

TERM SHEET

Disposition of 965 Florida Avenue, N.W.

Date	March 10, 2015
Seller	Government of the District of Columbia, acting by and through the Deputy Mayor for Planning and Economic Development ("DMPED") (collectively, the "District").
Buyer	Sherman Avenue LLC, a District of Columbia limited liability company, its successors, assigns, or affiliates (the "Developer"), as approved by DMPED or provided in LDA.
Real Property	Real property (the "Property") with a street address of 965 Florida Avenue, N.W. in Washington, D.C., known for tax and assessment purposes as Lot 1102 in Square 2873.
Land Disposition Agreement and Disposition Structure	The Property will be conveyed in fee simple by the District to the Developer under D.C. Official Code §10-801(b)(8)(F). All of the terms and conditions of the sale and purchase of the Property will be governed by the terms of a Land Disposition Agreement ("LDA") negotiated and to be entered into by District and Developer
Consideration	No less than \$1,400,000 (the "Purchase Price"), payable at Closing.
The Project	A building containing a mixed-use residential and retail development and a new street connecting Sherman Avenue to 9 th Street NW. The development will consist of approximately 351 units of housing, approximately 39,291 gross square feet of retail to include a grocery store, a below-grade parking structure with approximately 309 parking spaces (provided, however that Developer may elect, more than 309 parking spaces), and a new street on the north side of the Property extending from Sherman Avenue to 9 th Street NW in furtherance of the transportation objectives in the DUKE Small Area Plan.
Affordable Housing	The project will comply with the provisions of D.C. Act 20-485, the "Disposition of District Land for Affordable Housing Amendment Act of 2014". No less than thirty percent (30%) of all residential units shall be affordable for the life of the building, and as otherwise provided in the Affordable Housing Covenant.
Conditions of Closing	In addition to the other District standard conditions of Closing, the District's obligation to convey the Property to Developer will be conditioned on: <ul style="list-style-type: none">• Developer having secured financing and equity to fund 100% of the development costs for the Project;• Developer having received all necessary zoning approvals or other zoning relief deemed necessary to accomplish the Project.

	<ul style="list-style-type: none"> • Developer providing the District development and completion guaranties to the District's satisfaction.
Green Building Requirements	Developer shall construct the Project in compliance with the Green Building Act of 2006, D.C. Official Code §§6-1451.01 et seq. (2012 Supp.), as amended, and DC's Stormwater Management Program stated in 21 DCMR, Chapter 5.
Schedule of Performance	<p>Below is the schedule of performance with estimated dates, which may be amended and extended with the approvals of DMPED:</p> <ul style="list-style-type: none"> • Submission of PUD application to the Zoning Commission – 120 days from the Effective Date of the LDA; • Closing Date of Project under LDA – the later of (i) 9 months after PUD Approval or (ii) before the date which is 30 days after Building Permit issuance; • Commencement of Construction - within 90 days of Closing Date of Project; • Completion of Construction for the Project - within 24 months of Commencement of Construction.
Post-Closing Requirements	Developer shall be bound by the requirements of an Affordable Housing Covenant, a Construction and Use Covenant, and the Guarantor shall be bound by the requirements of a Development and Completion Guaranty, forms of which shall be attached to the LDA, which may be amended with the approval of the District and Developer.
Certified Business Enterprise	The Developer has entered into an agreement that shall require the Developer to, at a minimum, contract with Certified Business Enterprises for at least 35% of the contract dollar volume of the Project, and shall require at least 20% equity and 20% development participation of Certified Business Enterprises.
First Source Requirements	The Developer has entered into a First Source Agreement with the Department of Employment Services that shall govern certain obligations of the Developer pursuant to D.C. Official Code §§ 2-219.03, as amended, and Mayor's Order 83-265 (November 9, 1983) regarding job creation and employment generated as a result of the construction on the Property.

INTENTION AND LIMITATIONS OF THIS TERM SHEET

1. The Development Team and DMPED acknowledge that this Term Sheet is for discussion purposes only, and that they have prepared and signed this Term Sheet for the sole purpose of obtaining the approval of the Council of the District of Columbia (the "Council") to the proposed transaction. In the absence of such approval, Developer proceeds at its sole risk and expense with no recourse whatsoever against the DMPED. No person or party has agreed to any provisions herein or therein or has offered or accepted any binding terms. The Development Team acknowledges that DMPED's negotiation of the LDA and the preparation of this Term Sheet, DMPED's signature on this Term Sheet, and submission of this Term Sheet and supporting documents to the Council shall not bind the District to execute the LDA or to convey the Property to the Development Team. The Development Team further acknowledges that, notwithstanding Council authorizing the conveyance of the Property, the District has no obligation to do so absent the District and the Development Team duly executing the LDA and satisfaction of the conditions contained therein. In the event DMPED or the Mayor determine, in their sole and absolute discretion, to withhold submission of this Term Sheet and supporting documents to the Council or to otherwise decline to secure Council authorization for the conveyance, DMPED may terminate negotiations with the Development Team and the District shall not be responsible for the Development Team's costs and expenses incurred in relation to the Property or the Project.
2. The Development Team acknowledges that all approvals required of the Council will be granted or withheld in the sole and absolute discretion of the Council and that, absent Council approval of the proposed transaction under D.C. Official Code § 10-801, DMPED has no authority to convey the Property to the Development Team. The Development Team acknowledges that it is preparing and signing this Term Sheet prior to obtaining all necessary Council approvals. In the absence of such approvals and execution of the LDA, the Development Team proceeds at its sole risk and expense with no recourse whatsoever against the District. The failure to receive all the required approvals of the Council shall not constitute a breach by DMPED under this Term Sheet.
3. The Development Team and DMPED agree that upon receipt of all necessary Council approvals, the Development Team and DMPED intend to finalize and execute the LDA and its accompanying exhibits governing all of the terms and conditions of the conveyance of the Property. Until Developers and DMPED enter into the binding LDA, both Developers and DMPED reserve the right to proceed with the purchase and sale in their sole and absolute discretion. Upon the execution of the LDA, Developers and DMPED shall proceed in accordance with the terms of the LDA; provided, however, that Developers and DMPED acknowledge and agree that any substantive change in the terms set forth in this Term Sheet shall be subject to further Council review and approval in accordance with D.C. Official Code 10-801(b-1)(6).

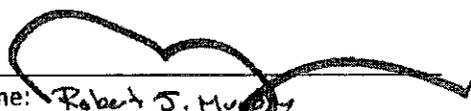
DMPED and the Development Team have prepared this Term Sheet, dated March 20, 2015, to be signed and acknowledged by their respective duly authorized representatives.

DISTRICT OF COLUMBIA, by and through the
Office of the Deputy Mayor for Planning
and Economic Development

BY: 
Brian Kenner
Deputy Mayor for Planning and
Economic Development

DEVELOPMENT TEAM:

Sherman Avenue LLC, a District of Columbia
limited liability company

BY: 
Name: Robert J. Muey
Title: Authorized Member