustment Amount</u>

There will be no adjuster for any reduction or recapture of credits if such reduction or recapture is due solely to (i) an act or omission attributable to gross negligence or intentional misconduct of the Limited Partner in violation of the Partnership Agreement; (ii) the transfer by the Limited Partner of all or a portion of its interest in the Partnership; or (iii) any change in the Code or change in Treasury Regulations (except as related to the Average Income minimum set-aside election) that occurs after the effective date of the Partnership Agreement , with which the General Partner is unable to comply despite the exercise of good faith and reasonable efforts.

E. <u>Application of Cash Flow and Refinance or Sale Proceeds</u>

1. <u>Cash Flow</u>

Cash remaining after funding operating expenses, reserve deposits, and required debt service will be applied according to the following priorities:

a) to the Limited Partner for:
   i. unpaid credit deficiency

    ii. taxes owed on taxable income allocated to the Limited Partner
    iii. unpaid Investor Services Fees

b) to replenish the operating reserve to required level
c) to the property manager for the cash flow portion of property management fee (if related manager)
d) to the developer to pay off remaining deferred Development Fee
e) to the General Partner
    i. to reimburse operating deficit contributions
    ii. for Partnership Administration Fee (if applicable)
    iii. to reimburse development advances, at the Limited Partner's sole discretion after tax analysis
f) Contingent loan payments with limits for each loan scheduled in the projections and in accordance with the loan documents
g) A percentage to the General Partner accompanied by a special allocation of income of such amount and the remainder to the Limited Partner per Section B above

2. Capital (Refinance or Sale) Proceeds

The proceeds of a refinance or sale of the Partnership's property, net of paying off outstanding debt, will be distributed according to the following priorities:

a) to the Limited Partner for
    i. unpaid credit deficiency
    ii. taxes owed resulting from the sale or refinancing
    iii. unpaid Investor Services Fees
b) to the developer for unpaid Development Fee
c) to the General Partner
    i. to reimburse operating deficit contributions and credit adjuster advances
    ii. for Partnership Administration Fee (if applicable)
    iii. to reimburse development advances, at the Limited Partner's sole discretion after tax analysis
d) Distributions to the General Partner and the remainder to the Limited Partner in accordance with Section B of this agreement.

F. **Disposition of the Limited Partner's Interest**

The Limited Partner will have an absolute right to withdraw from the Partnership after the credit period. Beginning after the credit period the Limited Partner may require the General Partner or its designee to purchase the Limited Partner's entire interest in the Partnership for one hundred dollars ($100.00) and to provide adequate protection against the possibility of tax credit recapture through the end of the compliance period.

The General Partner will have the following purchase options which will terminate twelve months after each respective trigger date:

1. Purchase of the Limited Partner's Interest

The General Partner will have the option to purchase the Limited Partner's interest at the end of the initial compliance period for a price ("Buyout Price") equal to the greater of (a) the appraised value of the Limited Partner's interest subject to all applicable use restrictions, or (b) any taxes payable by the Limited Partner attributable to the sale of its interest in excess of projections.

2. Purchase of the Project

   After the initial compliance period, the General Partner will have the option to purchase the Project for a price equal to the greater of (a) the as-is appraised value of the Project subject to all applicable use restrictions, or (b) (i) the total amount of debt on the Project, plus (ii) any taxes payable by the Limited Partner due to the sale, in excess of projections.

3. Right of First Refusal

   The Sponsor, or another qualified 501(c)(3) corporation approved by Enterprise, will have a right of first refusal to purchase the real estate of the Partnership for a price equal to the sum of: (i) taxes payable by the Limited Partner due to the sale, and (ii) outstanding debt secured by the real estate. If the Code changes to allow a right of first refusal to purchase the Limited Partner's interest, the right of first refusal will be automatically amended to permit a right of first refusal to purchase of the Limited Partner's interest at the Section 42(i)(7) price. Further, if the Code changes to allow an option to purchase the Limited Partner's interest and/or the project at the 42(i)(7) price, the right of first refusal will be automatically amended to provide an option to purchase the Limited Partner's interest and/or the project at the 42(i)(7) price.

G. General Partner Obligations

All obligations of the General Partner, including but not limited to the following, will be guaranteed by Green Bay Housing Authority (the "Guarantor") and Gorman & Company, LLC, jointly and severally. Gorman & Company, LLC's guarantee obligations will end once the requirements under G.1.b below are met, 8609s are received/approved and Green Bay Housing Authority meets a $1 million/$3 million liquidity/net worth benchmark. Thereafter, Green Bay Housing Authority shall be held to a $1 million/$3 million liquidity/net worth covenant until the requirements under G.1.c below are met, and then $500K/$3 million for the remainder of the Partnership term. The General Partner and Guarantor must demonstrate to Enterprise, in its sole and absolute discretion, their ability to provide meaningful guarantees.

1. Guarantees

   a) Achieve lien-free construction completion, cover all development advances necessary for the completion of the Project, and convert to permanent financing at the amounts and terms shown in the projections. Advances under this guarantee may be structured as non-interest bearing, cash-flow contingent loans, provided there are no adverse effects on the allocation of credits to the Limited Partner. If advances under this guarantee are necessary, the Sponsor may choose to defer fee up to 50% of the total fee (as long as the fee can be shown to be paid back from project cash flow and it does not cause 704(b) tax issues).

   b) Advance funds needed to cover operating deficits until the later of the Stabilization Date or Loan Conversion.

c) After the later of the Stabilization Date or Loan Conversion, the Guarantor must demonstrate the ability to advance funds needed to cover operating deficits up to 6 months of operating expenses, reserve contributions, and debt service currently scheduled to be $836,000. The duration of this guarantee is at least 5 consecutive audited years (including the calendar year of Stabilization or Loan Conversion) following the later of Loan Conversion or Stabilization Date. This guarantee will continue until such time as:

   i. the operating reserve is funded as per Projections
   ii. the Project has achieved the Coverage Ratio for the final 2 consecutive years of the guarantee period. This ratio may be adjusted during underwriting to maintain a minimum Coverage Ratio during the initial compliance period
   iii. the project-based rental or operating subsidy and/or service subsidy is in full force and effect per the projections.

d) Contribute capital to fund:

   i. adjusters as described in Section D above;
   ii. reserve accounts not funded due to capital contribution adjustments; and
   iii. unpaid Development Fee at the end of the compliance period.

e) Repurchase the Limited Partner's interest if:

   (A) At any time before the Project has operated at Break-even for a period of three (3) consecutive calendar months, any loan is in default, after the expiration of any applicable notice and cure period, or an action is commenced and successfully executed to foreclose, abandon, or permanently enjoin the construction of the Project;

OR

   (B) If the Partnership fails to:
   i. Qualify for Federal Housing Credits for failing the 50% test as required in Code Section 42(h)(4)
   ii. receive Part 3 approvals for the Federal HTC and State HTC from the National Park Service with respect to all of the buildings comprising the Partnership Property by the deadline for receipt of the tax return for the tax year in which the project is placed in service
   iii. Achieve the minimum set-aside test for the Project
   iv. Achieve at least 75% of the projected Federal Housing Credit
   v. Operate at break-even for 3 consecutive months within 18 months of the completion date
   vi. Achieve Loan Conversion
   vii. Maintain any loan commitment which is not replaced by a comparable commitment acceptable to the Limited Partner
   viii. Receive 8609s by September 1 of the second year after the first year of the credit period for the last building placed in service.

OR

(C) Upon an Event of Bankruptcy with respect to the General Partner or the Guarantor prior to the completion date.

The repurchase price will be 100% of capital contributions made to date plus interest at the Prime Rate plus 2%, plus the costs and expenses incurred (including reasonable attorneys' fees incurred to enforce these provisions), less the credits allocated to the Limited Partner not subject to recapture, less cash distributed to the Limited Partner.

f) Indemnify the Partnership and the Limited Partner for any income tax liability on an after-tax basis or costs to remove liens realized by the Partnership or the Limited Partner in any taxable year attributable to any taxable grant not approved by the Limited Partner or to any deemed sale of state credits. This indemnification is a recourse obligation of the General Partner and shall survive the dissolution of the Partnership and/or the insolvency, bankruptcy, removal, or withdrawal of the General Partner.

g) Indemnify and hold harmless the Partnership and the Limited Partner from any loss incurred due to the General Partner's gross negligence, fraud, willful misconduct, malfeasance, material breach of any representation, warranty, covenant, or agreement, or environmental violations. This indemnification is a recourse obligation of the General Partner and shall survive the dissolution of the Partnership and/or the insolvency, bankruptcy, removal, or withdrawal of the General Partner.

2. <u>Reserve Requirements</u>

a) The operating reserve (the "Operating Reserve") will be funded in the total amount of at least 6 months of operating expenses, reserve contributions, and debt service plus the amount necessary to maintain the Coverage Ratio through the compliance period, and is currently scheduled to be $836,180. After the Project has achieved the Stabilization Date and Loan Conversion, the General Partner will be permitted to use the Operating Reserve prior to making operating deficit contributions to the extent the Operating Reserve has been funded as of the date of the deficit.

Upon termination and winding up of the Partnership, subject to the provisions of the Partnership Agreement, the balance in the Operating Reserve shall be used to pay any tax (including exit and transfer taxes) imposed on the Partnership, the Limited Partner and its partners as a result of the sale of the Partnership Property and winding up of the Partnership or for other uses approved by the Limited Partner. Paying off Sponsor notes is an eligible use of these funds.

b) The replacement reserve (the "Replacement Reserve") will be funded from operations in the amount of $350 per unit per year, increasing 3% annually. For rehabilitation projects, the physical needs over time analysis may indicate that a higher annual contribution is required.

H. <u>Opinion of Counsel & Syndication Costs</u>

The Limited Partner's attorneys will prepare the Partnership Agreement, review due diligence, and prepare the tax opinion. The Limited Partner will pay its attorney fees.

The Limited Partner will require a satisfactory opinion of Partnership's counsel on certain corporate and other matters including formation of the Partnership, limited liability of the Limited Partner, no conflict between the Partnership Agreement and other binding contracts, no litigation, etc. The General Partner and the Partnership's counsel will prepare all other necessary documents, collect due diligence, legal opinions, and perform other work necessary to complete the transaction.

The Partnership will pay the costs of construction plan review (estimated to be $8,000-$12,000) and construction inspections (estimated to be $2,500-$5,000), as commissioned by the Limited Partner. Enterprise will attempt to engage a third-party review firm in coordination with the selected construction lender for cost savings.

I. <u>Reporting</u>

The Partnership will deliver to the Limited Partner:

a) Construction progress reports
b) monthly lease-up report within 15 days after each month
c) The Partnership will be required to prepare quarterly and annual reports in form and substance satisfactory to investor as set forth in the Partnership Agreement.
d) annual draft audited financial statements and draft tax returns not later than 45 days after the end of each year and final audited financial statements and final tax returns not later than 60 days after the end of each year. The audit and tax return must be prepared by Baker Tilly or another certified public accountant approved by Enterprise. Late delivery of annual audited financial statements or tax returns obligates the General Partner to pay to the Limited Partner the sum of $50 dollars per day for the first 30 days such audit or tax return is late, and $100 per day thereafter

J. <u>Additional Requirements</u>

In addition to the conditions set forth above, any investment by the Limited Partner is contingent upon availability of capital at the time of closing and upon review and approval by Enterprise's Investment Committee, in its sole and absolute discretion, of all of the following:

- Market demand, Rent, and Operating Expenses
- Management Agent and Management Plan
- Phase I Environmental Assessment including radon, lead paint and asbestos reports, as applicable
- Commitments and documents from all other sources of financing
- Legal or other opinions
- Any other items material to the underwriting of the Project
- Enterprise reserves the right to require an approved third party LIHTC compliance consultant
- Partnership Agreement
- Investor approval
- If the project is utilizing 4% tax credits, an award of tax exempt bond authority from the relevant agency, a bond inducement resolution issued, and evidence that the project

qualifies for Federal Housing Credits in the amount of the Federal Housing Credit allocation because 50% or more of the project is financed with tax exempt bonds subject to the volume cap, as provided in Section 42(h)(4)(B) of the Code

Enterprise may waive any of the conditions to closing set forth in this letter. The waiver of any condition does not constitute a waiver of any remaining conditions.

The Sponsor acknowledges that this letter of interest is proprietary and confidential and may not be shared with competing investors or any other developer. Upon execution of this letter, Enterprise will commence its underwriting and due diligence review and will have its outside counsel commence the preparation of the transaction documents. The Sponsor agrees that Enterprise will have an exclusive right to syndicate the credits for this Project which will terminate if the Limited Partner has not been admitted to the Partnership within 90 days after the projected closing date. Enterprise reserves the right to terminate this letter if the Limited Partner has not been admitted to the Partnership within 90 days after the projected closing date. Further, or to the extent there is tax or regulatory reform prior to closing, terms are subject to renegotiation. The Sponsor can terminate this exclusive right to syndicate the credits for this Project if Enterprise does not perform on its obligations under this letter during the underwriting process. The Sponsor will also have no obligation to close the transaction with Enterprise if the terms or pricing set forth in this letter change.

This letter of interest will expire if the counter-signed copy is not received by Enterprise by the 11th day after the date of this letter. Please remit one fully executed copy right away. We look forward to working with you!

Sincerely,
ENTERPRISE HOUSING CREDIT INVESTMENTS

Brian Windley, Vice President

Agreed and accepted:

By:

Title:

By:

Title:

PROJECT ASSUMPTIONS

The terms and conditions are based on the following assumptions, which may be adjusted prior to closing:

1. Market rents as established by the Enterprise market analyst are at least 10% above the scheduled unsubsidized rents and at least equal to the rental subsidy contract rents.
2. Total vacancy loss (physical vacancy plus loss to lease and bad debt) rate of 5%.
3. Annual operating expenses of $6,379 per unit net of Replacement Reserves and Investor Services Fee. Operating expenses will be further analyzed during underwriting and may require adjustments that could affect debt sizing.
4. Other Income will continue to be analyze during underwriting and may be adjusted as necessary.
5. Should the Project not break even, the property management fee paid to parties related to the General Partner or Guarantor will be deferred and collected from cash flow.
6. Enterprise assumes that the rate for the permanent mortgage will be locked at closing using a fixed-rate construction-permanent product or a forward commitment which encompasses the projected construction, leasing, and stabilization period with a cushion. Swaps are not acceptable. Debt service covenants which would put the project into default as long as payments are being made are generally unacceptable.
7. The project will have 200 project-based vouchers under a 15- or 20-year HAP Agreement. In the event the rental or operating or service subsidies are not in full force and effect as per the projections, we assume the property could achieve base year gross rent potential due to adjusted use and rent restrictions. The following adjustments to use and rent restrictions and operating expenses which need to be supported during underwriting follow:
    - The subsidized units adjust to the lesser of the tax credit maximum or 90% of market.
8. The Project contractor will provide a 15% letter of credit or 100% payment and performance bond. Retainage will be 10% through completion unless limited by state law.
9. Construction will begin by October 1, 2023 and will be complete by April 1, 2025. Liquidated damages for delayed delivery will be built into the General Contract according to the following minimum standards:
    - Contracts up to $5MM: $500 per day
    - Contracts over $5MM up to $10MM: $1,000 per day
    - Contracts over $10MM up to $15MM: $1,500 per day
    - Contracts over $15MM up to $20MM: $2,000 per day
    - Contracts over $20MM up to $30MM: $2,500 per day
    - Contracts over $30MM up to $50MM: $3,000 per day

- Contracts over \$50MM up to \$75MM: \$3,500 per day
- Contracts over \$75MM up to \$100MM: \$4,000 per day

10. For projects in Uniform Building Code zones 3 or 4, a seismic survey will be required. Enterprise will not invest in projects with a Scenario Expected Loss ratio (SEL) above 40% post completion. Until such time as the SEL is below 20%, then earthquake insurance sufficient to cover replacement with a deductible of no more than 5% of insured value will be required.

11. Depreciation according to the following base election schedule, but with special allocations as specified in the projections (including depreciating soft costs pro-rata according to the useful lives of the hard costs):

Depreciation Assumptions

Is FP GP a For-Profit Subsidiary of a Non-Profit?	No	
Will a 168 (h) (6) Election be made?	No	
Is there a Commercial Depreciation Override?	No	
Will there be a Building by Building Override?	No	
Will there be Soft Cost Allocation?	Yes	
Depreciable Life of Building	30.0	Years
Depreciable Life of Furniture, Fixtures, Equipment	5	Years
Depreciable Life of Site Work	15	Years
Will there be Bonus Depreciation?	Yes	

12. The financing and tax structure will be approved by our tax attorney.

Project Loan Information:							51.7% DDF				
Important: Enter Loans in Lien Priority at Sale			**LOAN 1**	**LOAN 2**	**LOAN 3**	**LOAN 4**	**LOAN 5**	**LOAN 6**	**LOAN 7**	**LOAN 8**	**LOAN 9**
Lender Name			TBD - Perm Loan				DDF	GBHA Seller Note	GBHA Subordinate Debt	CFP Funds	Ground Lease
Financing Source		DCR/ECR	Bank/Conventiona				Other	Other	Other	Other	
Loan Amount:	Base year:	1.91	4,330,000				3,104,687	9,800,000	5,500,000	1,769,916	1
Interest Rate:	Year 15:	1.000	6.85%				5.00%	3.72%	3.72%	3.72%	3.72%
Mortgage Insurance Premium											
Fixed or Variable			Fixed				Fixed	Fixed	Fixed	Fixed	Fixed
Term (Years):			35				15	38	38	40	75
Amortization			35				15	38	38	40	75
Loan Type			Conventional Must pay				Deferred Develop. Fee	Contingent	Contingent	Contingent	Contingent
Loan Repayment Type			Fully Amortizing				Cash Flow Conting	Cash Flow Conting	Cash Flow Conting	Cash Flow Conting	Cash Flow Conting
Loan First Payment Date:			10/1/2025	10/1/2025	10/1/2025	10/1/2025	10/1/2025	4/2/2025	4/2/2025	10/1/2025	10/1/2025
No. of Months in First Year:			3	3	3	3	3	9	9	3	3
Monthly Payment		Sponsor's must-pay:	27,208	0	0	0	0	0	0	0	0
Annual Payment:		326,502	326,502	0	0	0	0	0	0	0	0
MIP Payment (1st Year):			0	0	0	0	0	0	0	0	0
Non-Recourse Loan?			Non-Recourse	Non-Recourse	Non-Recourse	Non-Recourse	Non-Recourse	Non-Recourse	Non-Recourse	Non-Recourse	Non-Recourse
Related Party Loan?			Non-Related Party	Non-Related Party	Non-Related Party	Non-Related Party	Related Party	Non-Related Party	Non-Related Party	Non-Related Party	Non-Related Party

Report Name:	**Job Cost Activity Report**
Job:	**Mason Manor**
Filter:	**As Of: 12/31/2023**
Attributes:	**Predev Location Groups:Predev - WI**

Cost Code	Cost Code Description	Post Date	Vendor ID/ GL Account	Vendor Name/ GL Description	AP Invoice/ JE No.	Description	Amount Invoiced	Amount Paid	Remainin g to Pay	Retention Held	Unit
Mason Manor											
04-000-00-00	ARCHITECT/DESIGN										
04-110-00-00	Architect - Design										
		09/27/2022	KOR004	Korb and Associates Architects	21011_02_03-01	MASON MANOR - ARCHITECTURE	35,000.00	35,000.00	0.00	0.00	
		05/19/2023	PAT07	Patrello Design Architecture	2023-2-MASON MANOR	MASON MANOR	3,500.00	0.00	3,500.00	0.00	
Total Architect - Design							**38,500.00**	**35,000.00**	**3,500.00**	**0.00**	
04-630-00-00	Engineering										
		04/20/2023	JSD001	JSD Professional Services Inc	23-13031S-1	MASON MANOR	15,000.00	15,000.00	0.00	0.00	
		05/19/2023	MRW001	M R Window Solutions LLC	1217	MASON MANOR	15,000.00	0.00	15,000.00	0.00	
Total Engineering							**30,000.00**	**15,000.00**	**15,000.00**	**0.00**	
Total ARCHITECT/DESIGN							**68,500.00**	**50,000.00**	**18,500.00**	**0.00**	
05-000-00-00	SOFT COSTS										
05-140-00-00	Appraisal										
		02/03/2022	Mar07	Market Consulting Services LLC	2254	MASON MANOR - APPRAISAL	3,250.00	3,250.00	0.00	0.00	
		02/10/2022	Nov01	Novogradac and Company LLC	020922-MASON		5,150.00	5,150.00	0.00	0.00	
		05/01/2022	Nov01	Novogradac and Company LLC	10550513	MASON MANOR - APPRAISAL	5,150.00	5,150.00	0.00	0.00	
Total Appraisal							**13,550.00**	**13,550.00**	**0.00**	**0.00**	
05-160-00-00	PlanReview/Copies/Renderings										
		10/06/2022	BPI001	BPI Color	0596548	MASON MANOR - PRINTING	156.85	156.85	0.00	0.00	
		05/19/2023	BLU11	Blue Print Service Company, Inc.	162219	MASON MANOR	215.98	0.00	215.98	0.00	
		05/19/2023	BLU11	Blue Print Service Company, Inc.	162122	MASON MANOR	125.96	0.00	125.96	0.00	
Total PlanReview/Copies/Renderings							**498.79**	**156.85**	**341.94**	**0.00**	
05-257-00-00	Marketing/Travel										
		09/30/2021	BRA013	Mitch Brady	92921		30.24	30.24	0.00	0.00	
		02/28/2022	BRA013	Mitch Brady	022422-MASONM	MASON MANOR - MILEAGE REIMBURSEMENT	34.52	34.52	0.00	0.00	
		10/19/2022	BRA013	Mitch Brady	101822-MASONM	MASON MANOR - MILEAGE REIMBURSEMENT	36.88	36.88	0.00	0.00	
		01/11/2023	MEE001	Marti Meeks	011023	MASON MANOR - EXPENSE REIMBURSEMENT	217.46	217.46	0.00	0.00	
		01/17/2023	WEH02	Matt Wehrhahn	010923-MM	MASON MANOR - MILEAGE REIMBURSEMENT	194.54	194.54	0.00	0.00	
		04/05/2023	MAR054	Katlyn Martinson	032323-MM	MASON MANOR	182.09	182.09	0.00	0.00	
Total Marketing/Travel							**695.73**	**695.73**	**0.00**	**0.00**	
05-610-00-00	Accounting/Modeling										
		03/07/2022	BAK02	Baker Tilly US LLP	BT2017600	MASON MANOR - ACCOUNTING	6,500.00	6,500.00	0.00	0.00	
Total Accounting/Modeling							**6,500.00**	**6,500.00**	**0.00**	**0.00**	
05-620-00-00	Legal Fees										
		12/30/2021	REI02	Reinhart Boerner Van Deuren SC	13027989	MASON MANOR - LEGAL	1,365.00	1,365.00	0.00	0.00	
		12/30/2021	REI02	Reinhart Boerner Van Deuren SC	13025373	MASON MANOR - LEGAL	520.00	520.00	0.00	0.00	
		02/28/2022	REI02	Reinhart Boerner Van Deuren SC	13031633	MASON MANOR - LEGAL	91.00	91.00	0.00	0.00	
		02/28/2022	REI02	Reinhart Boerner Van Deuren SC	13037337	MASON MANOR - LEGAL	195.00	195.00	0.00	0.00	
		04/30/2022	REI02	Reinhart Boerner Van Deuren SC	13040506	MASON MANOR - LEGAL	845.00	845.00	0.00	0.00	
		05/01/2022	REI02	Reinhart Boerner Van Deuren SC	13042962	MASON MANOR - LEGAL	546.00	546.00	0.00	0.00	
		06/24/2022	REI02	Reinhart Boerner Van Deuren SC	13047576		156.00	156.00	0.00	0.00	
		11/29/2022	REI02	Reinhart Boerner Van Deuren SC	13058967	MASON MANOR - LEGAL	486.50	486.50	0.00	0.00	
		12/28/2022	REI02	Reinhart Boerner Van Deuren SC	13062211	MASON MANOR - LEGAL	764.50	764.50	0.00	0.00	
		02/21/2023	REI02	Reinhart Boerner Van Deuren SC	13068159	MASON MANOR - LEGAL	1,164.50	1,164.50	0.00	0.00	
		02/24/2023	REI02	Reinhart Boerner Van Deuren SC	13071103	MASON MANOR - LEGAL	884.50	884.50	0.00	0.00	
		04/12/2023	REI02	Reinhart Boerner Van Deuren SC	13074095	MASON MANOR - LEGAL	1,440.00	1,440.00	0.00	0.00	
		05/19/2023	REI02	Reinhart Boerner Van Deuren SC	13077402	MASON MANOR - LEGAL	2,887.50	0.00	2,887.50	0.00	
		05/19/2023	REI02	Reinhart Boerner Van Deuren SC	13079868	MASON MANOR - LEGAL	1,207.50	0.00	1,207.50	0.00	
Total Legal Fees							**12,553.00**	**8,458.00**	**4,095.00**	**0.00**	
05-690-00-00	Historic Consultant										
		11/29/2022	HER10	HERITAGE CONSULTING GROUP	101722-MM	MASON MANOR - HISTORIC RETAINER	4,500.00	4,500.00	0.00	0.00	
		12/30/2022	HER10	HERITAGE CONSULTING GROUP	32608	MASON MANOR - HISTORIC RETAINER	4,164.39	4,164.39	0.00	0.00	
		04/17/2023	NPS01	NPS Historic Tax Incentive	041723	MASON MANOR	3,250.00	3,250.00	0.00	0.00	
		04/24/2023	HER10	HERITAGE CONSULTING GROUP	33411	MASON MANOR	9,328.20	0.00	9,328.20	0.00	
Total Historic Consultant							**21,242.59**	**11,914.39**	**9,328.20**	**0.00**	
05-715-00-00	Tax Credit Fees										
		11/29/2022	WHE01	WHEDA	112922-MM	MASON MANOR - 4% LIHTC APP FEE	2,500.00	2,500.00	0.00	0.00	
Total Tax Credit Fees							**2,500.00**	**2,500.00**	**0.00**	**0.00**	
05-810-00-00	Studies - Environmental/Traffic/Market										
		04/19/2022	STA59	Stantec Consulting Services, Inc.	1892448	MASONMANOR - STUDIES	15,312.50	15,312.50	0.00	0.00	
		09/01/2022	STA59	Stantec Consulting Services, Inc.	1904456	MASONMANOR - STUDIES	27,160.00	27,160.00	0.00	0.00	
		09/01/2022	STA59	Stantec Consulting Services, Inc.	1936011	MASONMANOR - STUDIES	13,672.65	13,672.65	0.00	0.00	
		09/27/2022	STA59	Stantec Consulting Services, Inc.	1972583	MASONMANOR - STUDIES	8,262.50	8,262.50	0.00	0.00	
		11/23/2022	DOM06	Dominion Due Diligence Group	eR2022-133643	MASON MANOR - CAPITAL NEEDS ASSESSMENT	21,500.00	21,500.00	0.00	0.00	
		01/23/2023	BAK02	Baker Tilly US LLP	BT2213267	MASON MANOR	3,000.00	3,000.00	0.00	0.00	
Total Studies - Environmental/Traffic/Market							**88,907.65**	**88,907.65**	**0.00**	**0.00**	
05-840-00-00	Survey										
		08/02/2022	ACH001	A Chappa Construction LLC	45329	MASON MANOR - SURVEY	1,594.61	1,594.61	0.00	0.00	
Total Survey							**1,594.61**	**1,594.61**	**0.00**	**0.00**	
Total SOFT COSTS							**148,042.37**	**134,277.23**	**13,765.14**	**0.00**	
Total Mason Manor							**216,542.37**	**184,277.23**	**32,265.14**	**0.00**	

MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING (“MOU”) is dated as of November 30, 2022 between GORMAN & COMPANY, LLC ("Gorman") and GREEN BAY HOUSING AUTHORITY ("Authority").

RECITALS

Gorman and Authority acknowledge the following:

A. Gorman and Authority desire to develop an affordable housing project (the "Project") on certain real property located in Green Bay, Wisconsin (the "Property"). The Property consists of the building known as Mason Manor and includes approximately 48 scattered lots in the vicinity of the Mason Manor building.

B. Gorman and Authority desire to set forth in writing their agreements regarding the Project.

AGREEMENTS

In consideration of the Recitals and mutual agreements which follow, Gorman and Authority agree as follows:

1. Gorman intends to form a limited liability company (the "Owner") that will be the owner of the Project and a limited liability company (the "MM") that will be the managing member of the Owner. Gorman (or its affiliate) will own a fifty-one percent (51%) interest in MM, and Authority (or its affiliate) will own a forty-nine percent (49%) interest in MM. Authority acknowledges that it may be necessary for a taxable affiliate of Authority to own the membership interest in MM for depreciation and other tax purposes. MM will own a one-hundredths percent (0.01%) interest in Owner, and a third party acting as an investor member (“Investor”) will own a ninety-nine and ninety-nine hundredths percent (99.99%) interest in the Owner. As between Gorman and Authority, during the time Gorman is a member of MM, Gorman will have the full, exclusive and complete discretion in the management and control of the MM and the Owner, will make all decisions affecting the MM's and the Owner's affairs and may take such actions as it deems desirable and necessary to accomplish the purposes of the MM and the Owner, with the exception that Gorman must obtain Authority's consent (which shall not be unreasonably withheld, conditioned or delayed) in connection with any Major Actions. Major Actions shall include, but may not be limited to: (a) taking or authorizing any act which would make it impossible to carry on the ordinary business of the MM or the Owner, (b) voluntarily filing a petition of bankruptcy against the MM or the Owner, (c) selling all or any portion of the Project, (d) approving the Project sources and uses, and the terms of equity and debt financing for the Project and (e) approving the design criteria for the exterior and interior of the Project, approving the type of heating, ventilating and air conditioning, electrical and plumbing systems to be incorporated in the Project, and approving the budget for and scope of construction work. The final definition of Major Actions agreed upon by Gorman and Authority shall be included in the operating agreement of the MM.

The terms of the MM's operating agreement and the Owner's operating agreement must be mutually acceptable to Gorman and Authority.

2. Gorman shall withdraw as a member of the MM, and Authority shall become the sole member of MM, upon Project Stabilization (as defined below), subject to the terms and conditions set forth below. "Project Stabilization" generally means the date on which construction of the Project has been completed, initial lease-up of the Project has occurred, the Project is operating at a debt service coverage ratio of 1.15 or better for three consecutive months, and the permanent loan for the Project has closed. Gorman and Authority acknowledge that the exact definition of Project Stabilization will be set forth in Owner's operating agreement and will be subject to Investor consent. The parties anticipate that any guaranties provided by Gorman in connection with the Project will be released upon Gorman's withdrawal from MM.

3. The Property is owned by the Authority. The Authority will lease the Property to the Owner pursuant to a long-term lease (i.e., 60 years or longer). The terms of the lease must be acceptable to Gorman, the Authority and the Investor.

4. Gorman and Authority intend to utilize low income housing tax credits ("LIHTCs") and historic tax credits ("HTCs") in connection with the Project. Gorman and Authority intend to finance the development of the Project through a combination of construction and permanent financing and LIHTC/HTC proceeds. The Project will also be a conversion of an existing HUD project utilizing the Rental Assistance Demonstration ("RAD") and Section 18 programs. The Investor and all lenders shall be selected by Gorman with input from the Authority. Authority shall assist Gorman in obtaining LIHTCs and HTCs for the Project, closing the RAD and Section 18 transactions, and finding any required predevelopment and soft financing for the Project.

5. Gorman and Authority acknowledge that the Investor and lenders will require various guaranties in connection with the Project. The parties anticipate that the responsibility for providing such guaranties will be as follows:

(a) Gorman shall be solely responsible for providing any construction loan guaranties.

(b) Authority shall be solely responsible for providing any permanent loan guaranties.

(c) Authority shall be solely responsible for providing any guaranties related to any environmental matters or hazardous substances that may be present on the Property.

(d) Gorman shall be solely responsible for providing any guaranties to the Investor for the period beginning on the closing of the Investor interest in the Owner and terminating on Project Stabilization. Authority shall be solely responsible for providing any guaranties required by the Investor for the period after Project Stabilization.

The terms of any guaranties provided by Gorman must be acceptable to Gorman. The terms of any guaranties provided by Authority must be acceptable to Authority.

In the event Gorman or the Authority is required to make any guaranty payments in connection with the Project, such payments shall be structured as a loan to the Owner and then a payment from the Owner to the creditor. Any such loans made by Gorman or the Authority to the Owner shall be repaid out of Owner's cash flow. The priority position in Owner's cash flow waterfall for the repayment of such loans must be acceptable to Gorman and the Authority. Gorman, in its discretion and if permitted by Investor, shall have the right to require that any loans that it has made to the Owner be repaid in their entirety upon Gorman's withdrawal from the MM, to the extent funds are available for such repayment. If Gorman agrees that such loans need not be repaid in full upon such withdrawal, then such loans will continue to be paid out of Owner's cash flow.

6. Owner shall pay Gorman and Authority a development fee in connection with the development of the Project. The amount of the development fee, and the terms of the development agreement, must be mutually acceptable to Gorman and Authority. Gorman and Authority shall each be entitled to fifty percent (50%) of the total development fee (the "Total Development Fee"). A portion of the Total Development Fee will be paid out of loan proceeds and capital contributions from the Investor (the "Non-Deferred Development Fee") and a portion of the Total Development Fee will be paid out of Project cash flow (the "Deferred Development Fee"). [Gorman's share of the Total Development Fee shall be paid in its entirety out of Non-Deferred Development Fee, and the Authority's share of the Total Development Fee shall be paid out of Deferred Development Fee and Non-Deferred Development Fee. For example if the Total Development Fee payable by Owner to Gorman and the Authority is $1,500,000, the Non-Deferred Development Fee is $1,000,000 and the Deferred Development Fee is $500,000, then Gorman would be paid its share of the Total Development Fee ($750,000) out of Non-Deferred Development Fee and the Authority would be paid its share of the Total Development Fee ($750,000) out of Non-Deferred Development Fee ($250,000) and Deferred Development Fee ($500,000).]

7. Gorman and Authority intend for Gorman (or its affiliates) to act as the general contractor and architect for the Project. The form of the architect and construction contracts for the Project must be mutually acceptable to Gorman and Authority. Gorman shall also provide certain relocation services for the existing residents of the Property. Gorman and Authority shall agree on the relocation services to be provided by Gorman, and the form of the agreement regarding such relocation services must be mutually acceptable to Gorman and Authority. The amount of fees payable to Gorman for the services described above must be acceptable to Gorman, but in no event shall the amount of fees exceed the fees allowable by the Wisconsin Housing and Economic Development Authority (which is the agency in Wisconsin that allocates LIHTCs).

8. Gorman (or its affiliate) shall act as the property manager for the Project. The property management fees shall be equal to six percent (6%) of gross revenues from the Project and shall be paid on a monthly basis. The term of the property management agreement shall continue through the date on which Gorman withdraws as a member from MM. Subject to Investor's consent, the Authority shall then become the property manager for the Property from and after such date. The terms of Gorman's property management agreement must be mutually acceptable to Gorman and Authority, including, without limitation, confirmation that the Authority's existing property management staff will be maintained at levels acceptable to the Authority.

9. Gorman and Authority shall mutually agree on a budget for all predevelopment costs (including legal fees) in connection with the Project. Gorman shall arrange financing for all predevelopment costs (other than Authority legal fees) though a third party loan or otherwise as determined by Gorman. Gorman shall pay all predevelopment costs (other than Authority legal fees) subject to reimbursement by the Authority as set forth below. Authority shall not incur any predevelopment costs in connection with the Project (other than its legal fees) without first obtaining the approval of Gorman. Gorman shall not incur any predevelopment costs in connection with the Project, to the extent such costs are outside of the agreed upon budget, without first obtaining the approval of the Authority. If the transaction contemplated by this MOU closes (i.e., the closing of all debt and equity financing), then all predevelopment costs incurred by Gorman (including approved legal fees) shall be reimbursed by the Owner to Gorman at the closing and all approved legal fees incurred by Authority shall be reimbursed by the Owner to Authority at the closing. If this MOU is terminated (as a result of the transaction not closing or as otherwise set forth herein), then (a) Authority shall reimburse Gorman for fifty percent (50%) of all predevelopment costs (including approved legal fees) incurred by Gorman in connection with the Project and (b) Gorman shall reimburse Authority for fifty percent (50%) of all approved legal fees incurred by Authority in connection with the Project. Each party shall make such reimbursement within ten (10) days after the other party delivers reasonable evidence of the total approved costs it has incurred in connection with the Project.

10. Gorman and Authority shall use reasonable efforts to close the transaction contemplated by this MOU no later than December 31, 2023. If the transaction does not close by such closing deadline, this MOU shall automatically terminate unless both parties agree to extend this deadline.

11. Neither party shall have the right to unilaterally terminate this MOU.

12. Gorman and Authority acknowledge that numerous issues still need to be agreed upon between Gorman and Authority in connection with the Project and that both parties will cooperate in good faith to reach agreement on such issues. Authority acknowledges that the terms set forth in this MOU are predicated upon the Investor and lenders agreeing to the terms of paragraphs 2 and 5 above. In the event the Investor and/or lenders do not approve such terms, and Gorman is required to remain as a member of the MM and/or to provide guaranties after Project Stabilization, then in such event Gorman shall be entitled to receive fifty-one percent (51%) of all cash flow received in connection with the Project, and Authority shall be entitled to receive forty-nine percent (49%) of all cash flow received in connection with the Project, until such time as Gorman is able to withdraw from MM and is released from its guaranties. For purposes of determining the share of cash flow payable to Gorman and Authority, Authority's share shall include any ground lease payments and/or loan repayments made to Authority (for example, if Authority obtains a grant for the Project, lends the grant to the Owner, and then is repaid the loan out of cash flow). For example, if there is $100,000 in cash flow during any year, and the Authority receives $30,000 in ground lease payments during such year, then of the remaining balance of $70,000, $19,000 would be paid to Authority and $51,000 would be paid to Gorman. In addition, Gorman shall remain as the property manager for the Project until the date on which Gorman withdraws as a member from MM. In the event Gorman is required to remain as a member of MM and provide guaranties during the entire 15-year compliance period for the LIHTCs, Gorman shall withdraw from the MM at the end of such 15-year period.

13. This MOU may be amended only by a writing signed by all of the parties hereto and shall be binding upon and inure to the benefit of the parties hereto and their successors and assigns. Neither party may assign its interest in this MOU without the consent of the other party. Notwithstanding the foregoing, this MOU shall be binding upon the Authority only after approval of this MOU by the Board of the Authority and written notice of such approval has been provided by the Authority to Gorman.

14. This MOU may be executed in counterparts, each of which shall be deemed an original and all of which shall be deemed one and the same instrument. Signatures sent via facsimile or e-mail transmission shall be deemed original signatures for purposes of creating a binding agreement.

[Signatures on next page]

IN WITNESS WHEREOF, Gorman and Authority have executed this Memorandum of Understanding as of the date hereinabove written.

GORMAN:

GORMAN & COMPANY, LLC

BY ____________________

Brian Swanton, President

AUTHORITY:

GREEN BAY HOUSING AUTHORITY

BY Cheryl Renier-Wigg 12/1/22

Its: Executive Director