

**TULSA DEVELOPMENT AUTHORITY  
TERM SHEET  
ALFRESCO GROUP 36<sup>TH</sup> STREET NORTH CORRIDOR PROJECTS  
DEVELOPMENT AND FINANCING ASSISTANCE AGREEMENT**

The purpose of this term sheet is to outline the general terms being considered by the parties as they negotiate a Development and Financing Assistance Agreement (“Assistance Agreement”) with the Tulsa Development Authority (“TDA”) to provide assistance in development financing to the Developer for the proposed Projects, contingent upon the adoption by the City of Tulsa of the North Tulsa Economic Development Project Plan (“Project Plan”) and the creation of one or more increment districts under the Local Development Act, 62 O.S. §§ 850-869.

**Developer:** Alfresco Group, LLC

**Property:** Several tracts of undeveloped land in Sections 23 and 24, Township 20 North, Range 12 East of the Indian Meridian, Tulsa County, State of Oklahoma, more particularly described in Exhibit A attached hereto. [*Developer to provide full and correct legal descriptions for Exhibit A, designating the property on which (a) Project 1, (b) the Hotel, (c) Project 2, and (d) Project 3 are each going to be constructed.*]

**Project:** As a condition of the public assistance described herein, Developer shall develop or cause to be developed on the Property the following developments (collectively, “the Projects”):

**Project 1:** A 4-story boutique hotel of at least 105 rooms, with structured (2-level) parking of at least 400 spaces, and at least 9,000 square feet of supportive retail space, and having (hard) construction costs of at least \$22 million (“Hotel”), together with all horizontal (civil/land) development necessary for the Projects (“Horizontal Development”). Project 1 has total cost of at least \$35 million.

**Project 2:** A vertical mixed-use development consisting of at least 265 units of 2-3 stories of multifamily residential above at least 45,000 square feet of retail space, with 2-level structured parking of at least 700 spaces, and having (hard) construction costs of at least \$19 million and a total cost of at least \$31 million.

**Project 3:** A second vertical mixed-use development consisting of at least 50 units of 2 or 3-story multifamily residential above at least 9,000 square feet of retail space and at least 125 at-grade parking spaces, and having (hard) construction costs of at least \$5.5 million and total cost of at least \$8.5 million.

**Commencement**

**And**

**Completion:** Project 1 shall commence construction by June 1, 2019, pursuant to all necessary and valid permits (“Commencement”).

Project 1 shall complete construction and the Hotel shall have received its full and final Certificate of Occupancy by December 1, 2020 (“Completion”).

Project 2 shall commence construction by June 1, 2020, pursuant to all necessary and valid permits.

Project 2 shall complete construction and shall have received its full and final Certificate(s) of Occupancy by December 1, 2021.

Project 3 shall commence construction by December 1, 2020, pursuant to all necessary and valid permits.

Project 3 shall complete construction and shall have received its full and final Certificate(s) of Occupancy by December 1, 2021.

**Design**

**Documents:** Within 3 months of execution of the Assistance Agreement, Developer shall submit Development Plans and Specifications for the Projects to the Executive Director of TDA for review for conformance with the objectives of the North Tulsa Economic Development Project Plan and other policies, and for consideration and approval by the Board of Commissioners of TDA. Following approval by the Board of Commissioners of TDA, if Developer desires to make any material changes to the Development Plans, the Developer shall submit its proposed changes to the Executive Director of TDA for approval.

**Public**

**Assistance:** Developer is required to pay or cause to be paid all costs of the Projects.

**Project 1:**

Following Completion of Project 1, and provided that the Developer is not in default of its obligations under the Agreement (specifically including but not limited to its obligations to pay taxes), Developer shall receive public development financing assistance as follows--

a. Sales tax increment from construction. Developer shall receive public assistance in the amount of the undedicated portion of the City's sales and use taxes (currently 2%) generated by the purchase of construction materials for Project 1 that are taxable under the sales tax code of Oklahoma, provided the developer provides satisfactory evidence of sales and use taxes paid, including invoices and other appropriate documentation; and

b. Sales tax increment from ongoing sales within the Project. Developer shall receive annual payments in the amount of the undedicated portion of the City's sales and use taxes (currently 2%) generated by new businesses within Increment District by Project 1 that are taxable under the sales tax code of Oklahoma, provided the Developer (or Owner or Tenant, as appropriate) provides periodic reporting of sales and use taxes paid during the period of apportionment for the Increment District.

c. Ad valorem increments. Each year through 2031, Developer shall receive an annual payment of assistance in development financing in an amount equal to 85% of the ad valorem taxes paid on the Property for the previous year minus the baseline taxes paid on the Property in the year prior to the approval of the Assistance Agreement. Beginning in 2032, Developer shall receive an annual payment of assistance in development financing in an amount equal to 65% of the ad valorem taxes paid on the Property for the previous year minus the baseline taxes paid on the Property in the year prior to the approval of the Assistance Agreement. Such annual payments shall continue during the period of apportionment under the adopting ordinance or until the Total Assistance for Project 1 is reached, whichever occurs first.

**THE TOTAL PUBLIC ASSISTANCE TO THE DEVELOPER FOR PROJECT 1 SHALL NOT EXCEED \$9.5 MILLION.**

**Project 2:**

Following Completion of Project 2, and provided that the Developer is not in default of its obligations under the Agreement (specifically including but not limited to its obligations to pay taxes), Developer shall receive public development financing assistance as follows--

- a. Sales tax increment from construction. Developer shall receive public assistance in the amount of the undedicated portion of the City's sales and use taxes (currently 2%) generated by the purchase of construction materials for Project 2 that are taxable under the sales tax code of Oklahoma, provided the developer provides satisfactory evidence of sales and use taxes paid, including invoices and other appropriate documentation; and
- b. Sales tax increment from ongoing sales within the Project. Developer shall receive annual payments in the amount of the undedicated portion of the City's sales and use taxes (currently 2%) generated by new businesses within Increment District by Project 2 that are taxable under the sales tax code of Oklahoma, provided the Developer (or Owner or Tenant, as appropriate) provides periodic reporting of sales and use taxes paid during the period of apportionment for the Increment District.
- c. Ad valorem increments. Each year through 2031, Developer shall receive an annual payment of assistance in development financing in an amount equal to 85% of the ad valorem taxes paid on the Property for the previous year minus the baseline taxes paid on the Property in the year prior to the approval of the Assistance Agreement. Beginning in 2032, Developer shall receive an annual payment of assistance in development financing in an amount equal to 65% of the ad valorem taxes paid on the Property for the previous year minus the baseline taxes paid on the Property in the year prior to the approval of the Assistance Agreement. Such annual payments shall continue during the period of apportionment under the adopting ordinance or until the Total Assistance for Project 1 and Project 2 is reached, whichever occurs first.

THE TOTAL PUBLIC ASSISTANCE TO THE DEVELOPER FOR PROJECT 2 SHALL NOT EXCEED \$4 MILLION.

**Project 3:**

Following Completion of Project 3, and provided that the Developer is not in default of its obligations under the Agreement (specifically including but not limited to its obligations to pay taxes), Developer shall receive public development financing assistance as follows--

- a. Sales tax increment from construction. Developer shall receive public assistance in the amount of the undedicated portion of the City's sales and use taxes (currently 2%) generated by the purchase of construction materials for Project 3 that are taxable under the sales tax code of Oklahoma, provided the developer provides satisfactory evidence of sales and use taxes paid, including invoices and other appropriate documentation; and
- b. Sales tax increment from ongoing sales within the Project. Developer shall receive annual payments in the amount of the undedicated portion of the City's sales and use taxes (currently 2%) generated by new businesses within Increment District by Project 3 that are taxable under the sales tax code of Oklahoma, provided the Developer (or Owner or Tenant, as appropriate) provides periodic reporting of sales and use taxes paid during the period of apportionment for the Increment District.
- c. Ad valorem increments. Each year through 2031, Developer shall receive an annual payment of assistance in development financing in an amount equal to 85% of the ad valorem taxes

paid on the Property for the previous year minus the baseline taxes paid on the Property in the year prior to the approval of the Assistance Agreement. Beginning in 2032, Developer shall receive an annual payment of assistance in development financing in an amount equal to 65% of the ad valorem taxes paid on the Property for the previous year minus the baseline taxes paid on the Property in the year prior to the approval of the Assistance Agreement. Such annual payments shall continue during the period of apportionment under the adopting ordinance or until the Total Assistance for Project 1, Project 2, and Project 3 is reached, whichever occurs first.

THE TOTAL PUBLIC ASSISTANCE TO THE DEVELOPER FOR PROJECT 3 SHALL NOT EXCEED \$2 MILLION.

PUBLIC DEVELOPMENT FINANCING ASSISTANCE IS PAYABLE SOLELY FROM AVAILABLE TAX INCREMENT REVENUES GENERATED BY AND APPORTIONED TO THE INCREMENT DISTRICT PURSUANT TO THE ADOPTING ORDINANCE. THE PAYMENT OF THE FULL AMOUNT OF PUBLIC ASSISTANCE DEPENDS ON THE TAX INCREMENTS GENERATED BY ALL PROPERTIES IN THE INCREMENT DISTRICT. TDA DOES NOT PROMISE OR GUARANTEE THAT THE TOTAL ASSISTANCE WILL BE REACHED, ONLY THAT THE ANNUAL PAYMENTS WILL BE MADE TO THE EXTENT THEY ARE GENERATED BY THE DEVELOPER AND APPORTIONED BY THE CITY AND THE COUNTY.

**Insurance:** Developer and major contractors to maintain public liability, workers' compensation, automobile, and hazard insurance in required amounts.

**Taxes:** Developer (or Owners, as applicable) shall pay when due all sales taxes, real estate taxes, and assessments on the Property.

**Prohibition on Transfer:** Prior to Completion, Developer shall not, without prior written approval by TDA (which shall not be unreasonably withheld), make any total or partial sale, transfer, conveyance, assignment or lease of the Property, except as follows:  
(a) the Hotel may be leased and operated by New Century Hotels, LLC or a subsidiary, and  
(b) the residential units and retail spaces may be leased for use and occupancy as intended for the successful operation of the Projects.  
Following Completion but during the period that the Projects are receiving public assistance, Developer (or Owner, as applicable) shall provide thirty days' written notice of any proposed conveyance.

**Reports:** During construction, Developer shall provide monthly status reports of all project costs paid. Developer shall also use its best efforts to maintain a record of: (a) all sales taxes collected on construction materials used on the Project and (b) all sales taxes generated at the Project.

**Covenants:** Developer shall make certain covenants, including that: (a) there shall be no discrimination against or segregation of any person or group of persons on account of any prohibited category, (b) to use best efforts to include lease provisions requiring the reporting of all sales taxes generated at the Project, and (c) certain minimum ad valorem taxes shall be paid.

**Conditions and Limitations**

- **Neither this term sheet nor any oral representations or promises can create a binding commitment on the part of either party.**
- **No Assistance Agreement or other contract with the Tulsa Development Authority shall be in effect unless and until approved by a majority of the Board of Commissioners in a public meeting.**
- **Each party has the right to terminate the negotiations for the Assistance Agreement at any time prior to the execution of that agreement without cause and without any liability to the other, including within such exclusion of liability, without limitation, any costs, fees or other expenses incurred in the course of preparation for or participation in such negotiations.**

Acknowledgement and acceptance of conditions and limitations:

**Tulsa Development Authority**

\_\_\_\_\_  
Signature of Authorized representative

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**Alfresco Group, LLC**

\_\_\_\_\_  
Signature of Authorized representative

Name: \_\_\_\_\_

Title: \_\_\_\_\_