

MINUTES OF THE  
706th MEETING OF THE  
BOARD OF DIRECTORS OF THE  
REDEVELOPMENT AGENCY OF SALT LAKE CITY  
Tuesday, January 17, 2012  
451 South State Street, Room 326  
Salt Lake City, Utah  
3:00 p.m.

1. [3:06:51 PM](#) Roll Call. The following members of the Board of Directors of the Redevelopment Agency of Salt Lake City were present:

Kyle LaMalfa, Chairperson  
Luke Garrott, Vice Chairperson  
Carlton Christensen, Director  
Søren Simonsen, Director  
Charlie Luke, Director  
Jill Remington Love, Director  
Stan Penfold, Director

Also Present:

D.J. Baxter, Executive Director  
Justin Belliveau, Deputy Director  
Frank Gray, Director of Salt Lake City Community Economic

Development

Others Attending:

Matt Dahl, Senior Project Manager  
Ed Butterfield, Project Manager  
Kort Utley, Project Coordinator  
Damon Georgelas, Agency Legal Counsel  
Crayola Berger, Office Manager  
Jennifer Bruno, Salt Lake City Council Office  
Ken Millo, Broadway Park Lofts, LLC

Items were considered in an order different than listed on the agenda, time stamps shown indicate when items were considered.

[3:05:53 PM](#) Chairperson LaMalfa said it was an honor to serve as the RDA Chair for the next two years. He said urban redevelopment has tremendous power to spark transformation, and that it was his hope the RDA will continue to utilize its tools to create the City that represents our values of sustainability, clustered development, and access to multiple modes of transportation. Most importantly, he said he looks forward to guiding these tools in ways that will bring opportunities to enjoy our neighborhoods, to buy local,

and to better connect with one another. As redevelopment moves forward, he felt it was important to respect the existing personalities of spaces and leverage the distinct character of the neighborhoods while accelerating growth. He said his voice in this choir will be one of urban empowerment. He said he is looking forward to working with the RDA Board, staff, and the administration.

2. Redevelopment Business/Old Business.
  - A. [3:12:52 PM](#) Review and Approval of Broadway Park Lofts Loan Term Sheet.

Director Love returns to the meeting.

Mr. Dahl recognized Mr. Ken Millo with Broadway Park Lofts. Mr. Dahl provided Board members with the revised term sheet (copy attached). He said the most significant changes in the terms presented at the last meeting include that \$1,850,000 would be used for the line of credit to complete the residential units. The line of credit would be used as a construction loan in the event of an auction or default. To offset this change, the RDA has required an additional \$3,000,000 in collateral, and has taken steps to ensure that funds are available to purchase one year of extensions for the primary lender's loan. There is also a provision that would allow the RDA to force an early auction rather than allowing the project to go into default. Mr. Dahl also stated there is some concern that the cash flow may not be sufficient on a month to month basis. This has been addressed with the requirement of a reserve account.

Mr. Gray commented that there are several entities listed as the primary lenders, and asked if the RDA will require signatures from all these parties before moving forward. Mr. Dahl confirmed that all signatures or approval of the term sheet presented would be required as a condition of the RDA loan. He added that this term sheet was submitted to the primary lenders for review. If any modifications that conflict with the proposed terms are requested by the primary lenders, staff would return to the Board for review and approval.

Vice Chairperson Garrott asked for clarification of the timing. Mr. Dahl stated that by June 2013 the loans are to be paid. If that does not occur, the ordered auction process would be initiated and would likely occur in October or November of 2013.

Vice Chairperson Garrott felt it was important that this project be completed and successful, he asked staff's feeling on the current market conditions and if these terms could be met. Mr. Dahl said staff has some concern that the developer's suggest sale price quoted in the proforma may not be reached, but feels that lower price point achieved at a recent auction of the project's first phase would result in adequate funds to pay the primary lender and the RDA within two years.

Director Garrott asked how the revolving fund would be replenished. Mr. Georgelas said these funds are to be used to only complete residential units for sale, and that upon

closing the RDA will be paid back any funds utilized. Mr. Dahl and Mr. Georgelas reviewed the anticipated payment dates for the loan.

Director Luke thanked staff and the applicant for their efforts in working through these refined terms as he was not comfortable with the level of ambiguity in the terms presented at the last Board meeting. He said that when dealing with real estate as an RDA Board there is always some risk involved. He expressed his appreciation for all the work that has been done to lessen some of that risk to the RDA.

[3:27:07 PM](#) Director Luke made a motion to approve the Broadway Park Lofts Loan Term Sheet as presented with the caveat that, at staff's discretion, any modifications made that adversely impact the RDA be subject to further review and approval by the RDA Board. Director Christensen seconded the motion. Upon roll call, Chairperson LaMalfa declared the motion unanimously approved.

Mr. Millo thanked the Board.

3. Redevelopment Business/New Business.

- A. [3:07:22 PM](#) Consideration and Adoption of a Resolution of the Board of Directors of the Redevelopment Agency of Salt Lake City Approving a Purchase and Sale Agreement Authorizing the Purchase .08 Acres of Real Property Located at 1078 East 2100 South From Rockwood Investment Associates L.C.

Director Love recused herself from the discussion and leaves the meeting.

Mr. Butterfield stated that this parcel will be utilized for a midblock walkway connection with the Granite Block development. He supplied Board members with the proposed term sheet (copy attached), and reviewed the proposed contingencies. He stated that these are the terms that would finalize the Purchase and Sale Agreement with the parties.

[3:09:29 PM](#) Director Simonsen made a motion to adopt the resolution. He expressed his thanks to staff for their efforts in finalizing this agreement. Vice Chairperson Garrott seconded the motion, and thanked staff, Board members and the administration for their efforts on this purchase. He felt this would make the heart of Sugar House and this block a better place.

Director Simonsen commented that this parcel is only a portion of the midblock connection. He said there is some due diligence that needs to be addressed in the near future to determine how this connection will be completed throughout the entire block. He felt it was of equal importance to consider the streetscape improvements for the midblock connection and the streetscape on 2100 South around the monument.

Upon roll call, Chairperson LaMalfa declared the motion unanimously approved and the resolution was adopted. Director Love was not present for the vote.

4. Adjournment.

There being no further business, Chairperson LaMalfa declared the meeting adjourned.

---

Kyle LaMalfa, Chairperson

This document along with the digital recording constitute the official minutes of the Redevelopment Agency of Salt Lake City Board of Directors meeting held January 17, 2012.

**RDA Loan Term Sheet -  
Broadway Park Lofts  
(RDA Board Approved 01-17-12)**

Borrower:	Broadway Park, LLC
Primary Lender(s):	Acer Capital Group, LLC, ACG Companies, Silver Arch and/or affiliates
Primary Loan:	Not to exceed \$8,310,000
Project Description:	<p>The Borrower is seeking to fund and complete construction of the Broadway Park Lofts development located at 360 West 300 South ("Project").</p> <p>The Project includes units 101 through 106 inclusive, units 201 through 224 inclusive (except that there is no unit 222), units 401 through 414 inclusive, and units 601 through 614 inclusive, contained within the Broadway Park Lofts First Amended, a Utah mixed use condominium project identified in the Condominium Plat recorded on December 23, 2010 in Salt Lake County, as Entry No. 11103336, in Book 2010P, at Page 191 (as said Condominium Plat may have heretofore been amended or supplemented) and in the Declaration recorded April 27, 2010 in Salt Lake County, as Entry No. 10941449 in Book 9820 at Page 9413 and Amendment Declaration Recorded on December 23, 2010 in Salt Lake County, as Entry No. 11103337 in Book 9891 at Page 9043 (as said Declaration may have heretofore been amended or supplemented).</p> <p>Together with the appurtenant undivided interest in said Project's common areas as established in said Declaration and allowing for periodic alteration both in the magnitude of said undivided interest and in the composition of the common areas and facilities to which said interest relates.</p>
Broadway Park Shell and Model Completion	<p>Complete the shell for the unfinished commercial space, common space, and residential units (as used herein, "residential units" includes both residential and live-work units) of the Broadway Park Lofts development and fit-out and finish three residential units for initial use as models (the "Models") ("Shell and Model Completion"). Shell and Model Completion shall include the completion of the Project's exterior, the roughing in of commercial and residential units, installation of the mechanical systems, and roughing in of utilities for residential units. Funds for this will be derived from the Construction Funds (defined below) and the Line of Credit (also defined below).</p>
Broadway Park Lofts Fit-out and Finish:	<p>Complete fit-out and finish of remaining unfinished residential units 201 through 224 inclusive (except that there is no unit 222), residential units 401 through 414 inclusive, and residential units 601 through 614 inclusive, contained within the Project ("Fit-out and Finish") for occupancy and sale.</p>
RDA Loan:	<p>The total amount lent pursuant to the RDA Loan shall not exceed \$2.3 million. \$450,000 of these funds shall be used for the permanent improvements required for Shell and Model Completion (the "Construction Funds"). \$1,850,000 of these funds shall be provided in</p>

**RDA Loan Term Sheet -  
Broadway Park Lofts  
(RDA Board Approved 01-17-12)**

	the form of a revolving line of credit (“Line of Credit”), which may only be used for completion of the Models and Fit-out and Finish.
RDA Loan Term:	Two Years, subject to extension should Primary Loan be extended.
Interest:	5% on disbursed funds.
Collateral for RDA Loan:	The following shall be pledged as collateral for the RDA Loan: <ol style="list-style-type: none"> <li>1. Second lien position behind only the Primary Lender for the Project (the “RDA Second Trust Deed”); and</li> <li>2. Second lien position on the Tire Town units LL1 and 101-109 owned by Borrower’s affiliate and Uffens units 101 and 102 owned by Borrower’s affiliate behind only the Primary Lender for this Project</li> <li>3. The RDA will release liens upon sales of units and application of proceeds as described below.</li> </ol>
Use of Construction Funds:	The Construction Funds shall be used solely for Shell Completion.
Repayment of RDA Loan:	The release price for each Project unit shall be shown in a schedule agreed to by the Primary Lender, the RDA, and Borrower prior to the closing of the RDA Loan (the “Stipulated Release Price”). Following the repayment of the Primary Loan and subject to the terms regarding repayment of the Line of Credit set forth below, the Stipulated Release Price shall be paid to the RDA from the net sales income from each unit sold (after payment of sales commissions, title premiums and other usual closing costs [the “Closing Costs”]) until all funds lent by the RDA pursuant to the RDA Loan are repaid. Payments shall first be applied to accrued interest and then loan principal.
Use of Line of Credit:	<ol style="list-style-type: none"> <li>1. With the exception of the Model Units, the RDA will only disburse Line of Credit funds for use on the completion of units for which Borrower has received an executed sales contract acceptable to the RDA and Primary Lender at a price equal to or exceeding the Stipulated Release Price for such unit or price approved in writing by the Primary Lender, the RDA, and the Borrower (each an “Approved Sales Contract”), along with an acceptable earnest money deposit, and then only if any financing contingency in favor of the buyer has been satisfied.</li> <li>2. Except as provided under Events of Default below, no more than \$400,000 may be drawn from the Line of Credit at any given time.</li> <li>3. \$97,000 of the Line of Credit shall be used to finish the Model Units and not be subject to the Approved Sales Contract otherwise required for funding.</li> <li>4. No more than \$16,000 from the Line of Credit shall be used to finish a Live/Work Unit.</li> <li>5. No more than \$32,000 from the Line of Credit shall be used to finish a Lanai Loft Unit.</li> <li>6. No more than \$49,000 from the Line of Credit shall be used to</li> </ol>

**RDA Loan Term Sheet -  
Broadway Park Lofts  
(RDA Board Approved 01-17-12)**

	<p>finish a Park View Unit.</p> <p>7. If there are insufficient funds pursuant to the Reserve Requirements section below, up to \$160,000 may be drawn on the Line of Credit to purchase extensions of the Primary Loan. Any such draw down shall not count against the limit set forth in section 2 of Use of Line of Credit, but shall be subject to the overall limit on the Line of Credit.</p>
<p>Repayment of Line of Credit:</p>	<ol style="list-style-type: none"> <li>1. The funds disbursed from the Line of Credit for the completion of a unit shall be repaid to the RDA upon the closing of the sale of such finished unit, subject to the Intercreditor Agreement below.</li> <li>2. Proceeds from the sale of each unit finished with Line of Credit funds shall be distributed to the RDA to replenish the Line of Credit prior to any other distribution of proceeds from such sale other than Closing Costs, subject to the Intercreditor Agreement below.</li> <li>3. If a mechanic's lien is recorded against a unit that was finished using the Line of Credit, the funds from the Line of Credit for that unit will immediately be due and payable.</li> </ol>
<p>Collateral for Funds Disbursed from Revolving Line of Credit:</p>	<p>The funds disbursed from the Line of Credit shall be secured by a lien on such unit that such funds are used to finish pursuant to the RDA Second Trust Deed and further evidenced by a notice of interest filed at the time funds are for the unit are drawn. This lien and attendant notice of interest will be released at the closing for the sale of such unit concurrently with the distribution of sales proceeds to repay the Line of Credit for the Fit-out and Finish of the such unit.</p>
<p>Intercreditor Agreement:</p>	<ol style="list-style-type: none"> <li>1. The RDA and the Primary Lender shall enter into an intercreditor agreement (the "Intercreditor") at closing for the administration of the RDA Loan and Primary Loan in accordance herewith.</li> <li>2. The Intercreditor shall allow a priority distribution of funds (after payment of Closing Costs) from the proceeds of the sale of a residential unit to repay any funds drawn from the RDA Line of Credit to finish such unit.</li> <li>3. The Intercreditor shall allow the RDA to disclose in the RDA Second Trust Deed its right to priority repayment on any unit where money is to be drawn from the RDA Line of Credit to finish such unit pursuant to an Approved Sales Contract or upon the sale of a Model. The RDA Second Trust Deed shall specifically reference the Intercreditor and reflect the RDA's right to a priority distribution from the sale of such residential units.</li> <li>4. The Intercreditor shall also permit the RDA to file a notice of interest referencing its Second Trust Deed and reflecting its right to priority repayment at the time funds are drawn from the Line</li> </ol>

**RDA Loan Term Sheet -  
Broadway Park Lofts  
(RDA Board Approved 01-17-12)**

	<p>of Credit to finish a residential unit pursuant to an Approved Sales Contract.</p> <ol style="list-style-type: none"> <li>5. In the event an auction is held pursuant to the terms below, then proceeds from the sale of residential units and commercial space shall be applied first to satisfy the Primary Loan and then to satisfy the RDA Loan, and the Primary Lender and the RDA shall reconvey the RDA Second Trust Deed with respect to the unit or units sold at such auction.</li> <li>6. If after all the units in the Project have been sold there is any amount due and owing on the Primary Loan or RDA Loan, then the Uffens units shall be sold at a price agreed upon and approved by the Primary Lender and RDA who shall then remove their liens on such units. The proceeds from the sale of Uffens units shall be distributed as follows:             <ol style="list-style-type: none"> <li>a. First to retire or reduce debt remaining amounts due and owing on the Primary Loan;</li> <li>b. Then to retire or reduce all remaining amounts due and owing on the RDA Loan.</li> <li>c. The remainder, if any, to Borrower.</li> </ol> </li> <li>7. If after all the Uffens units have been sold there is any amount due and owing on the Primary Loan or RDA Loan, then the Tire Town units shall be sold at a price agreed upon and approved by the Primary Lender and RDA who shall then remove their liens on such units. The proceeds from the sale of Tire Town units shall be distributed as follows:             <ol style="list-style-type: none"> <li>a. First to retire or reduce debt remaining amounts due and owing on the Primary Loan;</li> <li>b. Then to retire or reduce all remaining amounts due and owing on the RDA Loan.</li> <li>c. The remainder, if any, to Borrower.</li> </ol> </li> <li>8. The Intercreditor shall permit the RDA (on behalf of Borrower) and/or Borrower to purchase both loan extensions at the end of the then current term of the Primary Loan.</li> <li>9. The Intercreditor shall reflect the provisions of the Use of Line of Credit in the Event of Default and the Reserve Requirements below.</li> <li>10. The Intercreditor shall allow the RDA, in its sole and absolute discretion, to cure events of default under the Primary Loan.</li> </ol>
Events of Default:	<ol style="list-style-type: none"> <li>1. Violation of any of the terms in this term sheet.</li> <li>2. Primary Lender's declaration of a default under the Primary Loan.</li> <li>3. Such other terms as recommended by RDA's legal counsel.</li> <li>4. The Borrower shall be in default if a mechanic's lien is recorded against the collateral that remains in effect for 30 days after the Borrower is notified that it has been filed.</li> </ol>
Agreement to	<ol style="list-style-type: none"> <li>1. If the Primary Loan has not been repaid in full and all attendant</li> </ol>

**RDA Loan Term Sheet -  
Broadway Park Lofts  
(RDA Board Approved 01-17-12)**

<p>Orderly Auction</p>	<p>liens on the collateral for such loan released and removed by June 30, 2013, or such later date as is seven months prior to the then final maturity date of the Primary Loan, then an orderly auction of all remaining residential units and commercial space in the Project shall be arranged by Borrower to occur no later than October 30, 2013, or such later date that is no more than three months prior to the then final maturity date of the Primary Loan.</p> <ol style="list-style-type: none"> <li>2. In the event an orderly auction is required the Line of Credit shall be made available to facilitate the completion of the remaining unfinished residential units without regard to there being in effect Approved Sales Contracts for such units.</li> <li>3. Proceeds from the auction shall be distributed in the following order:             <ol style="list-style-type: none"> <li>a. To retire debt owed to Primary Lender and obtain removal of attendant liens.</li> <li>b. To retire all remaining amounts due and owing on the RDA Loan.</li> <li>c. The remainder to Borrower.</li> </ol> </li> </ol>
<p>Assumption and Use of Line of Credit in the Event of Default:</p>	<ol style="list-style-type: none"> <li>1. In the case of a default under the Primary Loan or RDA Loan, then the Primary Lender, or another person otherwise approved by the RDA, may assume and utilize the RDA Loan to complete the Project and finish any unsold units therein, regardless of whether such unsold units are under contract to sell to a third party, including an Approved Sale Contract.</li> <li>2. If the Borrower defaults on the Primary Loan, then the RDA shall have the first right to purchase the Primary Loan for the principal amount and interest then due, exclusive of any accelerations, default interest provisions, or penalties.</li> </ol>
<p>Reserve Requirements:</p>	<ol style="list-style-type: none"> <li>1. Borrower shall be required to create, fund, and maintain a reserve account of \$450,000 (“Reserve Account”) in accordance with the following terms. The Reserve Account shall serve as cash collateral for the Primary Loan (first position) and the RDA Loan (second priority).</li> <li>2. Funding for the Reserve Account shall be provided as follows:             <ol style="list-style-type: none"> <li>a. Borrower shall be required to pay \$12,000 per month into the Reserve Account from sources not derived from the Project until the Reserve Account is fully funded at \$450,000.</li> <li>b. A portion of the proceeds from each sale of commercial space or residential unit in the Project (which shall be included within the Stipulated Release Price for those units) shall be set aside and deposited into the Reserve Account until it is fully funded at \$450,000 so that it maintains such balance thereafter.</li> <li>c. In the event there is less than \$160,000 in Reserve Account</li> </ol> </li> </ol>

**RDA Loan Term Sheet -  
Broadway Park Lofts  
(RDA Board Approved 01-17-12)**

	<p>10 months after closing of the RDA Loan, then Borrower may draw up to \$160,000 on the RDA Line of Credit so that the Reserve Account has a balance of at least \$160,000 in time to pay for extensions of the Primary Loan.</p> <p>3. Funds from the Reserve Account may only be used as follows:</p> <ul style="list-style-type: none"> <li>a. Cover temporary short falls in cash flow to keep the Project funded, including taxes, utilities, insurance, security and similar items, the release of which shall be governed by procedures approved by the Primary Lender, the RDA and the Borrower.</li> <li>b. However, any funds drawn off the RDA Line of Credit for the Reserve Account may only be spent to pay for two 6-month extensions of the Primary Loan.</li> <li>c. As realization on collateral in the event of any uncured defaults under the Primary or RDA loans.</li> </ul>
<p>Conditions to Closing:</p>	<ul style="list-style-type: none"> <li>1. BPL shall close on the Primary Loan and RDA Loan simultaneously.</li> <li>2. BPL shall acquire the outstanding construction loan note that is secured by the Project and currently held by Silverleaf (the "Note"), which Note shall be modified to reflect an amount not to exceed the \$8,310,000 lent by the Primary Lender and with the collateral shall secure the Primary Loan. Alternatively, the Note may be refinanced and retired and a new note issued by Borrower so that the Primary Lender can take a direct first priority deed of trust against the Project.</li> <li>3. BPL shall provide the RDA with an executed "Not to Exceed" construction contract for the completion of the Project. The contracted construction price shall not exceed \$3,920,000. However, if BPL uses its own in-house contractor for Project construction, then BPL shall guarantee that the cost shall not exceed such amount. Cost increases resulting from change orders shall be funded by the Borrower.</li> <li>4. BPL shall provide all necessary information requested by the RDA to assure the RDA that the RDA Loan meets all lending criteria established by the RDA, RDA Loan Committee, and RDA legal counsel.</li> <li>5. Ken Millo shall guaranty the RDA Loan with a personal guaranty.</li> <li>6. To ensure the compatibility of the RDA Loan with Primary Loan terms, Borrower shall provide the RDA with all documentation necessary to verify such financing terms (e.g., commitments, loan documents, etc.). Should the Primary Loan not be approved on the terms and in the amount as understood by the RDA, the RDA will not close unless BPL makes up the difference in cash or receives comparable financing approved by RDA staff.</li> <li>7. Proof that no material adverse changes have occurred in the</li> </ul>

**RDA Loan Term Sheet -  
Broadway Park Lofts  
(RDA Board Approved 01-17-12)**

	<p>finances, business, operations, affairs or prospects of Borrower, or the condition of the property or Project.</p> <p>8. Borrower shall provide evidence at the time of closing that all payment obligations pertaining to the Project, including broker's or finder's fees, and tax or mechanics liens (other than those that are not yet due under applicable law) have been paid in full, or will be paid concurrently with the closing of the RDA Loan.</p> <p>9. Notwithstanding the foregoing, liens and payment obligations relating to the Primary Loan and against the Project shall be permitted at the time of closing so long as the Primary Loan is not in default.</p> <p>10. The execution of RDA Loan documents (promissory notes, loan agreements, security documents, and such other instruments) as deemed necessary by the RDA and its legal counsel. Applicant shall provide evidence of insurance covering public liability, fire, and such other insurance in such amounts and with such coverages as deemed necessary by the RDA. In addition, if the property is within a designated flood plain or flood risk area pursuant to the Flood Disaster Protection Act of 1973, as amended or supplemented, Applicant shall obtain flood insurance in such total amount as shall comply with the requirements of the National Flood Insurance Program as set forth in the Flood Disaster Protection Act of 1973.</p> <p>11. The RDA shall have been furnished at Applicant's expense an ALTA lender's title policy issued by a title insurance company approved by the RDA and including such endorsements as may be required. Such title insurance shall insure the RDA as a holder of a second mortgage lien, free from any exceptions except those approved by the RDA or its legal counsel.</p> <p>12. Review and approval by the RDA and its legal counsel shall be required for all matters pertaining to title, legality of the RDA Loan, and the legality, sufficiency, and the form and substance of all documents that are deemed reasonably necessary for the RDA Loan transaction.</p> <p>13. The establishment of the Reserve Account in a separate bank account at an institution approved the RDA and funded as set forth in the Reserve Requirements section above.</p> <p>14. The Borrower and guarantors shall have no current judgments filed against them.</p> <p>15. The Primary Lender approves the terms of and joins in the Intercreditor Agreement.</p>
<p>Conditions to Funding and Fund Disbursement:</p>	<p>1. The RDA will not be obligated to disburse proceeds from the RDA Loan, including both the Construction Funds and Line of Credit Funds, until the following conditions have been met:</p> <ul style="list-style-type: none"> <li>a. Closing on the sale of 34 units in Phase 1 of the Project.</li> <li>b. Borrower shall provide the RDA with an executed Purchase</li> </ul>

**RDA Loan Term Sheet -  
Broadway Park Lofts  
(RDA Board Approved 01-17-12)**

	<p>and Sale Agreement (“P&amp;S”) in a form acceptable to the RDA and the Primary Lender for the commercial units in the Project, which agreement may be between Borrower and an affiliate of Borrower. The P&amp;S’s outside closing date shall be 9 months from closing on the RDA Loan. The minimum acceptable sales price shall be \$1,920,000 (as to those units, also referred to herein as the Stipulated Release Price). The Primary Lender and the RDA shall reconvey their trust deeds against such units upon application of such Stipulated Release Price first to satisfy the Primary Loan and then to satisfy the RDA Loan.</p> <p>c. Disbursement of all of the Primary Loan proceeds (with the sole exception being the establishment of the required interest reserves) towards completion of construction on the Project, the purchase of the Note and the payment of approved disbursements as shown on the Borrower’s application for the Primary Loan.</p> <p>2. The RDA will not be obligated to and will not disburse funds from the Line of Credit except as set forth in the Use of Line of Credit or as contemplated in the Assumption and Use of Line of Credit in the Event of Default sections above.</p>
Closing Costs and Legal Fees:	The Borrower shall pay all closing costs, including the RDA’s legal fees.
Other:	Such other terms as recommended by the RDA’s legal counsel.

## Purchase and Sale Term Sheet

### Property Description

**Property Owner:** Rockwood Investment Associates, L.C. (the “Seller”)

**Buyer:** Redevelopment Agency of Salt Lake City (the “Buyer”)

**Property:** Parcel #1 (the “Property”) shall constitute the property.

**Parcel #1:**

Address: 1078 East 2100 South, Salt Lake City, UT

Parcel #: 16-20-206-043

Size: 0.08 acres (3,484 square feet)

**Phase I Environmental:**

- 1) Buyer will obtain a Phase I environmental assessment of the property, prepared by a company reasonably satisfactory to Buyer and Seller.

### Purchase and Sale Terms

**Purchase Price:** \$350,000.00 cash at closing.

**Contingencies:** The Seller requests additional items prior to closing in conjunction with the properties adjacent to the Property:

1. The Buyer will provide an allowance of 85,000 Dollars to the Seller for façade improvements, construction of a side door access, and the addition of windows (per BlackBox Design Studio Specifications) to the east facing side of the building located adjacent to the Property at 1078 East 800 South. Funds will be disbursed as receipts are provided for said improvements.
2. Mecham Management, Inc. will provide a space for a garbage container and access to such location to the Seller.
3. Mecham Management, Inc. will provide (4) parking stalls and access to such parking stalls to the Seller.
4. Salt Lake City Public Utilities will relocate the section of the Jordan/Salt Lake Canal at 1062 East 2100 South and terminate the

existing right-of-way easement for this Canal as described in the Agreement by and between Salt Lake City and J.A. Rockwood and Mary Ellen Rockwood recorded as Entry #832074 in Book 202 Page 364 Salt Lake County Recorders Office.

5. The Buyer will grant the Seller a pedestrian access easement across the Property for access to and from the Seller's adjacent property.
6. The Seller agrees to change the location of a vehicle turnaround easement based on the specifications of Mecham Management, Inc.

**Title Company:** Metro Title

**Outside Closing Date:** July 31, 2012 or 30 days after the closing of the Purchase & Sale Agreement.

**Title Insurance:** Prior to closing, the Buyer shall have received a title commitment from the Metro Title Company. Metro Title Company shall be also be prepared to issue to Buyer an ALTA Owner's Policy of title insurance in the full amount of the Purchase Price.

**Title:** The Seller will resolve all title issues on the Property.

**Survey:** Buyer shall obtain a topographical and boundary survey(s) of the Property, which survey(s) shall be prepared by a surveyor(s), licensed in the state of Utah and shall be certified to Buyer and its designees in a form satisfactory to Buyer. The boundary survey shall show and certify: 1) the exact square footage of real property contained in the Property; 2) the legal description of the Property with the boundaries being in conformity with the boundaries shown on the Site Plan (it is agreed that the legal description on the survey shall be the description used in the deed conveying the Property to Buyer and in the policy of title insurance); 3) that the legal boundaries of the Property extend to all adjacent streets, alleys and sidewalks; and 4) the location of all existing easements, rights-of-way, encroachments, utility lines, and other similar encumbrances or defects in title affecting the Property or the streets, alleys, and sidewalks adjacent thereto.

**License for Entry:** Seller shall provide the Buyer with a license to enter the Property for all purposes, provided the Buyer agrees to repair any damage to the Property arising from its exercise of its right of entry.

**Escrow Holder:** Within fifteen (15) days of the closing date, unless a shorter time period is agreed upon by the Parties, Buyer shall open an escrow with Metro Title. A copy of this Agreement shall be provided to the Escrow Holder to advise the Escrow Holder of the terms and conditions hereof. Within

five (5) days after Buyer has advised Seller that all conditions to purchase have been waived or satisfied, Seller shall place into the escrow a fully-executed general warranty deed to the Property, with Buyer as the grantee, for recording and delivery to Buyer at closing. Escrow Holder shall conduct the close of any sale hereunder pursuant to escrow instructions of the Parties.

**Closing**

At such time that Buyer wishes to complete the purchase and that all conditions precedent have been waived or satisfied or it has been determined that such conditions will be satisfied at closing, Buyer shall advise Seller of the same. The closing shall take place within fifteen (15) days thereafter at the office of the Escrow Holder on a date and at a time mutually convenient to Buyer and Seller. At closing, Seller shall convey title to the Property to Buyer by general warranty deed subject only to the Permitted Exceptions.

**Commissions:**

Buyer represents and warrants that it has not entered into any contracts with any brokers or finders, nor has Buyer obligated itself to pay any real estate commissions or finder's fees. Seller represents and warrants that it has not entered into any contracts with any brokers or finders, nor obligated itself to pay any broker's commission or finder's fee. Based on such representations and warranties, Seller and Buyer agree to indemnify and hold the other harmless from any claims, damages, expenses, liabilities, liens, or judgments (including costs, expenses and attorney's fees defending the same) that arise on account of any claim that real estate commissions or finders' fees (including those identified above) are payable as a result of the actions of the indemnifying Party and have not been discharged in their entirety. Any commissions, finder's fees or other similar charges other than those incurred by Buyer and not specified above shall be paid at closing by the Escrow Holder from the proceeds of the Purchase Price.

**Closing Costs:**

Closing costs shall be split equally between the Buyer and Seller. Taxes and utilities would be prorated between the Seller and the Buyers of the date of closing. The Seller would be responsible for standard coverage policy of title insurance and recordation of the deed of reconveyance. The Buyer would be responsible for any special endorsements or extended coverage.

**Other:**

This transaction shall be subject to all terms, conditions, and documentation required by the Buyer's legal counsel, whether represented in this term sheet or not.