

Memorandum of Understanding

Summary of Terms - Aurora Arts Centre Project/Coulter Court Project

Summary: This Memorandum of Understanding sets forth the basic proposed terms and provisions for the redevelopment Project described below. The terms and provisions set forth below will serve as the basis for the preparation of a Redevelopment Agreement (the “RDA”), loan agreements and other related documents and agreements as specified herein between the City of Aurora (the “City”), The Community Builders, Inc., following receipt of an allocation of LIHTC funding, all subject to future approvals by the Aurora City Council..

Project:

The Community Builders, Inc. (“Developer”) (directly, through affiliated entities or in partnership with the City of Aurora as appropriate) desires to undertake the following development activities within the City: (i) acquisition, rehabilitation and development of the four-story, approximately 83,000 square foot building located at 5 East Galena Boulevard and 2-20 South Stolp Avenue (the “Aurora Arts Centre”) into a mixed-use project consisting of (A) approximately 35,000 square feet of commercial/residential space located on the bottom two floors of the Aurora Arts Centre, which will include rehearsal and support spaces for the Paramount Theater, a performing arts academy, and four residential apartments as well as space for a restaurant (the “Aurora Arts Centre Commercial Project”) and (B) approximately 48,000 square feet located on a portion of the street level and the upper two floors of the Aurora Arts Centre which will be used for 38 units of rental housing restricted to households earning 60% of Area Median Income and with a leasing preference for working households involved in artistic activities (the “Aurora Arts Centre Residential Project”) (the Aurora Arts Centre Commercial Project and the Aurora Arts Centre Residential Project are collectively referred to herein as the “Aurora Arts Centre Project”); and (ii) acquisition, rehabilitation and development of the existing 38-unit Coulter Court Residences rental apartment building located at 104 East Downer Place and 32-34 Broadway (the “Coulter Court Project”). The Aurora Arts Centre Residential Project and the Coulter Court Project are collectively referred to herein as the “Rental Housing Projects”, and the Aurora Arts Centre Project and the Coulter Court Project are collectively referred to herein as the “Project”. Any Developer actions set forth in this summary may be taken by entities affiliated with the Developer or the City (referred to as a “Project Entity”). Some of the closing and funding requirements described in this summary only apply to certain components of the Project. A current estimate of the sources and uses for the Project is attached as **Exhibit A**.

The Developer anticipates that, prior to the acquisition of the Aurora Arts Centre by a Project Entity or the Developer (or any of its affiliates), the seller of the Aurora Arts Centre will execute and record such documents to create a condominium ownership structure for the Aurora Arts Centre; under this condition structure, the Aurora Arts Centre would be divided into two condominium units, one of which would be the portion of the Aurora Arts Centre in which the Aurora Arts Centre Residential Project would be located, and one of which would be the portion of the Aurora Arts Centre in which the Aurora Arts Centre Commercial Project would be located.

A City affiliate may (i) acquire the Aurora Arts Centre from the existing owner, and then would convey the Aurora Arts Centre Commercial Project to the Aurora Arts Centre Commercial Project Entity, and the Aurora Arts Centre Residential Project to the Developer or the Aurora Arts Centre Residential Project Entity, or (ii) acquire the Aurora Arts Centre Commercial Project from the existing owner of the Aurora Arts Centre. The City (directly or through an affiliate) may participate in the ownership or leasing of the Aurora Arts Centre Commercial Project in connection with the proposed New Markets Tax Credit Financing of the Aurora Arts Centre Commercial Project.

City Assistance and Actions:

Funding (amounts are approximate):

1. \$1,000,000 of TIF Funds, through direct grants or other conveyances from the TIF, to benefit one or more components of the Project. The City expects to receive approximately \$500,000 of incremental real estate taxes in the TIF Fund over a 10 year period, as this Project will return the property back to the tax rolls. The terms related to the contribution of TIF Funds shall be set forth in a TIF Redevelopment Agreement.
2. \$700,000 of CDBG funds, in the form of a loan (or loans).
3. \$600,000 of HOME funds, in the form of a loan (or loans) to fund one or both of the Rental Housing Projects.
4. \$1,000,000 in assistance by the City as a bridge to a subsequent recapture agreement between the City and the Paramount Theatre (directly or through the Aurora Civic Center Authority) to fund the Aurora Arts Centre Commercial Project.
5. \$1,500,000 contribution from the City as a bridge to subsequent reimbursement from sources which may include Section 108 Loan Proceeds, sale of the restaurant portion of the Aurora Arts Centre Commercial Project, or a portion of cash flow from the Aurora Arts Centre Residential Project, to fund the Aurora Arts Centre Commercial Project.

Pre-Conditions to Various City and Developer Actions: As will be further set forth in various agreements between the Parties, certain City Assistance and Actions, as well as actions by the Developer, shall be subject to the pre-conditions set forth below.

1. While the current plan is that all components of the Project will close at the same time, the Developer may have to close the Rental Housing Projects and the Aurora Arts Centre Commercial Project separately, due to financing sources being available at different times. The conditions to closing and funding will then apply to each component separately.
2. The Developer will have obtained actual funding or formal commitments for the other sources of financing sufficient to complete the Project. (See Exhibit A for a current estimate of the sources and uses for the Project).

3. The Developer equity (shown on Exhibit A) will be equal to the amount that the developer fee paid from the Aurora Arts Centre Commercial Project development budget exceeds \$1,200,000.
4. For the Coulter Court Project, the existing HOME loan from the County will have been amended (or forgiven) to the satisfaction of the Developer.
5. The Developer will have obtained all necessary zoning approval and building permits.
6. For the Aurora Arts Centre, the Developer will have obtained Parts 1 and 2 approval from the National Park Service (necessary for obtaining Federal Historic Rehabilitation Tax Credits).
7. If Illinois donation tax credits are a source for financing, the Illinois statute has been extended or funding commitments secured prior to the expiration of the statute.
8. City has reviewed the construction contract with the general contractor for that phase, as well as the architect agreement.
9. The City has entered into any necessary agreements with Waubensee Community College and the Paramount Foundation.
10. The City has approved the plans and specifications for the applicable phase of the Project.
11. For TIF Funds, the City and the Developer have entered into any required TIF redevelopment agreement and related documents.
12. For CDBG Funds, the City and the Developer have entered into any required agreement regarding those funds, including any loan documents (if those funds are loaned).
13. For HOME Funds, the City and the Developer have entered into any required loan documents, and a regulatory agreement.

Ongoing Obligations and Restrictions:

1. For the Residential Housing Projects, the Developer will commence rehabilitation within 12 months of receiving an award of federal low-income housing tax credits from IHDA, in an amount sufficient (in Developer's determination) to provide financing for the Project (along with other available sources).
2. For the Aurora Arts Centre Project, the Developer will commence rehabilitation within 12 months of obtaining formal commitments from all financing sources, in an amount sufficient (in Developer's determination) to provide financing for the Aurora Arts Centre Project (along with other available sources).
3. For the Residential Housing Projects, the Developer will complete rehabilitation, and receive a certificate of occupancy from the City (for the Aurora Arts Centre Residential Project) or other evidence of completion (for the Coulter Court Project), on or before 18 months from commencement.

4. For the Aurora Art Centre Commercial Project, the Developer will complete rehabilitation, and receive a certificate of occupancy from the City on or before 18 months from commencement.

[Signatures on following page]

The Community Builders, Inc., a Massachusetts charitable corporation doing business in Illinois as TCB Illinois NFP, Inc.

By: _____

Its: _____

City of Aurora, an Illinois home rule municipal corporation

By: _____

Its: _____