

## **Funding Commitments**

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Total Committed Project Funding for Phases I and II - \$89,100,000

- Phase I - \$1,100,000
- Phase II - \$88,000,000



TRANSIT DEPARTMENT  
PO Box 1293  
Albuquerque, NM 87103  
Telephone: (505) 724-3100  
Fax: (505) 212-0131

[cabq.gov](http://cabq.gov)

February 28, 2023

Secretary Pete Buttigieg  
C/O US Department of Transportation  
1200 New Jersey Avenue SE  
Washington DC, 20590

Re: City of Albuquerque RAISE Grant

Secretary Buttigieg,

This letter is to attest that the City of Albuquerque Transit Department will dedicate and make available \$1,100,000 in formula, local and in-kind funds for the Uptown Connect project, as denoted in the Project Budget document.

These dollars are broken down as follow:

- \$500,000
  - Section 5309 through NM-2017-013 (funds for this grant were administratively transferred from NM-03-0021 by FTA) and NM-90-X054
- \$125,000
  - Local match – 20% portion provided by General Obligation Funds appropriated to NM-2017-013 and NM-90-X054
- \$475,000
  - Local match – Inter-governmental agreement with Middle Rio Grande Council of Governments

Thank you for your consideration.

Sincerely,

DocuSigned by:  
  
9AB42E444E1E456...

Chris W. Payton  
Associate Director



Mid-Region Metropolitan Planning Organization  
Mid-Region Council of Governments  
809 Copper Avenue NW  
Albuquerque, New Mexico 87102  
(505) 247-1750-tel. (505) 247-1753-fax  
[www.mrcog-nm.gov](http://www.mrcog-nm.gov)

February 7, 2023

The Honorable Secretary Peter Buttigieg  
U.S. Department of Transportation  
1200 New Jersey Ave, SE  
Washington, DC 20590

**RE: City of Albuquerque-Uptown Connect/Transit Center Joint Development Project**

Dear Secretary, Buttigieg:

We are writing this letter in support of the City of Albuquerque-ABQ-Ride for the FY23 Rebuilding American Infrastructure with Sustainability and Equity (“RAISE”) Grant Application for the Uptown Connect – Transit Center Joint Development project.

The Uptown Transit Center is the terminus of the high-frequency Albuquerque Rapid Transit service, with connections to 5 other bus routes that serve the metropolitan area. The project will encompass a 2-acre block in the City’s most dense employment, shopping, and entertainment district. The project will transform an existing and underutilized surface park-and-ride lot/transit transfer platform into a vibrant and functioning mixed-use development that offers access to affordable multifamily housing options and a transit plaza at its core. Among several key social and economic benefits this project offers, the Uptown Transit Center will also meet RAISE grant merit criteria through:

- Safety
- Environmental Sustainability
- Mobility and Community Connectivity
- Quality of Life improvements
- Economic Competitiveness
- State of Good Repair
- Partnership and Collaboration
- Innovation

These benefits are considered key criteria for the Mid-Region Metropolitan Planning Organization’s (MRMPOs) transportation planning efforts. The City of Albuquerque’s request is consistent with MRMPO’s long range Metropolitan Transportation Plan (MTP) as a project of regional significance and is an outstanding project for consideration. Funds awarded to this project will be incorporated into the existing MTP and will be amended into the Transportation Improvement Program (TIP) for the region.

Your consideration of providing funds for this project is greatly appreciated.

Sincerely,

A handwritten signature in black ink that reads "Steven A. Montiel". The signature is written in a cursive style with a large, prominent 'S' at the beginning.

Steven A. Montiel  
Transportation Program Manager  
Mid-Region Metropolitan Planning Organization



# MRMPO Project Scoring Form 2022 - New Project Request

## Mid-Region Metropolitan Planning Organization

809 Copper Avenue NM, Albuquerque, NM 87102 505-247-1750

## Project Submittal Form for the Project Selection Process (PSP)

The PSP was developed to score and rank member agency submitted projects and programs. This selection process was developed to promote projects that incorporate national transportation goals and regional goals and priorities from the Connections 2040 Metropolitan Transportation Plan (MTP). This form includes 7 pages:

- A. General Project Information
- B. Work Type and Location Information
  - 1. Optimized Mobility Questions and Strategies
  - 2. Active Transportation Questions and Strategies
  - 3. Economic Linkages Questions and Strategies
  - 4. Environmental Resiliency Questions and Strategies
  - 5. Equity Questions and Strategies

While the PSP is an important tool in project selection, it is not the only determining factor. Other considerations, such as the benefit of the project to the local community, and the project's cost and time frame for completion, are also important factors.

*The table below shows the connection between national and regional goals. Narrative Questions with an asterisk by them are developed directly from national goals.*

National Transportation Goals	2040 MTP Goal(s)
<b>Safety:</b> To achieve a significant reduction in traffic fatalities and serious injuries on all public roads.	Active Transportation, Optimized Mobility
<b>Infrastructure Condition:</b> To maintain the highway infrastructure asset system in a state of good repair.	Optimized Mobility
<b>Congestion Reduction:</b> To achieve a significant reduction in congestion on the National Highway System.	Optimized Mobility, Economic Linkages
<b>System Reliability:</b> To improve the efficiency of the surface transportation system.	Optimized Mobility, Active Transportation, Economic Linkages
<b>Freight Movement and Economic Vitality:</b> To improve the national freight network, strengthen the ability of rural communities to access national and international trade markets, and support regional economic development.	Economic Linkages, Optimized Mobility
<b>Environmental Sustainability:</b> To enhance the performance of the transportation system while protecting and enhancing the natural environment.	Environmental Resiliency
<b>Reduced Project Delivery Delays:</b> To reduce project costs, promote jobs and the economy, and expedite the movement of people and goods by accelerating project completion through eliminating delays in the project development and delivery process, including reducing regulatory burdens and improving agencies' work practices.	Economic Linkages, Project Selection Process (PSP)

## A. General Project Information

Lead Agency / Project Information

**Project Title** ABQ RIDE - Uptown Transit Center Redevelopment

**Lead Agency** City of Albuquerque - ABQ RIDE

**Agency Contact** Andrew de Garmo

**Phone Number** (505) 724-3109

**E-mail** adegarmo@cabq.gov

**Project Type**

Transit

**Scope of Work / Project Description:**

Planning, environmental documentation, utilities, ROW, design, construction and other appurtenances as necessary to redevelop the Uptown Transit Center to incorporate transit-oriented development at the transit center.

**Is this a new project? If YES, Control Number and MPO ID will be assigned by MPO.**

Yes

**For all new projects please enter the MPO ID from Appendix A of the Connections 2040 Metropolitan Transportation Plan (use link below):**

120.0 ABQ RIDE Park & Ride Facility Development

[Metropolitan Transportation Planning \(MTP\) Appendix A](#)

This Appendix includes projects listed in the MTP and provides the MPO ID

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**B. Work Type and Route Information**

**Work Type**

Transit

If you would like to see the previous Form B excel spreadsheet used to calculate costs you can [click here](#). This will download the spreadsheet for you. Please enter final totals and the associated years below.

**What is the Total Amount requested for the Work Type?**

Scoping / Environmental:

PE & Design:

Utilities:

Right of Way:

Construction / Implementation:

Other: 625,000 (FTA 5307 + 20% local match)

**What is the Year for the Work Type? (2024 through 2029)**

Scoping / Environmental:

PE & Design:

Utilities:

Right of Way:

Construction / Implementation:

Other: 2024

**Route Name**

Americas Pkwy (east side of)

**Route Beginning (southern/western or Mile Point)**

Indian School Rd. (approx.)

**Route Ending (northern/eastern or Mile Point)**

Uptown Blvd.

**Does your project have additional routes? (ie: intersection improvements or work on two parallel facilities). If so, please fill out additional information below.**

No

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## 1. Optimized Mobility

Optimized Mobility focuses on the overall management of our roadways, including the introduction of more advanced technologies, such as smart signals and vehicle to vehicle communication. In addition, in accordance with national guidance, an emphasis is placed on prioritizing cost effective maintenance and operations to preserve existing infrastructure.

### Optimized Mobility Narrative Questions

Please be short and sweet, but specific about how your project addresses this goal.

**\*How does this project or program improve the reliability (consistency and predictability of travel time) of transportation, and for which modes of travel? If this is a Transit project then explain improved hours and/or frequency.**

The primary purpose of this project is to facilitate transit-oriented development in the heart of the Uptown activity center and right at the Uptown Transit Center which is the eastern terminus for the ART Red Line and is served by two other all-day local routes as well as several commuter routes. Bringing development, including commercial uses as well as approximately 400 housing units, right to this transit center will encourage the use of transit and other alternative modes for residents and visitors to the site.

**\*How does this project or program reduce congestion, and for which modes of travel?**

By attracting development to an existing, well-served transit center in a major activity center of the city, this project will increase the transit and other alternative mode shares and correspondingly reduce congestion.

**Does the project or program implement new, or update existing, ITS infrastructure? Does the project or program implement identified services in the ITS Architecture Plan?**

This project does not implement new ITS infrastructure.

[ITS Architecture Plan](#)

### Optimized Mobility Strategies

Strategies are modeled after the Congestion Management Process priority matrix developed by the CMP committee.

#### Transit Strategies

Project developed in coordination with transit providers

New bus shelter

Upgraded transit center with parking

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## 2. Active Transportation

Active Transportation focuses on non-motorized modes of travel such as walking, biking, and other ways to travel in the region like using bike share or scooters. The Active Transportation goal also enhances safety concerns in response to a disproportionately high rate of pedestrian fatalities in our region, and the critical role of transportation investments in activity centers.

### Active Transportation Narrative Questions

Please be short and sweet, but specific about how your project addresses this goal.

**\*How does this project or program reduce fatal and serious injury crashes on the transportation facility? Does it implement a program or project from a regional or local safety plan? If so, indicate which one.**

N/A

**Does the project address Complete Streets design as identified in your local entity's guidance, or as identified in the Long Range Transportation Systems Guidelines (LRTS)? Refer to the LRRS classification of the roadway.**

N/A

[Long Range Transportation Systems Guidelines](#)

**Does this project or program improve overall network connectivity, provide network redundancy, or make a direct connection to an important regional destination? If so, explain and identify which destination.**

This project facilitates infill, transit-oriented development in the heart of the Uptown major activity center.

### Active Transportation Strategies

Multiple options available. Please adequately describe Other option.

[FHWA Countermeasures](#)

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## 3. Economic Linkages

Economic Linkages explores the economic impacts benefits of place-making and captures a better sense of the fiscal implications of expanded growth, such as new expanded roadways and transit services, and costs of public services like schools and/or fire stations.

### Economic Linkages Narrative Questions

Please be short and sweet, but specific about how your project addresses this goal.

**\*How does the project or program provide insurance that it is shovel ready? Has the project**

**already received federal funds or a soft match? Does it include innovative financing such as Public Private Partnerships?**

This project continues ABQ RIDE's commitment to advancing this project by providing additional funding support to a public-private partnership. ABQ RIDE has a contract with a development team and is working with them to finalize a development agreement including financing and development details.

**\*How does this project or program improve upon existing freight networks or provide access to international trade markets?**

N/A

**How will this project spur economic development? Will the project support local businesses and/or permanent job creation?**

This project will spur economic development by constructing much-needed housing, including approximately 200 affordable units and 200 market-rate units, in the middle of a major activity center and will provide new commercial spaces on the ground floor of this multi-floor development surrounding and building over a rebuilt transit center.

**Economic Linkages Strategies**

Multiple options available. Please adequately describe Other option.

**Access Strategies**

Provides or improves access to an employment center via non single occupancy vehicle mode/s

Provides park and ride service in a high density area

**Financial Strategies**

Utilizes private funds or resources (public-private partnership)

Helps facilitate development in areas with existing water, sewer, roadway and other infrastructure

Helps facilitate the redevelopment of surface parking lots

**4. Environmental Resiliency**

Environmental Resiliency acknowledges the transportation sector's impact on air quality and climate change. Environmental Resiliency also includes urban heat island effects, the benefits of low impact development and tree coverage, and expands on emergency evacuation and critical transportation infrastructure. Critical transportation infrastructure includes assessing the overall connectivity of our transportation networks.

**Environmental Resiliency Narrative Questions**

Please be short and sweet, but specific about how your project addresses this goal.

**\*How does this project or program protect the natural regional environment? Does it include any emissions reductions, Green Infrastructure, wildlife crossings, or storm water management?**

By adding a significant number of housing units in the middle of the Uptown activity center, which currently hosts many jobs but few housing units, and by adding those units above a well-served transit

center, this project will reduce emissions by minimizing trip lengths and maximizing the efficiency of transit and other alternative modes for project occupants.

**\*How does this project or program maintain or improve the existing infrastructure? Does the project or program improve a bridge that is failing, or is the project first and foremost focused on preservation of existing infrastructure that is deteriorating?**

The project will replace the current transit center with a rebuilt and improved facility in an infill location making use of existing infrastructure.

**Does the project or program improve critical infrastructure in the region? Please indicate how the project or program is CRITICAL to emergency evacuation or overall network function.**

N/A

## Environmental Resiliency Strategies

Multiple options available. Please adequately describe Other option.

### Air Quality Strategies

Provides alternative travel option/s to single occupant vehicle

### Climate Change Strategies - Flooding, Wildfires, and Urban Heat

Additional shaded structures for pedestrians using built structure, including bus shelters

### Preservation Strategies

Improvements to existing transit stations

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## 5. Equity

Equity refers to ensuring all members of a community have similar access to the transportation system and that no groups are disproportionately burdened or benefited by transportation decisions and investments. Addressing equity also means working to prioritize improvements for underserved communities that have been denied the full opportunity to participate in aspects fo economic, social, and civic life. MRMPO has developed a Vulnerability Index (MVI) to assess areas of concern.

**How does this project address Equity and ensure no negative consequences for underserved communities?**

This project is located in an area of persistent poverty. It would provide affordable housing in an area with many jobs but few housing options and directly above a well-served transit center providing access to opportunities across the city for vulnerable populations.

### Equity / Vulnerable Communities Strategies

Improves multimodal access to an identified local activity center (in a land use plan)

Provides or improves an alternative travel option to the single occupancy vehicle

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February 10, 2023

Palindrome  
412 NW 5<sup>th</sup> Avenue, Suite 200  
Portland, OR 97209

Re: Redevelopment of the Uptown Transit Center

To Whom It May Concern:

Palindrome is pleased to provide funding for the redevelopment of the Uptown Transit Center (the "Project"). The Project is a 234-unit mixed-income and mixed-use transit oriented development in Albuquerque, New Mexico. The terms of this funding are as follows:

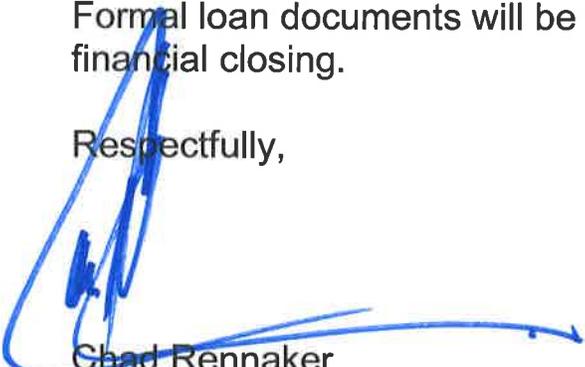
Amount: Projected at \$11,600,000, to be paid by Palindrome during construction and at the completion of the Project

Interest: 0% per annum. Payments are required to be paid through surplus cash flow from the Project

Borrower: To be formed single-purpose limited liability company

Formal loan documents will be provided to the Borrower before the financial closing.

Respectfully,



Chad Rennaker  
Palindrome



Jeff Martinez  
Nusenda Credit Union  
Director of Real Estate Development

REDACTED

Dear Jeff:

The purpose of this letter is to memorialize certain terms between Palindrome Communities, LLC ("Palindrome") and Nusenda Credit Union ("Nusenda") concerning the development of a mixed-use project on a site partially owned by Nusenda, as described in Exhibit A (the "Existing Nusenda Property" and partially owned by City of Albuquerque, described in Exhibit B (the "City Property"). The Nusenda Property and the City Property may be referred to collectively as the "Property".

1. **Project Description:** The Project will consist of two multi-level buildings built on the northern and southern portions of the Property and a transit plaza located between the two buildings containing restaurants, a water feature and a performance stage. The transit plaza will also function as an active bus loading and unloading area. The two multi-level buildings will contain ground level commercial space with multi-family rental housing located on the upper floors (the "Project"). The Project site plan is depicted in Exhibit C.

The Project will be built in two phases. The first phase will consist of the northern multi-level building, the transit plaza, both east and west bound bus lanes and an underground parking garage (the "Northern Phase"). It is anticipated the Northern Phase will take eighteen (18) months to complete from construction commencement. The second phase, which will commence following completion of the Northern Phase, will contain the southern multi-level building and an underground parking garage (the "Southern Phase"). The Southern Phase will be built primarily on the Existing Nusenda Property.

2. **New Nusenda Branch:** Palindrome will develop a new build-to-suit Nusenda branch on the ground level and northwest corner of the northern multi-level building. Nusenda will be provided with surface parking equivalent to 5:1000 parking ratio and five (5) drive-thru lanes

on the ground level of the northern multi-level building, as depicted in Exhibit C ("New Nusenda Branch"). The New Nusenda Branch will be owned by Nusenda as a condominium unit. The New Nusenda Branch design will be approved in writing prior to the purchase described in Section 3 below. Once the new construction is complete, Nusenda will purchase the condominium unit from Palindrome. The terms of Nusenda's purchase of the new branch condominium unit and the sale of the Existing Nusenda Property will be agreed upon prior to Nusenda selling the Existing Nusenda Property as described in Section 3.

Nusenda will have branding and signage rights on the northern multi-level building as depicted in Exhibit D.

**3. Purchase of Existing Nusenda Property**

Following approval of the New Nusenda Branch design, and terms, Palindrome will purchase the Existing Nusenda Property for \$3,200,0000 at a mutually acceptable closing date (the "Closing").

**4. Nusenda Operations During Construction**

Following Closing of the Existing Nusenda Property purchase, Nusenda will enter into a to-be-negotiated lease agreement with Palindrome, at a rental rate of \$1.00 per year. Nusenda will continue to occupy and operate in its current building. The term of the lease will coincide with the completion of the Northern Phase. Nusenda will continue to have access and operation of the building and drive thru lanes. Nusenda will be provided with a minimum of 35 parking spaces on the Existing Nusenda Property. Nusenda will continue to have access from both Americas Parkway and Indiana Street, until Nusenda has vacated the Existing Nusenda Property and moved into the New Nusenda Branch.

After Closing Palindrome will make certain improvements to the Existing Nusenda Property and streets adjacent to the Existing Nusenda Property, as depicted in Exhibit E, at Palindrome's sole cost, including:

1. Realigning the northern property line of the Existing Nusenda Property to allow for construction of the Northern Phase,
2. Constructing a new entrance from Indiana Street, south of the existing entrance,
3. Rearranging new queuing lanes to approach the existing drive-up window and terminals,
4. Providing new pass-through lanes to Americas Parkway,
5. Providing new queuing and turning lanes on Indiana Street into the Nusenda Property.

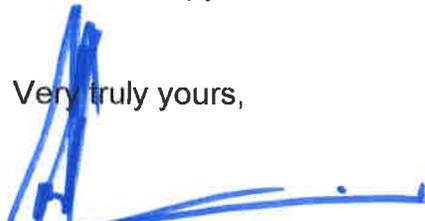
**5. Move to New Nusenda Branch**

Upon completion of construction of the New Nusenda Branch and Nusenda occupying and beginning operations in the New Nusenda Branch, Nusenda will vacate the Existing Nusenda Property and move into the New Nusenda Branch, the short-term lease for the Existing Nusenda Property will terminate and Palindrome will proceed with construction of the Southern Phase.

Notwithstanding anything to the contrary above, Nusenda and Palindrome agree the foregoing constitutes only a general expression of certain proposed terms and conditions of the proposed transaction. Nusenda's board approval is required prior to finalizing the proposed transactions. Neither party shall be bound to the terms of this letter until the full terms and conditions of the agreement are embodied in one or more agreements in forms mutually acceptable to the parties.

If the foregoing terms are acceptable to you, please so indicate by executing the enclosed copy of this letter.

Very truly yours,



Chad I. Rennaker  
Palindrome Communities, LLC.

Acknowledged and Accepted



Nusenda Credit Union

**Michael Buehler**  
**EVP/Finance & Lending**

# **Exhibit A**

## **Legal Description – Existing Nusenda Property**

TR E-2A2 PLAT OF TRS E-2A1 & E-2A2 JEANNEDALE ADDN CONT 1.4802  
AC M/L

**Exhibit B**  
**Legal Description – City Property**

TR E-2A1 PLAT OF TRS E-2A1 & E-2A2 JEANNEDALE ADDN CONT 1.4507  
AC M/L



# Exhibit D

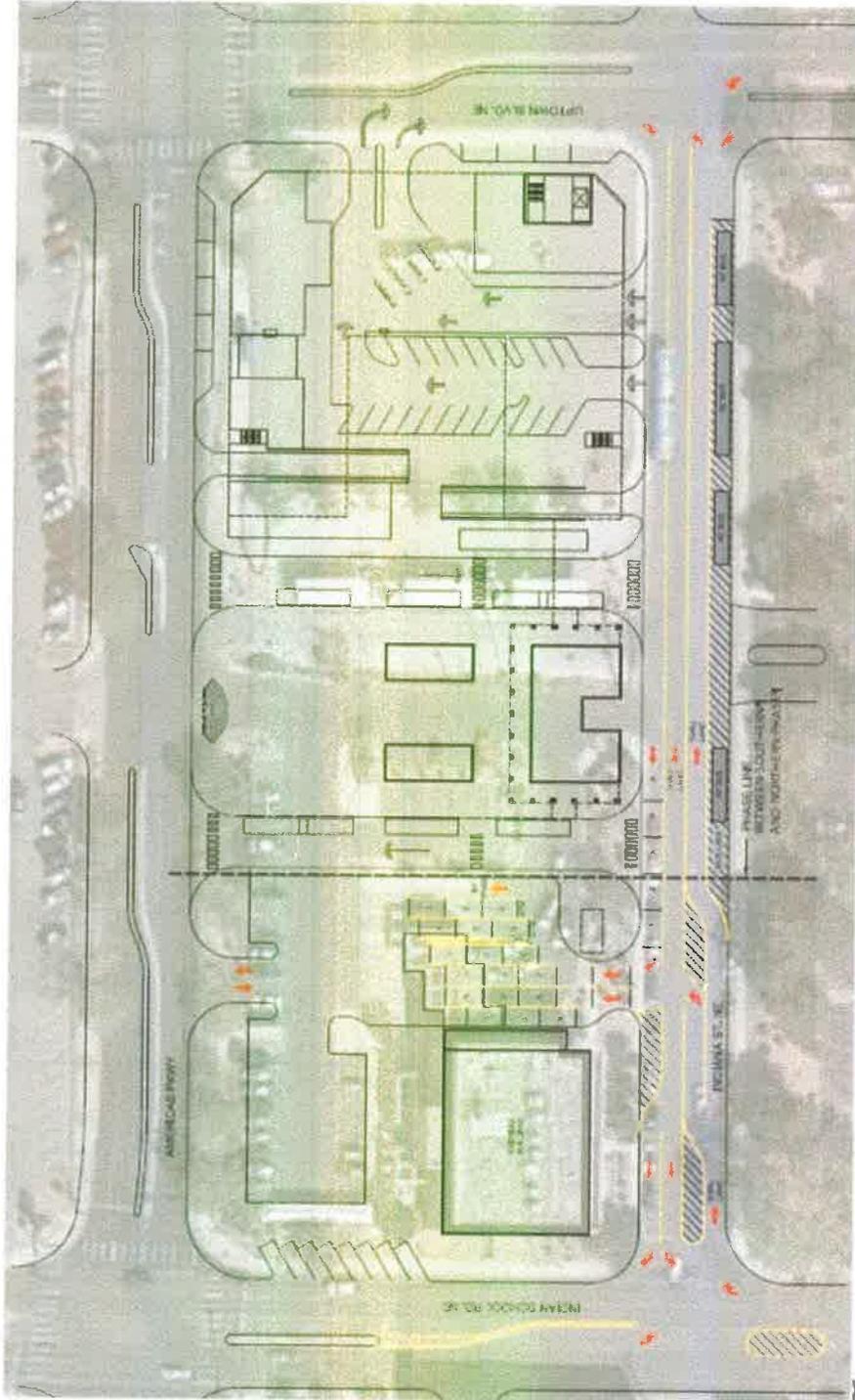
## Signage





# Exhibit E

## Nusenda Interim Improvements



# Boston Capital | Finance LLC

February 9, 2023

Ms. Rebecca Velarde  
Palindrome Communities  
412 NW 5th Ave, Suite 200  
Portland, Oregon 97209

RE: Term Sheet for a Tax Exempt First Priority Fee Mortgage Bond (the “Bond”), secured by a 234-unit mixed-income apartment complex to be known as Uptown Connect and located at Indiana St NE and Americas Parkway, Albuquerque, NM 87110 (the “Mortgaged Property” or the “Project”).

Dear Ms. Velarde:

We appreciate this opportunity for Boston Capital Finance LLC, a Massachusetts limited liability company (“**BCF**”), to submit this proposal (this “**Term Sheet**”) to Palindrome Communities (“**Sponsor**”) on behalf of a to-be-formed single purpose entity that will be the owner of the Mortgaged Property (the “**Borrower**”), outlining the basic terms upon which the Lender will consider providing a commitment for tax exempt first mortgage financing secured by the Mortgaged Property, subject to (collectively, the “**Bond Process Items**”): (i) satisfactory completion of sufficient due diligence and underwriting of the Mortgaged Property, the Borrower, and the Guarantor (ii) satisfaction of the Funding Conditions noted below, and (iii) approval by the Investment Committees of Lender and BCF (the “**Investment Approvals**”). Such financing will be sourced from the issuance and sale of one or more tax-exempt bonds (collectively, the “**Bonds**”) issued by a qualified issuer.

## OVERVIEW\*:

<b>Construction Bond Amount:</b> <b>Permanent Bond Amount:</b>	Up to \$55,000,000 (tax exempt) Up to \$21,400,000 (tax exempt)
<b>Construction Term:</b> <b>Permanent Term:</b> <b>Construction Amortization:</b> <b>Permanent Amortization:</b>	Thirty (30) months Sixteen (16) years Interest only Three years (36 months) of interest only post stabilization and then amortizing on a (40) year schedule thereafter
<b>Loan Servicer:</b>	BCF
<b>Estimated Construction Contract Rate:</b>	(a.) Indicative Rate 5.25% (as of 2/9/23) (Subject to prevailing interest rates at the time of rate lock)

\*

<b>Estimated Permanent Contract Rate:</b>	(b.) Indicative Rate 5.25% (as of 2/9/23) (Subject to prevailing interest rates at the time of rate lock)
<b>Permanent LTV:</b>	Maximum LTV: 90%
<b>Permanent DSCR:</b>	Minimum 1.15 debt coverage at conversion
<b>Syndicator:</b>	Any nationally recognized syndication Firm,
<b>Guaranty of Costs, Recourse Obligations and Environmental Indemnity obligations:</b>	Palindrome Communities (the “ <b>Guarantors</b> ”) will be required to provide a written guaranty for payment of Costs (defined below), Recourse Obligations and Environmental Indemnity obligations.
<b>Minimum Liquidity and Net Worth Requirements through stabilization:</b>	A \$4,000,000 liquidity and \$20,000,000 net worth at construction loan closing through stabilization, these requirements end at stabilization

**SELECTED DETAILS:**

The contents of this Term Sheet are for discussion purposes only and do not imply any obligation on the part of the Lender to purchase the Bonds, or to make the Bond, or to provide any other financing to the Borrower, unless and until such time as the Bond Process Items have been satisfied and the Lender issues a written Notice of Commitment substantially in the form of the Notice of Commitment attached hereto as **Exhibit B**. However, whether or not a Notice of Commitment is ever issued, and whether or not the Bond ever closes for any reason, in all events Borrower shall be responsible for paying all “Costs” as described below. Please note that if Lender issues a Notice of Commitment, it will provide that Lender is only obligated to close the Bond upon satisfactory completion of all remaining due diligence and closing items, including all Bond documentation satisfactory to Lender. Once the Notice of Commitment has been issued, the balance of this Term Sheet will become binding on both Lender and Borrower.

The complete terms of the Bond and the purchase of the Bonds, including the Funding Conditions (defined below), will be reflected in a bond purchase instrument the “**Bond Purchase Agreement**”), executed by and among the Borrower and BCF (the “**Bank**”), as well as certain additional documents, instruments and agreements evidencing, securing and/or relating to the Bond and/or the Bond Purchase Agreement (collectively, the “**Bond Documents**”).

This Term Sheet contains some of the major terms of the potential Bond, but does not contain all of the anticipated terms of the Bond, which will be incorporated into final, definitive Bond Documents containing Lender's standard terms, covenants and conditions if the Bond Process Items have been satisfied. The Bond Documents must be acceptable to Lender and its counsel.

**Full Bond Amount:** In order for Borrower to be eligible for the Full Permanent Bond Amount (i) a third party appraisal (the “**Appraisal**”) acceptable to Lender must support the LTV and NOI Requirements shown in the Term Sheet Overview; and (ii) the projected Debt Service Coverage Ratio (see definition in **Exhibit A**) at the time of Rate Lock (defined below) must be no less than the Debt Service Coverage Ratio required for Full Bond Amount funding as provided below under “Funding Conditions”.

**Builder:** Pacificap Construction, an affiliate of the sponsor

## Payment and Performance

**Bond :** Will be required during the building phase.

**Property Manager:** Pacificap Management, an affiliate of the sponsor

**Unit Mix:** 72- studio units 114-1 bed units, 18-2 bed, 30 3-bed units; total 234 units

**Contract Rate:** The Contract Rate shall be determined as shown in the Term Sheet Overview and will be locked up to three days prior to the date of the closing with the Equity Investor subject to Lender's receipt of a fully executed Rate Lock Letter Agreement among BCF, the Borrower and the Guarantor with all Fees and Deposits then due having been received ("**Rate Lock**"). The Contract Rate for the Construction Term is based on the 1 Month SOFR and Permanent Terms will be calculated and locked using the 10 Year Treasury. At Rate Lock, the Permanent Bond must be sized to meet a minimum 1.15x debt service coverage. Until Rate Lock, pricing is subject to change at any time based material adverse changes in market conditions.

## Permanent

**Funding Conditions:** In addition to the requirements in the Bond Purchase Agreement, Lender's full funding of the Bond will be contingent upon Lender's satisfaction with the following (collectively the "**Funding Conditions**"): (i) lien-free completion of the Project in accordance with (a) all applicable permits, approvals, laws, rules and regulations, (b) the plans and specifications (copies of which have been reviewed and approved by the construction engineer engaged by the Bank and/or BCF prior to the closing and initial funding of the construction Bond), and (c) any applicable condominium documents and/or ground lease documents, (ii) not less than ninety percent (90%) of the Units shall have been leased and physically occupied by tenants who meet Borrower's leasing requirements as approved by Lender for at least the three (3) consecutive months immediately preceding the Funding Date (the "**Lease-up Threshold**"), (iii) a Debt Service Coverage Ratio of no less than 1.15x for at least the three (3) consecutive months immediately preceding the Funding Date using the 40 year amortization not the I/O as a metric (the "**Performance Threshold**"), (iv) no Material Adverse Change (see definition in **Exhibit A**) shall have occurred and be continuing, and (v) if the Project has been underwritten assuming Section 8 rental assistance, receipt of a fully executed and effective Section 8 Housing Assistance Payments contract for the Project including the POFA that must run concurrent with the loan term or be longer. The project must show a proforma where the DSCR is at or above 1.15% for the life of the loan prior to conversion.

**Funding Extension:** If, by the Funding Date, the Project has achieved lien-free completion but has not met the Lease-up or Performance Thresholds, three options will be available to Borrower, subject to satisfaction of certain conditions and payment of fees: (option 1) a six (6) month extension for 25bps fee; (option 2) funding at a reduced amount (Bond to be sized to support the Performance Threshold); (option 3) and full funding with a one-year letter of credit for the unsupported Bond Amount.

If the Bond does not fund, or funds at less than the Full Bond Amount, an Economic Loss (see definition in **Exhibit A**) may be due. No Economic Loss will be due on the first 10% of the funding shortfall due to not achieving the Performance Threshold.

- Legal:** Palindrome Communities will be responsible for Lender legal costs. Lender will use Squire Patton Boggs or Kutak Rock as counsel on this bond closing.
- Flood Insurance:** Will be required if in a flood zone.
- Prepayment:** We require 103% of par in years 10-12 after stabilization, then 102% in years 12-14, and 101% in the 15<sup>th</sup> year. The Bond may also be prepaid at par during the last one hundred and eighty (180) days of the Bond Term without payment of a Prepayment Premium.
- Security:** The Bond must be secured by a first priority mortgage or deed of trust, security agreement and assignment of leases, rents, revenues and accounts.
- Recourse:** Full recourse during the construction phase; non-recourse during the permanent bond term with the exception of industry standard and Lender required carve-outs, including Borrower's intentional failure to close the Bond under circumstances where payment of the full Prepayment Premium will be required (the "**Recourse Obligations**"), the Bond will be non-recourse to the Borrower and its members/partners. The Recourse Obligations will be guaranteed by the Guarantor.
- Due Diligence:** Lender is authorized to engage in due diligence with respect to the Borrower, the Guarantor and the Mortgaged Property, including, without limitation, ordering credit reports and checking references and backgrounds. BCF will share and coordinate due diligence with the equity provider. BCF will order the following due diligence reports for the Mortgaged Property with Borrower's cooperation and at Borrower's expense: (1) plan and cost review, (2) monthly construction inspection reports, (3) engineering/property condition report, (4) environmental site assessment, (5) seismic evaluation (6) the Appraisal and (7) a market study.
- Construction Contingency:** 5% of hard construction costs. This excludes GC profit, general conditions and general requirements.
- Reserves:**
- Imposition Reserve:** real estate taxes, assessments or impositions and all insurance premiums.
  - Capital Improvements Reserve:** \$300 per Unit per year and escalating 3% annually.
  - Operating Deficit Reserve:** A reserve equal to six months of operating expenses and debt payments to be held by Lender's capital provider (Lender will accept equity-operating reserve and will not require an additional reserve)
  - Interest Reserve:** An interest reserve used to fund payments during the build and stabilization phase will be obtained at construction loan closing. Lender will work with developer on the amount of the reserve.

The Lender will have a security interest in all reserves and withdrawals from any reserves may require Lender approval, which will be given or withheld in its sole discretion. Reserve will be released upon bond payoff; borrower can make withdrawals through the term of the bond. If the Operating Deficit Guaranty is still in place that would fund a shortfall prior to the Operating Deficit Reserve. The reserve will be held at BCF's capital partner's account but in the Partnership name.

**Equity  
Commitment:**

The identity of the Equity Investor and the form and substance of a “letter of intent” or similar equity commitment from the Equity Investor must be satisfactory to Lender. Lender has executed with all major syndication firms. Lender will require 10% equity at construction loan closing.

**DTC:**

Lender will close and fund this bond through DTC, which costs will be borne by the borrower. Lender will require draw downs in the amount of \$100,000 increments.

**Tax Exempt  
Bonds:**

The Bonds must have been issued in an amount sufficient to support debt service on the Bond Amount for a sixteen (16) year term. Lender shall receive an unqualified opinion of nationally recognized bond counsel acceptable to Lender stating that interest on the Bonds is tax exempt (including future draws in the case of a draw down bond).

**Subordinate  
Financing and  
Occupancy  
Restrictions:**

Subordinate financing shall be permitted provided the following conditions are met:

(i) such subordinate financing provides for no remedies against the Project after default while the Bond from the Lender is outstanding;

(ii) such subordinate financing and any accompanying occupancy restrictions must be subordinate to the lien of the Lender’s first mortgage and will therefore terminate upon a foreclosure of the Lender’s first mortgage;

(iii) the providers of such subordinate financing agree to execute and record a subordination and inter-creditor agreement substantially similar to the form in the Borrower Schedules and Closing Requirements (the “**Subordination Agreement**”); and

(iv) any subordinate lender agrees to cooperate with the senior lender and to refrain from opposing senior lender’s exercise of senior debt remedies during any bankruptcy or foreclosure proceedings, including seeking relief from the automatic stay.

(v) all subordinate Bonds to be secured by the Project must be disclosed to Lender, in as much detail as Lender shall request.

The occupancy restriction that may be recorded is the restriction associated with the extended low-income housing commitment that will be recorded against the Project in accordance with Section 42(h)(6) of the Internal Revenue Code of 1986, as amended.

**Certifications:**

Sponsor hereby certifies to Lender that there is no history of, or pending government investigation or litigation for felonious charges, bankruptcy, foreclosure or insolvency on the part of Borrower, Sponsor, Guarantor, or any entity or person controlling or controlled by any one or more of Borrower, Sponsor or Guarantor.

**Indemnification:**

By executing this Term Sheet, Sponsor and Guarantor agree to indemnify, defend and hold harmless BCF and Lender from, and to be responsible for, any loss, claim, damage or liability arising from any claim or litigation made or threatened by any

claim or litigation made or threatened by any third party (including, without limitation, any seller, broker, finder, partner or other member in Borrower or in Guarantor, governmental entity or other third party, but excluding any brokers claiming by or through BCF or Lender) in connection with the proposed Bond, and any litigation related costs and attorneys' fees (including without limitation the cost of post judgment remedies and appeals) incurred by BCF and/or Lender in connection with any of the foregoing claims.

**Governing  
Law:**

This Term Sheet shall be governed by and construed under the laws of the State of Massachusetts, bond documents governed by the state of New Mexico.

**Enforceability:**

Notwithstanding that this Term Sheet is not a binding commitment, the provisions set forth in (i) Commitment Fee, (ii) Due Diligence Fees, (iii) Rate Lock, (iv) Application Fee, (not applicable) (v) Indemnification, and (vi) Governing Law shall survive any expiration or termination of this Term Sheet and shall continue to apply and be enforceable.

This Term Sheet is for discussion purposes only and is not a contract or commitment or offer to Bond. This Term Sheet will expire at 5:00 PM Eastern Time on March 15, 2023. Please execute and return a copy of this Term Sheet to the undersigned on or before the expiration date to evidence Borrower intent to proceed with negotiation of the Bond.

Best Regards,

BOSTON CAPITAL FINANCE LLC,

By: Sean Curry

Name: Sean Curry

Title: Director

ACCEPTED AND AGREED AS OF \_\_\_\_\_, 2023

BY:

Palindrome Communities

By: \_\_\_\_\_

Name:

Title:

## DEFINED TERMS

**“Debt Service”** means, for any period, the sum of all regularly scheduled principal and interest payments which would be due and payable under the Bond for the applicable number of months for which the Debt Service is being calculated.

**“Debt Service Coverage Ratio”** means, as of the date such calculation is made, the ratio, as determined by the Lender, of (a) Net Operating Income from the Mortgaged Property for the applicable number of months for which the Debt Service Coverage Ratio is being calculated to (b) Debt Service for the same measured period of time.

**“Economic Loss”** and **“Economic Losses”** may be due if the Bond does not fund, or the Bond funds in a principal amount less than 90% of the amount Rate Locked. Economic Loss and Economic Losses means Lender’s determination of any positive difference between the sum of money that Lender calculates would be required to repurchase the Reference Treasury (to be defined in the Rate Lock Letter Agreement to be entered into between Lender and the Borrower locking the Contract Rate defined therein (the **“Rate Lock Letter Agreement”**)) in the Full Bond Amount or any part thereof, on the date of withdrawal or termination of all or any part thereof, less the calculated net sales proceeds that would have been received from the sale of the Reference Treasury in such Bond amount as of the date of Lender’s execution of the Rate Lock Letter Agreement

**“Material Adverse Change”** means any occurrence of whatsoever nature (including, without limitation, any adverse determination in any litigation, arbitration or governmental investigation or proceeding), which Lender shall determine could materially adversely affect (i) the then present or prospective financial condition or operations of any Borrower or Guarantor, or (ii) the availability of any tax credits, or (iii) the value of the Mortgaged Property or (iv) any other material collateral securing repayment of the Bond, or (v) or impair the ability of Borrower or any Guarantor to perform its obligations as and when required under any of the Bond Documents, as determined by Lender in its sole and absolute discretion.

**“Monthly Payment Differential”** means the monthly interest (without amortization), which would be earned if the prepayment were invested at the Contract Rate less the monthly interest that would be earned by reinvesting the prepayment at the Reinvestment Yield.

**“Net Operating Income”** means, as determined by the Lender, for any period, the excess, if any, of (A) the actual gross operating income less the underwritten vacancy(B) Project Expenses. In computing the Debt Service Coverage Ratio for the Bond Funding Requirements, rent concessions may be amortized over twelve months.

**“Project Expenses”** means costs and expenses incurred by Borrower during the applicable period in connection with Borrower’s operation, maintenance and leasing of the Project. For purposes of the conversion Lender will use the higher of actual or underwritten expenses plus the actual insurance and real estate costs of the project.