



**LOUISVILLE
FORWARD**

DEVELOP LOUISVILLE
LOUISVILLE, KENTUCKY

GREG FISCHER
MAYOR

JEFF O'BRIEN
DIRECTOR

March 29, 2018

Laura Lazarus, Chief Operating
Officer
HC Russell Neighborhood LP,
c/o Telesis Corporation
1101 30th St. NW, 4th Floor
Washington, DC 20007

**RE: Telesis Corporation - Fall NOFA 2017 Conditional Commitment Agreement -
City View Park**

Thank you for the opportunity to present this Conditional Commitment Agreement between Louisville Metro Government Develop Louisville, Office of Housing and Community Development ("METRO") and HC Russell Neighborhood Limited Partnership ("HC Russell LP"), for U.S. Department of Housing and Urban Development ("HUD") HOME Investment Partnership Program ("HOME") funds, in the amount up to \$800,000 for the multi-phase multifamily project entitled City View Park, which will consist of (i) a 150-unit project known as City View Park - Acorn, (ii) a 184-unit project known as City View Park - Walnut, and (iii) a 169-unit project known as City View Park - Chestnut. HC Russell Neighborhood LP and METRO understands that the HOME funds offered under this Conditional Commitment Agreement will only be allocated in whole to City View Park-Acorn, as described above.

In accordance with your submission to the Louisville Metro Fall 2017 HOME NOFA, HC Russell LP will renovate, improve, and maintain an affordable housing option by improving energy efficiency and upgrading outdated systems that are near the end of their useful lives. The preliminary, proposed scope of work includes new flooring, roofs, water heaters, HVAC systems, and bathroom and kitchen fixtures and appliances. Pending further site investigation, HC Russell LP plans to comprehensively improve landscaping, including rebuilt playgrounds.

The following are terms and conditions that will serve as the basis of the Development Funding Agreement for a loan closing:

- Environmental Reviews and other Federal Regulatory Requirements: METRO is the responsible entity charged with coordinating environmental reviews under 24 CFR Part

58 and other federal cross-cutting regulatory requirements. Upon satisfactory completion of the environmental review and clearance, HC Russell LP will be required to enter into a written development agreement with METRO. The development agreement will further specify the terms and conditions for the use of funds; work schedules for the project; affordability and reporting requirements; and requirements for the inclusion of diverse business enterprises and documented good faith efforts toward Section 3 employment, during the development of the project.

- Pre-development Costs: Project specific pre-development costs incurred by HC Russell LP are not considered reimbursable project delivery cost unless explicitly permitted prior to executing the written agreement. This commitment shall serve as HC Russell LP's pre- authorization to incur pre-development costs which do not have a physical impact on the project site(s) such as professional services related to obtaining site options, interim financing, zoning approvals, etc. No choice limiting actions to should be taken at the project site(s) prior to the execution of the formal written agreement. Commencing construction of the project without METRO's expressed consent and approval may result in forfeiture of the funds committed herein.
- Deed and Use Restrictions for the Project Site(s): METRO will impose a "Period of Affordability" during which certain use, income, rent and occupancy limitations on the 11 METRO HOME assisted units located on the project property will be imposed. These restrictions will remain effective during the Period of Affordability even though the loan may have been paid in full or the property transferred to a different owner prior to the end of the Period of Affordability. METRO will record with the Office of the Jefferson County Clerk certain deed restrictions and covenants concerning the aforementioned restrictions which shall run with the land. Failure of HC Russell LP to notify METRO of (1) any pre-existing deed or use restrictions or (2) HC Russell LP's intent to file deed or use restrictions against the project site(s) subsequent to accepting this commitment may result in forfeiture of the funds committed herein.
- METRO will make available the funding committed herein up to \$800,000 in HOME funds with HC Russell LP which shall only be allocated to the City View Park-Acom phase of the project. METRO acknowledges that HC Russell LP intends to use a mix of financing sources for all three phases of the City View Park project, which financing is currently expected to include one HUD 221(d)(4) loans in the approximate amount of \$30 million and \$15 million in 4% Low Income Housing Tax Credit equity. HC Russell LP also expects the financing for City View Park to include a \$1,000,000 loan from the Louisville Affordable Housing Trust Fund, which may be allocated in whole or in part to one or more of the three (3) phases of City View Park by HC Russell LP, depending on its underwriting, and the needs of its lenders and tax credit investors. If any of the above financing sources, terms or amounts have changed since the application submission please provide comprehensive details and explanation as soon as

possible so that any updates may be captured in this conditional commitment.


- A copy of the final underwriting must be submitted to METRO for review and approval once all of the funding sources are confirmed.
- Regular project team meetings will be held to determine project status as related to time, cost, quality, risk and resources. As additional project information becomes available, certain evidentiary items must be submitted. Such deliverables include, but are not limited to: cost estimates, project schedules, an affirmative marketing plan, and updated financial information, such as commitment letters from other funding sources.

This Conditional Commitment formalizes METRO's intent to provide funding to this worthy project. This conditional commitment must be signed and returned to my attention within 7 business days.

Congratulations and we look forward to working with you.

Respectfully,

Develop Louisville, Office of Housing and Community Development



Gabe Fritz
Director

3/29/18
Date

Agreed and Accepted

**HC Russell Neighborhood LP,
c/o Telesis Corporation**



Laura Lazarus
Chief Operating Officer

Date