

LEGISLATIVE YEAR 2020

RESOLUTION: R-20-094

PURPOSE: Omnibus Resolution Regarding New Markets Tax Credit Transaction for the Performing Arts Center

ENDORSERS: Mayor Jim Donchess
Alderman-at-Large Lori Wilshire

**COMMITTEE
ASSIGNMENT:**

FISCAL NOTE: Anticipated New Market Tax Credits revenue of \$2,446,000 for the Performing Arts Center

ANALYSIS

This resolution authorizes the many and varied contracts and transactions necessary to close the New Markets Tax Credit transaction for the Performing Arts Center.

Charter §77 provides that the Planning Board “shall review and make recommendations to the mayor and board of aldermen on all locations for proposed municipal building and facilities, including educational, [and] on the purchase and sale of any land by the city.”

Building construction permit fees are established by ordinance, see NRO sections 105-21 and 105-22. The ordinances do not contain any general provision for a waiver of building construction permit fees. NRO 105-21, B does contain a waiver provision, but it is not applicable to this situation, as it provides for a discretionary waiver of fees to the extent of the value of municipal public improvements or land dedication.

Approved as to account structure, numbers and amount:

Financial Services Division

By: /s/ John Griffin

Approved as to form:

Office of Corporation Counsel

By: 

Date: Nov. 4, 2020



RESOLUTION

OMNIBUS RESOLUTION REGARDING NEW MARKETS TAX CREDIT TRANSACTION FOR THE PERFORMING ARTS CENTER

CITY OF NASHUA

In the Year Two Thousand and Twenty

WHEREAS, the Board of Aldermen passed R-18-001 “Authorizing the Mayor and City Treasurer to issue bonds not to exceed the amount of fifteen million five hundred thousand dollars (\$15,500,000) for the Performing Arts Center located at 201 Main Street” on February 13, 2018;

WHEREAS, R-18-002 “Authorizing the purchase of land and buildings at 201 Main Street (Map 81, Lot 3) for the Performing Arts Center” was passed by the Board of Aldermen on February 13, 2018;

WHEREAS, 201 Main Street (Map 81, Lot 3, also known as 78-84 West Pearl Street) was conveyed to the City on March 13, 2018 by warranty deed recorded in the Hillsborough County Registry of Deeds at Book 9056, Page 685 (together with improvements, “201 Main Street”);

WHEREAS, the Board of Aldermen passed R-18-092 on December 11, 2018, which amendment allowed borrowing for the design of the project prior to the raising of \$4,000,000 in private funds, including New Markets Tax Credits, for the new Performing Arts Center;

WHEREAS, R-18-092 allows New Markets Tax Credits as a potential source of private funding to meet the \$4 million threshold to bonding;

WHEREAS, R-19-133 authorizing the Mayor to enter into a Memorandum of Understanding with Spectacle Management, Inc. regarding the future operation of the Performing Arts Center was passed on April 23, 2019;

WHEREAS, R-19-136, passed by the Board of Aldermen on June 11, 2019, authorized the formation of up to two (2) voluntary, nonprofit corporations under RSA Chapter 162-G:15 and Chapter 292:1 to be part of the transaction structure of a potential New Markets Tax Credit sub-allocation for the Performing Arts Center;

WHEREAS, R-20-087 authorizing assignment of the Community Development Finance Authority grant to Nashua Community Arts had its first reading on October 27, 2020;

WHEREAS, the two voluntary corporations have been formed and are 201 Main Street Real Estate Corp. and 201 Main Street Financing Corp.;

WHEREAS, a New Markets Tax Credit sub-allocation has been made available, subject to closing, for the Performing Arts Center by Mascoma Community Development, LLC, an affiliate of Mascoma Bank;

WHEREAS, on October 21, 2020, the City's Finance Committee approved \$80,000 to be provided for deposits for legal and other costs to Mascoma to allow the New Markets Tax Credit transaction to proceed;

WHEREAS, the attached chart shows the anticipated structure and flow of funds for the New Markets Tax Credit transaction;

WHEREAS, the closing date for the New Markets Tax Credit transaction is presently scheduled to occur on or before December 15, 2020, and time is of the essence;

WHEREAS, the New Markets Tax Credit transaction is intricate and driven by federal New Markets Tax Credit requirements, investor requirements and other laws and regulations;

WHEREAS, negotiations and details regarding the New Markets Tax Credit transaction evolve quickly up to and including the day of closing, requiring the City and all other participants to be able to react and respond quickly to the changes.

NOW, THEREFORE, BE IT RESOLVED by the Board of Aldermen of the City of Nashua that the City of Nashua is authorized to participate fully and as is required or advisable to close the New Markets Tax Credit transaction with Mascoma, such actions to include, but not be limited to the following:

- Approval 1: Authorizing the City's participation in the New Markets Tax Credit transaction for the Performing Arts Center as shown on the attached flow chart in accordance with the attached term sheets and upon such other terms as the City may agree.
- Approval 2: Authorizing transfer of title to 201 Main Street to 201 Main Street Real Estate Corp. or a controlled affiliate thereof, closing to take place contemporaneously with the New Markets Tax Credit closing.
- Approval 3: Authorizing City to enter into lease(s) with 201 Main Street Real Estate Corp. or a controlled affiliate thereof for 201 Main Street as Master Tenant and for purposes of equipping the Performing Arts Center.

- Approval 4: A) Authorizing a loan to 201 Main Street Financing Corp., in an amount not to exceed \$8,000,000, to be documented consistent with the requirements of the New Markets Tax Credit program;
B) Authorizing payment to 201 Main Street Real Estate Corp. or a controlled affiliate thereof, in an amount not to exceed \$14,000,000; and
C) Authorizing necessary or advisable agreements among or between City, 201 Main Street Financing Corp., and 201 Main Street Real Estate Corp. and/or a controlled affiliate thereof.
- Approval 5: Authorizing the City as Master Tenant, to enter into an agreement with Spectacle Management, Inc. for the operation of the Performing Arts Center.
- Approval 6: Authorizing City to assign all City contracts regarding the Performing Arts Center at 201 Main Street, including without limitation design and construction contracts, to 201 Main Street Real Estate Corp. or a controlled affiliate thereof.
- Approval 7: Authorizing City to guarantee the performance of obligations related to the Performing Arts Center project to the Community Development Finance Authority which is providing Investment Tax Credits for the project.
- Approval 8: Authorizing City to guarantee loan(s) from one or more lenders to Nashua Community Arts in an amount not to exceed \$1,000,000, for the purpose of providing bridge financing for charitable pledges from donors which are payable at a later date.
- Approval 9: Authorizing the waiver of all City building permit and inspection fees for the renovations to 201 Main Street for the Performing Arts Center.

FURTHER RESOLVED by the Board of Aldermen of the City of Nashua that the Mayor, or if the Mayor is unavailable, the President of the Board of Aldermen, with the assistance of the Office of Corporation Counsel, is authorized to prepare and execute all necessary or advisable documents related to approvals granted herein and as otherwise required or advisable regarding the New Markets Tax Credit transaction and the related transactions regarding the Performing Arts Center.

RESOLUTION R-20-094

**Omnibus Resolution Regarding
New Market Tax Credit
Transaction for the Performing
Arts Center**

IN THE BOARD OF ALDERMEN

1ST READING _____

Referred to:

2nd Reading _____

3rd Reading _____

4th Reading _____

Other Action _____

Passed _____

Indefinitely Postponed _____

Defeated _____

Attest: _____
City Clerk

President

Approved _____
Mayor's Signature

Date

Endorsed by

Vetoed: _____

Veto Sustained: _____

Veto Overridden: _____

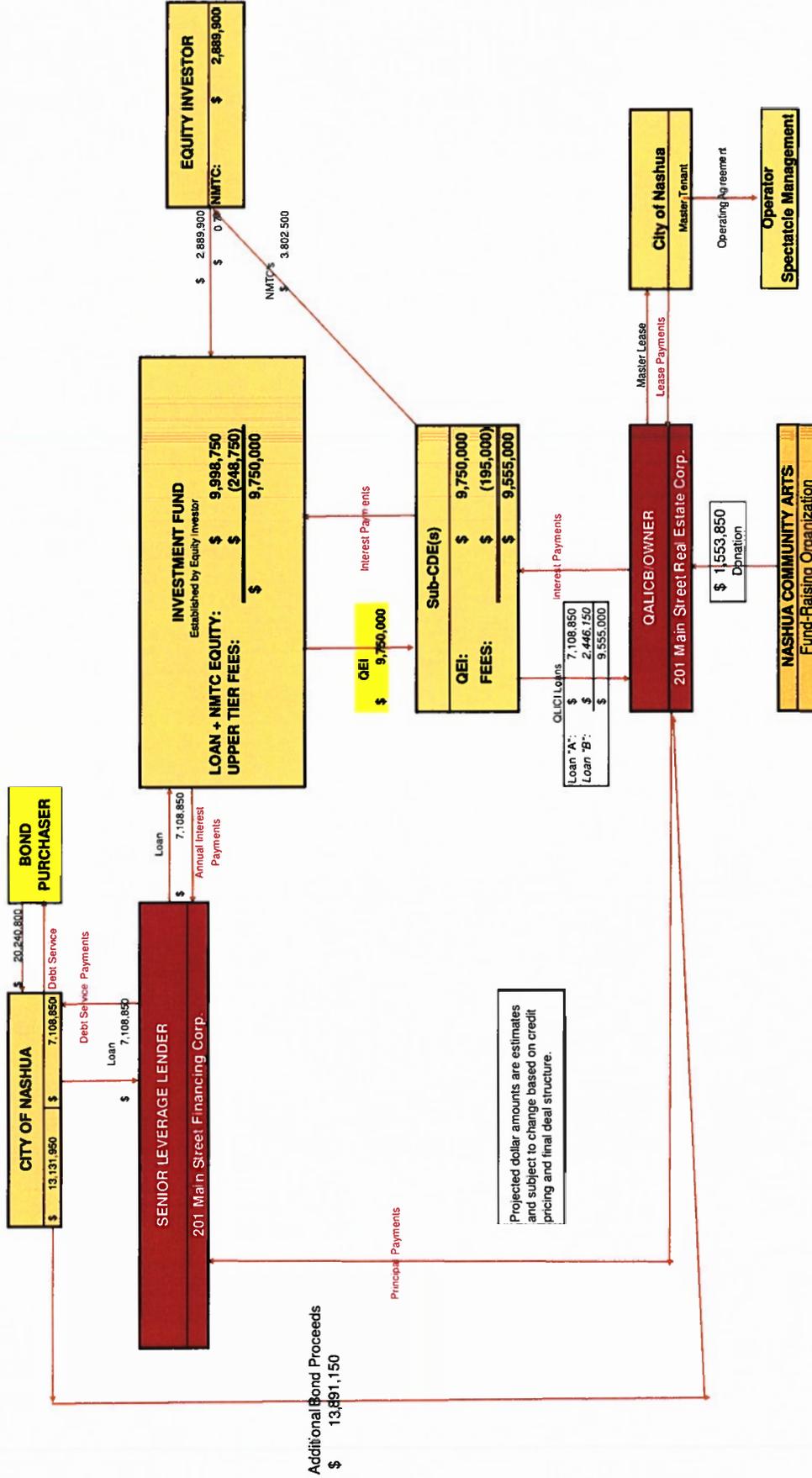
Attest: _____
City Clerk

President

NASHUA PERFORMING ARTS CENTER

TABLE 2: DEAL DIAGRAM/FLOW OF FUNDS

TOTAL PROJECT COST: \$ 25,000,000





PROJECT NAME
EXECUTIVE SUMMARY TERM SHEET
DATE: October 14, 2020

This non-binding executive summary term sheet summarizes the principal terms and conditions with respect to a potential Qualified Equity Investment (“QEI”) into Subsidiary Community Development Entities (“Sub-CDE”) and its subsequent Qualified Low-Income Community Investment (“QLICI”) in 201 Main Street Real Estate Corp a Qualified Active Low-Income Community Business (“QALICB”).

This confidential term sheet: (1) is not comprehensive and does not constitute a binding document or obligation with respect to any party, except for the obligation of the Project Sponsor and QALICB to pay the legal and accounting fees and expenses as described in the “Transaction Costs” and “Initial Deposit” sections of this Term Sheet, along with the requirements in the “Exclusivity” and “Confidentiality” sections; (2) does not constitute an offer to sell or purchase securities; (3) contains estimated values only; (4) is subject to negotiations between a New Markets Tax Credit Investor acceptable to all parties, Mascoma Community Development, LLC (“MCD”), and the Sponsor, and (5) is contingent on the approval of Mascoma Community Development’s Advisory Board (expected by October 30, 2020) and Community Investment Committee (expected on November 12, 2020).

Project Sponsor:	The Nashua Performing Arts Center, Sponsored by the City of Nashua, New Hampshire (“NPAC” or “Sponsor”)
Project Information:	The project involves the adaptive re-use of two buildings on one property for a performing arts center and multi-purpose community facility (the “Project”). The property is located in the Central Business District of Nashua, New Hampshire.
Borrower/ QALICB:	201 Main Street Real Estate Corp, a new, Nonprofit Special Purpose Entity (SPE), which will own the Project and lease to a Master Tenant, the City of Nashua.
CDE Lender:	MCD Subsidiary CDE 14, LLC (the “CDE Lender”)
NMTC Investor:	Mascoma Bank (the “Investor”).
Investment Fund:	A special purpose entity “SPE” owned by the Investor (the “Fund”).
NMTC Allocation:	Mascoma Community Development, LLC: \$9,750,000, which the CDE Lender reserves the right to “pre-fund” the associated QEI related to the Project in its sole discretion.

Fund Lender(s):	Entity to be formed, but expected to be 201 Main Street Financing Corp. Entity may be affiliated with the Borrower, but must include at least 5% differentiation in ownership from the Borrower and must be in a form and structure that will satisfy NMTC tax counsel.																				
NMTC Transaction Structure:	<p>For the MCD component of the NMTC Transaction funds of approximately \$9,998,750 shall be aggregated into a special-purpose entity known as a federal investment fund (the "Fund"). The Fund will be owned by the NMTC Investor and will be capitalized with funds generated from the net tax credit equity and loans to the Fund from the Leverage Lender.</p> <p>MCD estimates that the NMTC Investor will contribute \$2,889,900 ("NMTC Equity") in exchange for a 100% membership interest in the Fund. This contribution is computed based upon an aggregate \$9,750,000 million NMTC allocation at an estimated price of \$0.76 per credit dollar and is subject to adjustment based upon the NMTC Investor's review of the final financial projections.</p> <p>The Leverage Lender will provide capital of \$7,108,850 to the Fund.</p> <p>The Fund will use a portion of the proceeds to pay closing costs and make a qualified equity investment ("QEI") into the CDE Lender, illustrated as follows:</p> <table data-bbox="527 1081 1354 1281"> <tr> <td>NMTC Equity</td> <td>\$2,889,900</td> </tr> <tr> <td>Leverage Loans</td> <td>7,108,850</td> </tr> <tr> <td>1st Year Inv Fund Mgmt Fee</td> <td>(5,000)</td> </tr> <tr> <td>Placement Fee - MCD</td> <td>(146,250)</td> </tr> <tr> <td>Placement Fee - Baker Tilly</td> <td>(97,500)</td> </tr> <tr> <td>QEI in CDE Lender</td> <td>(9,750,000)</td> </tr> </table> <p>CDE Lender will utilize the QEI proceeds to pay an \$195,000 sub-allocation fee and make loans totaling \$9,555,000 to the QALICB. The flow of funds from the QEI proceeds are as follows:</p> <table data-bbox="527 1480 1354 1617"> <tr> <td>QEI in Sub-CDE</td> <td><u>9,750,000</u></td> </tr> <tr> <td>Sub Allocation Fee to MCD</td> <td>(195,000)</td> </tr> <tr> <td>QLICI A Note to Project</td> <td>(7,108,850)</td> </tr> <tr> <td>QLICI B Note to Project</td> <td>(2,446,150)</td> </tr> </table>	NMTC Equity	\$2,889,900	Leverage Loans	7,108,850	1 st Year Inv Fund Mgmt Fee	(5,000)	Placement Fee - MCD	(146,250)	Placement Fee - Baker Tilly	(97,500)	QEI in CDE Lender	(9,750,000)	QEI in Sub-CDE	<u>9,750,000</u>	Sub Allocation Fee to MCD	(195,000)	QLICI A Note to Project	(7,108,850)	QLICI B Note to Project	(2,446,150)
NMTC Equity	\$2,889,900																				
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QLICI A Note to Project	(7,108,850)																				
QLICI B Note to Project	(2,446,150)																				
Fund Loan:	The terms and conditions of the Fund Loan shall be determined by the Fund Lender(s) and must be acceptable to MCD. The security for the Fund Loan shall be a pledge of the Fund's ownership interest in the CDE Lender. The Fund Loan will have no direct lien on the real estate or improvements associated with the Project. The Fund Loan(s) shall be funded in full at																				

	<p>closing. The Fund Lender shall enter into a forbearance agreement for the seven year NMTC compliance period, in which , the Fund Lender agrees to refrain from (i) taking any Lien Enforcement Action (ii) exercising any other rights or remedies it may have under the Fund Loan Documents, including, without limitation its respective Fund Pledge Agreement, including, but not limited to accelerating the Loan, collecting rents, appointing (or seeking the appointment of) a receiver or exercising any other rights or remedies thereunder, and (iii) joining with any other creditor in commencing any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings with respect to the Investment Fund, from the date hereof until the termination of the Tax Credit Investment Period (as that term is defined in the Investment Fund's Operating Agreement) (the "Forbearance Termination Date"). "Lien Enforcement Action" shall mean (i) any action to foreclose on, take possession of, sell or otherwise realize (judicially or non-judicially) upon the Investment Fund's 99.99% membership interest in the Sub-CDE ("CDE Membership Interests"), or any rights or privileges attendant thereto (including, without limitation, by set-off), (ii) any action to assert ownership rights with respect to any CDE Membership Interests, or any rights or privileges attendant thereto, (iii) any action (judicially or non-judicially) to dissolve or liquidate the Investment Fund, and/or (iv) the commencement of any legal proceedings to facilitate any of the actions described in clauses (i), (ii) or (iii) of this sentence above.</p> <p>After the NMTC compliance period, to the extent permitted under the Fund Loan Documents, the Fund Lender shall be free, in its sole and absolute discretion, to accelerate the payment in full of all of the Investment Fund's obligations to it under the Fund Loan Documents and to institute proceedings to enforce its rights and remedies under the Fund Loan Documents and/or as provided by applicable law. All of the Fund's obligations and liabilities to Fund Lender hereunder (including, without limitation, the Investment Fund's payment obligations) and any documents, instruments or agreements pursuant to which the Investment Fund may, from time to time, grant to the Fund Lender as collateral security for the Fund's obligations to the Fund Lender, shall survive the expiration of the NMTC compliance period.</p>
<p>Sponsor Equity:</p>	<p>The Borrower must demonstrate sufficient equity to meet all construction costs and stabilize the Project. The equity will be contributed in the form of cash at or prior to closing. All equity sources and parties (and agreements evidencing commitments to provide equity) must be approved by CDE Lender.</p>

<p>Transaction Costs:</p>	<p><u>Closing Fees - Investment Fund Level</u> The CDE will assess a closing fee of 1.50% of the QEI at the Investment Fund Level (\$146,250).</p>
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A placement fee of 1.00% of the QEI, or \$97,500 will be paid to BTCDA, LLC, an affiliate of Baker Tilly Capital, LLC at closing.

Sub-CDE Level

The CDE will assess a closing fee of 2.00% of the total QEI, or \$195,000

QALICB Level

A Structuring, Modeling and Closing fee of 1.00% of the QEI, or \$97,500 will be paid to Baker Tilly Capital, LLC

The QALICB is solely responsible for all legal costs associated with closing the transaction, including, but not limited to, its own legal fees, as well as those of the Investor and the CDE Lender ("Transaction Costs"). The legal costs incurred to close the transaction will be paid whether or not the transaction closes. A retainer of \$30,000 will be paid to the CDE to start the documentation process. If the transaction fails to close the unused retainer (not applied to third-party legal fees) will be returned.

Total up-front fees to MCD and third parties are 5.50% of the allocation. QALICB is also responsible for paying legal fees associated with the transaction as described above.

Annual Fees

The QALICB is responsible for paying an annual loan servicing fee of \$24,375, 0.25% of the QEI (0.15% of which represents loan servicing and accounting services and 0.10% of which represents NMTC compliance services) to The Valued Advisor Fund, LLC, an affiliate of Baker Tilly.

The QALICB shall be responsible for payment of the following amounts to the CDE lender, which amounts shall be payable to the CDE Lender as interest on the QLICI Loans.

A non-accountable annual audit, compliance AUP and tax preparation fee of \$13,429 per year, prorated for any portion of a year, totaling \$94,003 over the compliance period, which shall then be paid by CDE Lender to MCD.

Annual asset management fee of \$34,125 (0.35% of the QEI) per year, prorated for any portion of a year, which shall then be paid by CDE Lender to MCD.

Annual miscellaneous fee of \$1,000 per year, prorated, totaling \$7,000 over the compliance period, which shall then be paid by CDE Lender to MCD.

Interest Rate:	Interest rates on the Loans are likely to be blended for tax opinion purposes. The total interest generated by the Loans will be based on generating sufficient cash flow to satisfy the debt service requirements of the Fund Lender, as well as the annual management and audit and tax preparation fees (to the extent that they are not paid directly to the CDE Lender).
Loan Term:	Likely to be 30 to 40 years.
Amortization:	Interest-only throughout NMTC compliance period, thereafter fully amortized throughout the life of the loan.
Security:	The security instruments of the CDE Loans must be sufficient to satisfy the requirements of the Fund Lender and the CDE Lender, and may include, without limitation, a mortgage on the Project.
Timing:	While this document serves to describe some of the business terms of a potential New Markets Tax Credit transaction with the CDE and does not constitute a binding document, the proposed Borrower should remain aware that timing is of the essence and the Project is expected to fully close no later than December 15, 2020.
Reporting	QALICB will be required to enter into a Community Benefits Agreement (“CBA”) with MCD that shall require the QALICB and Sponsor to report on a semi-annual basis (at minimum) for NMTC program compliance. Such information shall include, without limitation, QALICB business activities, employment data, financial statements, and other community impact data which may be required under the NMTC program, at close and quarterly thereafter. Additionally, prior to the end of the seven year compliance period a third party will be utilized to conduct a community impact analysis of the Project to verify project and actual community benefits associated with the Project.
Exclusivity:	Sponsor and Borrower grant MCD exclusive right to sub-allocate its \$9,750,000 of NMTC investment authority to the CDE Lender in support of Project for 180 days from the execution of this letter or ending on such earlier date after 12/15/2020 on which Investor determines not to proceed (the “Exclusivity Period”). Borrower and Sponsor acknowledge that exclusivity is a requirement of MCD’s willingness to expend time, effort, funds and resources toward this endeavor. Further, Sponsor and Borrower and its principals agree not to solicit, inquire, advertise market or otherwise attempt to replace MCD with another CDE during the Exclusivity Period.
Marketing & Press Releases:	Upon the closing of the QLICB Loans, the Sponsor hereby authorizes Investor and CDE to use the name and logo of Sponsor and any information regarding the New Markets Tax Credit, financing, and equity transactions contemplated by this Term Sheet (including, without limitation, the names

	<p>of any affiliate of the Sponsor participating in such transactions, and the structure, terms and project specifics of such transactions) in its marketing and communications materials and in presentations or speeches made to its employees, officers, clients and other interested third parties Such information shall be referred to herein as "Client Information."</p> <p>The Sponsor understands Client Information may be used nationally and/or internationally and used in web pages, print ads, direct mail and various types of brochures, presentation materials or marketing sheets, and various media formats other than those listed may be used (including without limitation video or audio presentations via any such media form). In these materials, Investor may discuss types of services and solutions they have provided to the Sponsor and/or their respective affiliates. Sponsor, for itself and for its respective affiliates, hereby release Investor from any liability for any claim related to Investor's use of Client Information as contemplated hereby. The rights granted in the foregoing release shall be binding upon the undersigned parties' estates, heirs, successors and assigns. Each of the undersigned parties expressly agrees the foregoing provisions relating to use of Client Information shall survive closing of the transaction contemplated hereby. No permission is given to use the City of Nashua seal. City ordinance Section 66-2.1 prohibits use of the seal other than by the City for official business.</p>
<p>QALICB Disclosure Statement:</p>	<p>Attached to this Term Sheet as an Exhibit is a QALICB Disclosure Statement that provides an estimation of the benefit derived from the 9,750,000 NMTC allocation provided by the CDE Lender along with the associated fees paid to the CDE Lender, its affiliates, and its legal counsel in connection with the NMTC allocation.</p>
<p>Deposit:</p>	<p>Upon execution of this term sheet, Project Sponsor shall pay a non-refundable deposit of \$30,000 to MCD to be credited to the Project at closing. Additional legal deposits may be required during the closing process as required by MCD's attorneys. It should be noted that if the transaction does not close, MCD will use the deposit to cover its legal costs and other expenses incurred in connection with the transaction, but Borrower and/or Sponsor are obligated to reimburse MCD for closing expenses actually incurred exceeding the \$30,000 deposit. The deposit shall be made via a Mascoma Bank account offset or a wire transfer to the following account:</p> <p>Beneficiary: Mascoma Bank Bank: Mascoma Bank 243 Sykes Mountain Ave White River Jct, VT ABA# 211770213 Account# 89-202010 Ref: NPAC - MCD Attn: Katie Washburn</p>

Expiration:	If not executed and returned with the deposit within five business days from the date hereof this term sheet shall be considered null and void.
Confidentiality:	<p>Subject to the provisions and requirements of New Hampshire R.S.A. Chapter 91-A, (i) the Sponsor, Investor, and CDE all agree to treat the terms of this term sheet as confidential and shall not share the terms with any other party without the express written consent of Investor and CDE, except the term sheet may be shared with each party's counsel and financial advisor; (ii) once this letter has been acknowledged, any other proposals regarding the tax credit equity from the Project shall not be entertained, and (iii) all information and materials received by Investor and CDE are to be kept confidential, and all parties will negotiate in good faith to close the transaction. Upon acknowledging this term sheet, it is further warranted that (i) all negotiations, if any, with all other parties have been terminated and (ii) Sponsor is not a party to any other letter of intent, proposal or similar document from any other party regarding the tax credit equity from the Project. The prevailing party in any proceeding to enforce the terms of this section or the sections labeled "Initial Deposit," "Transaction Costs," "Exclusivity," and "Confidentiality" under this term sheet shall be entitled to its reasonable attorney's fees and costs.</p> <p>Notwithstanding the foregoing, the parties hereto shall be permitted to disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure (as defined in Treasury Regulation Section 1.6011-4(c)) of the transaction contemplated by this Term Sheet and all materials of any kind (including opinions or other tax analyses) relating to such tax treatment and tax structure.</p>
Equal Opportunity Provider	In accordance with federal law and the U.S. Department of the Treasury policy, this institution is prohibited from discriminating on the basis of race, color, national origin, sex, age or disability. To file a complaint of discrimination, write to Department of the Treasury, Office of Civil Rights and Diversity, 1500 Pennsylvania Ave. NW, Washington D.C., 20220 or call (202) 622-1160

This is not a commitment or offer to lend or invest, but only describes the proposed terms for discussion purposes. This term sheet does not purport to summarize all terms, conditions, representations, warranties and other provisions that may be contained in loan and equity documentation. Neither the proposed terms herein nor any oral understandings relating to a loan are binding until and unless such terms or understandings have been reduced to a written agreement executed by the CDE, Investor, and Sponsor. Except as provided above, the terms of this proposal are for Sponsor and Sponsor's confidential use and may not be disclosed by it to any other person other than its employees, attorneys and financial advisors, and then only in connection with the transaction being discussed and on a confidential basis, except where disclosure is required by law, or where the CDE consent to the proposed disclosure. Each party shall bear its own expenses and proceed at its own risk, except as set forth above in the section labeled "Deposit" and "Transaction Costs."

Except as set forth in the "Transaction Costs," "Deposit," "Exclusivity," and "Confidentiality" sections above, this Summary of Term Sheet is not a commitment and does not create any obligation on the part of Investor and MCD, nor among any of the parties. No such right or obligation shall arise until definitive documents, satisfactory to all of the parties, are fully executed and delivered. This outline is only a brief description of the principal terms of the suggested facility and is intended for discussion purposes only.

Thank you for giving MCD the opportunity to present these preliminary terms of the tax credit financing of your project. While these terms are subject to advisory board and credit approval, we will seek such approval quickly in order to meet your project timeline.

Sincerely,

 *Richard Jones*
Managing Director

Mascoma Community Development, LLC

Upon acceptance, we consider all communications to be confidential except as provided above. Acceptance will be recognized upon receipt of the deposit and signature by the manager of the Project Sponsor/Borrower.

Accepted this ____ day of October, 2020

City of Nashua, New Hampshire

By: 
Title: _____



Mascoma Bank

October 14, 2020

City of Nashua, New Hampshire
Tim Cummings
Delivered Via Email

**Re: New Markets Tax Credit Investment Term Sheet for
Nashua Performing Arts Center (the "Term Sheet")**

This letter summarizes the principal terms and conditions for a federal new markets tax credit ("*NMTC*") investment by Mascoma Bank, a benefit corporation organized and existing under the State of New Hampshire, that will be used, together with certain debt financing to make a "qualified equity investment" in MCD Subsidiary CDE 14, LLC, a New Hampshire limited liability company and a subsidiary allocatee of Mascoma Community Development, LLC, a New Hampshire limited liability company. The subsidiary allocatee is expected to use substantially all of the proceeds of the qualified equity investment to make one or more loans that each constitute a "qualified low-income community investment" ("*QLICI*") that will provide financing for the adaptive re-use of existing improvements on that certain property located at 201 Main Street in Nashua, New Hampshire (the "*Property*") for use as a performing arts center and multi-purpose community facility (the "*Project*"). The Project will subsequently be leased to the City of Nashua, New Hampshire ("*Project Sponsor*"). This confidential term sheet: (1) is not comprehensive and does not constitute a binding document or obligation with respect to any party, except for (i) the obligations of the Project Sponsor and Borrower (as defined below) to pay the fees (including legal fees), expenses and deposits set forth in the "Transaction Costs" and "Deposit" sections, (ii) the obligations, requirements, terms and conditions set forth in the "Timing", "Confidentiality" and "Termination" sections; (2) does not constitute an offer to sell or purchase securities; (3) contains estimated values only; and (4) is subject to negotiations between Investor, Allocatee, Borrower, Project Sponsor and Fund Lender (each as defined above or below), and the approvals by each as required by their respective internal processes.

The targeted closing date for the QLICI is December 15, 2020. Except as described above, this letter is not a commitment and does not create any obligation on the part of any of the parties in this letter. No such right or obligation shall arise until and unless definitive documents, satisfactory to all of the parties, are fully executed. This letter is only a brief description of the principal terms of the suggested financing as currently anticipated by the parties, and is intended for discussion purposes only.

Parties:	<p><u>NMTC Investor:</u> Mascoma Bank will invest for 100% of the NMTCs ("<i>Investor</i>")</p> <p><u>Investment Fund Name & Ownership:</u> NPAC Investment Fund, LLC ("<i>Investment Fund</i>"), which shall be 100% owned by Investor and managed by Fund Manager (as defined below).</p> <p><u>Investment Fund Manager:</u> Mascoma Community Development, LLC ("<i>Fund Manager</i>")</p>
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	<p>Investment Fund Leverage Lender: A to-be-formed entity, which is anticipated to be 201 Main Street Financing Corp. ("<i>Fund Lender</i>"). The Fund Lender's board of directors shall have at least a forty percent 40% differentiation from the board of directors of Borrower, with such other requirements or restrictions with respect to board of directors of Fund Lender and/or Borrower to be agreed upon after Investor counsel's review of Fund Lender's and Borrower's organizational documentation.</p> <p>CDE/Allocatee: Mascoma Community Development, LLC ("<i>MCD</i>" or "<i>Allocatee</i>")</p> <p>Subsidiary CDE: MCD Subsidiary CDE 14, LLC ("<i>Sub-CDE</i>"), which is anticipated to owned 99.99% by Investment Fund and 0.01% by MCD. MCD will be the managing member of Sub-CDE.</p> <p>Borrower: A to-be-formed entity, which is anticipated to be 201 Main Street Real Estate Corp., a Non-Profit Special Purpose Entity ("<i>Borrower</i>"). Borrower must be a "qualified active low-income community business ("<i>QALICB</i>") as defined by Section 45D of the Internal Revenue Code of 1986, as amended (the "<i>Code</i>").</p> <p>Counsel to Investor, Investment Fund, MCD and Sub-CDE: Lathrop GPM LLP</p> <p>Counsel to Borrower and Fund Lender: Drummond Woodsum Law</p> <p>Accountant: Baker Tilly US, LLP</p>
<p>Definitions:</p>	<p>CDFI Fund: Community Development Financial Institutions Fund</p> <p>NMTC: New Markets Tax Credit</p> <p>QALICB: Qualified Active Low-Income Community Business</p> <p>QEI: Qualified Equity Investment</p> <p>QLICI: Qualified Low-Income Community Investment</p> <p>NMTC Compliance Period: Seven years from the date of funding of the QEI into Sub-CDE.</p>
<p>NMTC Allocation:</p>	<p>Up to \$9,750,000 of NMTC allocation from MCD. Please note that MCD has issued a separate commitment letter to you committing to provide the referenced allocation in connection with the Project.</p>
<p>Transaction Diagram/Financing Structure Description:</p>	<p>See draft structure diagram attached as Exhibit A, which is the general structure anticipated, but will need to be approved, by all parties to the transaction and their counsels. This transaction assumes a total of \$9,750,000 of allocation from MCD.</p> <p>The NMTC transaction will employ a "leveraged structure" whereby Investment Fund will (i) be capitalized with \$2,889,900 in equity from Investor based on pricing anticipated to equal \$0.76 per credit,¹ and (ii) borrow a</p>

¹ The amounts are premised on the transaction closing during the fourth calendar quarter of 2020.

	<p>leverage loan (the "<i>Fund Loan</i>") from Fund Lender in the amount necessary to permit the funding of the \$9,750,000 QEI into Sub-CDE together with payment of any fees by Investment Fund and establishment of any reserves identified in the financial projections. Investor equity and the Fund Loan will both fully fund on the transaction closing date.</p> <p>Sub-CDE will use the \$9,750,000 QEI it receives from Investment Fund to make one or more loans to Borrower in the aggregate principal amount of \$9,555,000 and pay a sub-allocation fee to MCD in the amount of \$195,000.</p>
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INVESTMENT FUND STRUCTURE

Investment Fund Structure:	Investment Fund will be a single purpose limited liability company 100% owned by Investor and managed by Fund Manager.
Investment Fund Management:	Fund Manager will manage the day-to-day operations of Investment Fund, including (but not limited to) receiving cash distributions from Sub-CDE and payment of the obligations due to Fund Lender.
Investment Fund Capitalization:	<p>Investment Fund will receive equity and debt totaling approximately \$9,998,750 from the following sources:</p> <p>Investor will contribute \$2,889,900 in cash in exchange for a 100% LLC membership interest (the "<i>Fund Equity</i>") in Investment Fund. The amount of the Fund Equity is computed based on a \$9,750,000 NMTC allocation, tax credits of 39% on the NMTC allocation, at a price of \$0.76 per credit dollar.²</p> <p>Fund Lender will make the Fund Loan to Investment Fund in an amount, that when combined with the Fund Equity, is sufficient to fully fund the QEI, to pay any Investment Fund fees, and to establish any reserves contemplated in the final financial projections, which Fund Loan amount is anticipated to be approximately \$7,108,850.</p>
Fund Equity:	<p>The Fund Equity will be paid in at closing.</p> <p>Return on Equity: Investor's equity return is based on delivery of (1) 100% of all NMTCs (expected to total \$3,802,500); and (2) pass-through of 100% of other tax benefits and costs derived from Investment Fund.</p>
Fund Loan:	<p>Pay-in Schedule: Funded in full at QLICI closing.</p> <p>Fund Loan Term: At least 7 years, but currently expected to be at least thirty (30) years.</p> <p>Interest Rate: The interest rate shall be fixed for the entire term of the Fund Loan, with a to-be-determined interest rate, subject to the commitment letter of Fund Lender, if any.</p> <p>Amortization: Interest-only for the first seven years. Thereafter, the Fund Loan will be amortized as determined by Fund Lender.</p>

² The amounts in this paragraph are premised on the transaction closing during the fourth calendar quarter of 2020.

	<p>Collateral: Investment Fund's membership interest in Sub-CDE shall be pledged to Fund Lender. The Fund Loan will have no direct lien on the real estate or improvements associated with the Project.</p> <p>Guarantees: None.</p> <p>Forbearance: During the NMTC Compliance Period, Fund Lender will agree to refrain from (i) taking any Lien Enforcement Action, (ii) exercising any other rights or remedies it may have under the documents evidencing or otherwise executed in connection with the Fund Loan (collectively, the "<i>Fund Loan Documents</i>"), including, without limitation, exercising any remedies granted pursuant to its Fund Pledge Agreement, accelerating the Fund Loan, collecting distributions, appointing (or seeking the appointment of) a receiver or exercising any other rights (including any consent rights with respect to Sub-CDE) or remedies thereunder, or (iii) joining with any other creditor in commencing any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings with respect to Investment Fund, from the date of the making of the Fund Loan until the termination of the NMTC Compliance Period (the "<i>Forbearance Termination Date</i>"). "<i>Lien Enforcement Action</i>" shall mean (i) any action to foreclose on, take possession of, sell or otherwise realize (judicially or non-judicially) upon Investment Fund's 99.99% membership interest in Sub-CDE (the "<i>CDE Membership Interest</i>"), or any rights or privileges attendant thereto (including, without limitation, by set-off), (ii) any action to assert ownership rights with respect to the CDE Membership Interest, or any rights or privileges attendant thereto, (iii) any action (judicially or non-judicially) to dissolve or liquidate Investment Fund, and/or (iv) the commencement of any legal proceedings to facilitate any of the actions described in clauses (i), (ii) or (iii) of this sentence above.</p> <p>After the NMTC Compliance Period, to the extent permitted under the Fund Loan Documents, Fund Lender shall be free, in its sole and absolute discretion, to accelerate the payment in full of all of Investment Fund's obligations to it under the Fund Loan Documents following an event of default thereunder and to institute proceedings to enforce its rights and remedies under the Fund Loan Documents and/or as provided by applicable law. All of Investment Fund's obligations and liabilities to Fund Lender under the Fund Loan Documents (including, without limitation, Investment Fund's payment obligations) and any documents, instruments or agreements pursuant to which Investment Fund may, from time to time, grant to Fund Lender as collateral security for the Fund's obligations to Fund Lender, shall survive the expiration of the NMTC Compliance Period.</p>
Fees and Expenses:	<p>Investment Fund Annual Management Fee to Fund Manager: \$5,000 per year for a total of eight (8) years (including partial years), with the fee for the first year sourced from the Fund Loan and the fee for subsequent years sourced from QLICI interest payments.</p> <p>Upfront MCD Placement Fee at Closing: \$146,250</p> <p>Upfront BTCDA, LLC Placement Fee at Closing: \$97,500</p> <p>Exit Fees: None</p>

Reserves:	Subject to the terms of the final financial projections, a cash reserve may be required at the Investment Fund level.
Distributions:	During the NMTC Compliance Period, cash received by Investment Fund from Sub-CDE will be distributed and used as follows: (1) payment of permitted administrative and operating expenses, including the annual management fee, and (2) payment of interest on the Fund Loan.
Put/Call Agreement	At the end of the seven-year NMTC Compliance Period, Investor shall have the right to put all of its membership interest in Investment Fund to an affiliate of Borrower, Sponsor or Fund Lender (" <i>Option Purchaser</i> ") for \$1,000. In the event that Investor fails to exercise its put option, Option Purchaser will have an option to purchase Investor's membership interest in Investment Fund at fair market value as determined by an appraisal made by a qualified appraiser determined by the Option Purchaser.
Other Terms:	Fund Lender will not be entitled to collect, receive, or make any claim against or with respect to any indemnity payments made to Investment Fund pursuant to the provisions of Sub-CDE's operating agreement or any indemnification agreement (collectively, " <i>Indemnity Payments</i> ") to satisfy any indebtedness or other sums due, or that may become due, under or in connection with the Fund Loan or the Fund Loan Documents, and (b) any and all such Indemnity Payments, whenever made, shall be permitted to be distributed by Investment Fund to its member as compensation for the loss or recapture of New Markets Tax Credits for which such Indemnity Payments shall have been made. Fund Lender will acknowledge and agree that it has not bargained for, and does not intend to have, the right to collect or receive any Indemnity Payments, and Fund Lender will expressly waive and release any and all rights to prohibit, set aside, revoke, or seek the return of any such Indemnity Payments made to Investment Fund and distributed to its member, whether pursuant to the Fund Loan Documents or any bankruptcy, fraudulent transfer, insolvency, or other federal or state laws providing any such rights.

SUB-CDE STRUCTURE

Sub-CDE Ownership Structure:	Sub-CDE will be a single-purpose limited liability company. Investment Fund will own a 99.99% interest (the " <i>Investor Member</i> ") and Allocatee will own a 0.01% interest and serve as the managing member (the " <i>Managing Member</i> "). The Sub-CDE may elect to either be taxed as a partnership for federal income tax purposes or as a corporation for federal income tax purposes.
Sub-CDE Management:	The Managing Member shall arrange for the management of operations, compliance, loan disbursement and servicing, and asset management for Sub-CDE.
Sub-CDE Capitalization:	Sub-CDE shall receive a total of \$9,750,975 from Investment Fund and Managing Member. It is anticipated that \$9,555,000 of these funds will be used to make the QLICI Loans to Borrower as outlined below (assuming a fourth quarter 2020 closing):

	<p>Sources</p> <p>Qualified Equity Investment \$9,750,000</p> <p>Managing Member Equity \$975</p> <p>Total \$9,750,975</p> <p>Uses</p> <p>A Note \$7,108,850</p> <p>B Note \$2,446,150</p> <p>Sub-allocation fee to Allocatee \$195,000</p> <p>Sub-CDE retained cash \$975</p> <p>Total \$9,750,975</p>
QEI:	\$9,750,000
Reserves:	None are currently required at the Sub-CDE level; however, the parties may mutually agree to hold up to 5% of the QEI in a loan loss reserve at Sub-CDE.
Distributions:	Pursuant to the NMTC program, (i) if the Sub-CDE elects to be taxed as a partnership, only an amount not to exceed the "operating income" of Sub-CDE will be available for distribution to Investment Fund during the NMTC Compliance Period and (ii) if the Sub-CDE elects to be taxed as a corporation, the Sub-CDE will only be able to make distributions to the extent that such distributions are treated as dividends for federal income tax purposes.
CDE Upfront and Ongoing Fees & Expenses:	<p>Up-front Sub-Allocation Fee to MCD at Closing: \$195,000</p> <p>Annual CDE Asset Management Fees to MCD: \$34,125 annually for the term of the QLICI Loans, pro-rated for partial years.</p> <p>Annual CDE Audit, Compliance AUP and Tax Preparation Fee to MCD: \$13,429 annually for the term of the QLICI Loans, pro-rated for partial years.</p> <p>Annual miscellaneous fee of \$1,000 per year, pro-rated for partial years, totaling \$7,000 over the Compliance Period, which shall then be paid by Sub-CDE to MCD.</p> <p>Exit Fee: None</p>
Sub-CDE Reporting:	Sub-CDE will be responsible for collecting the reports and information to be provided by Borrower, and furnishing the same to the Investor Member. Sub-CDE will also be responsible for providing financial and tax reporting, as well as copies of all reports and information provided to the CDFI Fund and the Investor Member. The specific reporting requirements of Sub-CDE to the Investor Member shall be negotiated and agreed upon by such parties.
Sub-CDE Reinvestment Requirements:	In any and all instances when less than 85% of the QEI remains as a QLICI as defined in Section 45D of the Code, the Managing Member shall cause Sub-CDE to reinvest proceeds in one or more replacement QLICIs (collectively, a "Replacement QLICI") in a cumulative amount necessary to ensure that at least 98% of the QEI remains invested in one or more QLICIs. The specific terms regarding the determination of a Replacement QLICI shall be negotiated and

	mutually agreed upon by the Managing Member and the Investor Member.
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QALICB

QALICB/Borrower Description:	<p>The Project consists of the acquisition, renovation and development of existing improvements located at 201 Main Street in the City of Nashua, New Hampshire. The improvements at the Project shall be owned by Borrower and shall be leased to Project Sponsor for use as a performing arts center and multi-purpose community facility. It is anticipated that the Project Sponsor shall enter into an operating agreement or sublease with a performing arts operator (the "Project Operator").</p> <p>The total cost for the Project, including, without limitation, soft costs, reserves and contingency, is estimated to be approximately \$24,924,430.</p>
QALICB Status:	<p>The business operations of Borrower will constitute a QALICB for purposes of the NMTC program. Borrower is reasonably expected to maintain its QALICB status, based on the Basic Conditions to the QLICI Loan Documentation (outlined below), among other requirements, as prescribed under Section 45D of the Code.</p> <p>The covenants of the QLICI Loan Documentation will require Borrower to retain eligibility as a QALICB for so long as any QLICI remains unpaid. Loss of QALICB status shall constitute an event of default and a due on demand clause shall be enforced, whereby any recovered proceeds shall be redeployed, subject to the provisions described under the Sub-CDE operating agreement.</p>
QLICI Notes & Terms:	<p>The following notes and terms are anticipated for the QLICIs (collectively, the "<i>QLICI Loans</i>") to be made by Sub-CDE to Borrower:</p> <p>Amount: Aggregate principal amount of \$9,555,000.</p> <p>Use of Funds: Generally for the development, rehabilitation and reuse of the improvements at the Property; provided, that the use of the proceeds of the QLICI Loans is subject in all events to the NMTC program requirements, including without limitation, MCD's NMTC allocation agreement. The QLICI Loans are to be term loans in nature and not structured as revolving working capital lines of credit.</p> <p>Maturity: Both Note A and Note B are expected to have a term of at least thirty (30) years.</p> <p>Interest Rate: The interest rate on the QLICI Loans will be blended based upon the interest rate on the Fund Loan and management and other fees paid through interest; however, each QLICI must either: (1) have an interest rate that is at least 50 percent below market; or (2) otherwise satisfies at least five indicia of flexible or non-traditional rates and terms, as outlined in Allocatee's NMTC allocation application. For purposes of this measurement, any QLICI that is subordinate to another secured creditor shall be compared to the market rate of subordinated debt.</p>

	<p>Amortization: The QLICI Loans will be interest-only for at least seven (7) years following the closing date. Thereafter, the loans will amortize on to-be-agreed upon terms.</p> <p>Collateral: First priority lien on the real estate and any personal property of Borrower with such additional collateral to be determined, in part based upon requirements of Investor’s tax counsel and the completion of Investor’s underwriting of the transaction after review of the final transaction structure and due diligence. Sub-CDE, Borrower and Sponsor (as tenant under the Lease) will enter into a Subordination, Non-Disturbance, and Attornment Agreement on commercially reasonable terms.</p> <p>Loan Guarantees:</p> <p>In addition to the guaranty to be provided by Project Sponsor set forth in the section entitled “QALICB Indemnifications”, Project Sponsor shall also be required to provide (i) a construction completion and payment guaranty and (ii) an environmental indemnification.</p> <p>Fund Lender shall also be required to provide (i) a construction completion and payment guaranty and (ii) an environmental indemnification. With respect to Fund Lender’s payment guaranty only, such payment guaranty may be limited to QLICI Loan interest payments needed to source payment of fees and expenses at the Sub-CDE level if such limitation is determined to be necessary by Investor’s tax counsel.</p> <p>For purposes of clarification, the construction completion guaranty shall include, without limitation, a guarantee (i) that the Project will be completed in accordance with the approved General Contractor’s Contract in a lien free manner on or before a date to be agreed upon by the parties (which date shall not be more than twelve (12) months after closing of the QLICI Loan unless otherwise agreed to by Investor and MCD in their sole and absolute discretion), and (ii) to pay any “Deficiency” needed to complete the Project. For purposes of this letter, “Deficiency” shall mean the amount that the uses to complete the Project as set forth in the budget approved by Investor and MCD exceed the committed sources for the Project (as determined by Investor and MCD) at any time until completion of the Project.</p>
<p>QALICB Level Ongoing Fees & Expenses:</p>	<p>Up-front Structuring, Modeling and Closing Fee to Baker Tilly Capital, LLC: \$97,500.</p> <p>Annual Loan Servicing Fee to The Valued Advisor Fund, LLC: \$24,375 annually for the term of the QLICI Loans, pro-rated for partial years.</p> <p>Exit Fee: None</p>
<p>QALICB Counsel Legal Opinions:</p>	<p>Typical federal income tax opinions, at a “should” level of assurance, will be required from QALICB counsel, including, without limitation, the following opinions:</p> <ul style="list-style-type: none"> (a) that Borrower should constitute a QALICB; (b) that the QLICI Loans should each constitute a QLICI;

	<p>(c) that the lease should constitute a true lease for federal income tax purposes;</p> <p>(d) that each of the QLICI Loans and Fund Loan should constitute true debt for federal income tax purposes;</p> <p>(e) an economic substance opinion; and</p> <p>(f) such other appropriate opinions as requested by Investor and CDE after review of the structure and underlying transaction documentation.</p> <p>Additionally, appropriate state law opinions regarding existence and authorization of various transaction parties, and enforceability of transaction documents, will be required.</p>
Financial Projections:	Baker Tilly US, LLP shall be engaged to provide financial projections, including ongoing financial statements of Borrower, schedules of the QLICI Loans, and the activity of Sub-CDE and Investment Fund.
Underwriting and Disbursement Process:	<p>QALICB and Guarantor Underwriting: Investor is responsible for undertaking its own underwriting review, including seeking all necessary internal approvals, in connection with Borrower and the Project. Investor will advise Allocatee of any required guarantors of the QLICI Loans (whether payment or performance).</p> <p>Balanced Sources and Uses: As a condition of closing, Borrower shall provide evidence satisfactory to Investor and MCD that (i) Borrower has obtained committed sources sufficient to pay all uses necessary to complete the Project and (ii) Borrower has sufficient equity or other committed sources to stabilize the Project. All equity sources and parties (and agreements evidencing commitments to provide equity) must be approved by Investor and MCD.</p> <p>Disbursement Process: To the extent the QLICI Loans are not fully funded at closing, Investor, Allocatee and Sub-CDE shall agree on conditions required of Borrower for disbursement of funds held in escrow at closing, which may include the following terms/conditions: Guaranteed Maximum Price Contract; Payment & Performance Bond; Disbursing Agent; Third-Party Construction Inspector; Construction Draw approval process.</p>

OTHER TERMS AND CONDITIONS

Transaction Costs:	<p>Borrower and/or Project Sponsor shall be responsible for the payment of all of Investor's costs and expenses associated in connection with the transaction, including, without limitation, Investor's organizational and administrative costs and expenses in connection with the formation of the Investment Fund.</p> <p>Borrower and Project Sponsor each acknowledges and agrees that Allocatee and Investor may enter into a prefunded QEI with respect to all or a portion of the proposed allocation for the transaction whereby the QEI is made to Sub-CDE in advance of the date the QLICI Loans are anticipated to be funded (the "<i>Prefunded QEI</i>") and that any cost and expenses incurred by Allocatee and Investor in connection with the Prefunded QEI shall be included as transaction costs for which Borrower and Project Sponsor are responsible.</p>
Deposit:	Upon execution of this term sheet, Project Sponsor and/or Borrower shall pay a non-refundable deposit in the amount of \$50,000 to Investor (the " <i>Initial</i>

	<p><i>Deposit</i>) to be credited to the Project at closing.</p> <p>Upon Investor's counsel's legal fees reaching or exceeding 75% of the Initial Deposit, Project Sponsor and/or Borrower shall be required to pay an additional non-refundable deposit in the amount of \$50,000 to Investor (the "<i>Additional Deposit</i>") to be credited to the Project at closing.</p> <p>It should be noted that if the transaction does not close, Investor will use the deposits received, including the Initial Deposit and any Additional Deposit, to cover its legal costs and other fees and expenses incurred in connection with the transaction, but Borrower and/or Project Sponsor are obligated to reimburse Investor for transaction costs, fees and expenses actually incurred exceeding the Initial Deposit and any Additional Deposit.</p> <p>The Initial Deposit (and the Additional Deposit if applicable) shall be made via a Mascoma Bank account offset or a wire transfer to the following account:</p> <p>Beneficiary: Mascoma Bank Bank: Mascoma Bank 243 Sykes Mountain Ave White River Jct, VT ABA# 211770213 Account# 89-202010 Ref: NPAC-Investor Attn: Katie Washburn</p> <p>If the Initial Deposit is not received within five (5) Business Days of the execution of this letter, Investor, in its sole discretion, may suspend all work, and direct its counsel and agents to suspend all work, regarding the transaction until the Initial Deposit is received.</p>
Timing:	<p>While this document serves to describe some of the business terms of a potential New Markets Tax Credit transaction with the Investor and does not constitute a binding document except as expressly set forth in the first paragraph of this Letter, the proposed Borrower should remain aware that timing is of the essence and Investor will suffer economic damages should the transaction not timely close.</p> <p>This letter will expire if the parties have not closed the transaction by December 15, 2020.</p>
Confidentiality:	<p>Subject to the provisions and requirements of New Hampshire R.S.A. Chapter 91-A, (i) Investor, Project Sponsor and Borrower agree to treat the terms of this letter as confidential and shall not share the terms with any other party without the express written consent of the other parties, except the letter may be shared with each party's counsel and tax advisor and (ii) all information and materials received by Investor, Project Sponsor and Borrower are to be kept confidential, and each party will negotiate in good faith to close the transaction.</p> <p>Notwithstanding the foregoing, the parties hereto shall be permitted to disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure (as defined in Treasury Regulation Section 1.6011-4(c)) of the transaction contemplated by this letter and all materials of any kind (including</p>

	opinions or other tax analyses) relating to such tax treatment and tax structure.
Termination:	<ol style="list-style-type: none">1. Investor may terminate the agreement created by this letter by written notice to Borrower if:<ol style="list-style-type: none">a. Project Sponsor or Borrower fails to comply with any material term or condition of this letter;b. Project Sponsor, Borrower or any of the owners thereof:<ol style="list-style-type: none">i. Applies for or consents to the appointment of a receiver, trustee, or liquidator for it or for any of its property;ii. Admits in writing an inability to pay its debts as they mature;iii. Makes a general assignment for the benefit of creditors;iv. Is adjudicated as bankrupt or insolvent; orv. As a debtor, files or has filed against it petitions in bankruptcy, or petitions seeking reorganization or an arrangement with creditors or to take advantage of any bankruptcy, reorganization, insolvency, readjustment of debt, dissolution or liquidation law or statute;c. Any representation, warranty, statement, certificate, or other information made or furnished to Investor is false or misleading in any material respect as of the date made or furnished;d. There has been a material adverse change in the facts set forth in the underwriting materials or in the financial condition of Project Sponsor, Borrower or any of their respective owners;e. The improvements involved in the Project is destroyed, in whole or in material part, by fire or other casualty, or is condemned or notice of condemnation proceedings are sent to the owner or owners thereof, or is transferred without the prior written consent of Sub-CDE; orf. An action involving Borrower which questions or challenges the validity of the formation of Borrower or the ability of Borrower or Project Sponsor to enter into the transactions contemplated hereby is brought or threatened by any party not related to Investor.2. Upon the termination of the agreement created by this letter by Investor, Borrower and/or Project Sponsor shall, no later than fifteen (15) calendar days after such termination, pay to Investor an amount equal to Investor's legal costs and other fees and expenses in connection with the transaction that exceed the aggregate amount of the Initial Deposit and any

	<p>Additional Deposit actually paid by Borrower and/or Project Sponsor to Investor.</p> <p>3. The parties to this letter agree and acknowledge that the foregoing provisions of this letter shall be the sole and exclusive remedy available to the parties to this letter upon a termination of this letter and that no other damages or remedies (whether at law or equity) shall be available to them.</p>
<p>QALICB and Guarantor Reporting Requirements:</p>	<p>In addition to any reporting requirements of Allocatee and Sub-CDE, Borrower and guarantor(s) will be required to satisfy these reporting requirements throughout the investment term and such requirements will be incorporated in the QLICB Loan Documentation. These reporting requirements will include, at a minimum:</p> <ol style="list-style-type: none">1. Annual GAAP basis financial statements of Borrower and financial statements of Project Sponsor under the governmental accounting standards applicable, including supplemental schedules, within such time periods as required by Investor and MCD2. IRS Tax Return of Borrower within such time periods as required by Investor and MCD.3. Annual delivery of a copy of the Project Sponsor's S&P, Fitch and/or Moody's bond rating report.4. Quarterly financial statements including a balance sheet, income statement, cash flows, and equity statement (if application) of Borrower within such time periods as required by Investor and MCD.5. Upon commencement of operations at the Project, periodic delivery of financial information and reporting as may be required by Investor and MCD regarding operations at the Project from the Project Operator, which may include, without limitation, copies of all reporting information provided by the Project Operator to Project Sponsor under any operating lease or agreement by and between Project Sponsor and Project Operator with respect to the Project.6. Other information reasonably requested by Investor and/or Sub-CDE to evaluate the financial condition and cash flow of Borrower and Project Sponsor. <p>The QLICB Loan Documentation will require Borrower and Project Sponsor to work with Sub-CDE with respect to CDFI Fund reporting requirements, and as such, shall identify whose responsibility it shall be, on an as-needed basis, to gather and provide all data required to comply with CDFI Fund reporting requirements, including compliance, reporting, and transactional level data needed to qualify and maintain Borrower's compliance under CDFI Fund's Awards Management Information System (AMIS).</p>

[Handwritten signature]
2/15/2021

	<p>On an on-going basis, Borrower, Project Sponsor (to the extent permitted by law) and each guarantor shall provide at Investor's and/or Sub-CDE's request: (1) copies of all board and finance committee reports, stat reports, or any reports as requested that could impact Borrower and/or any guarantor, and (2) any other information reasonably necessary.</p>
<p>Representations & Warranties:</p>	<p>Borrower and Project Sponsor will each make usual representations and warranties as of the closing and in connection with each advance including, but not limited to, corporate existence, compliance with laws, enforceability, true title to properties, environmental protection, governmental approval, no pending or threatened material litigation, ERISA compliance, insurance, absence of default, absence of material adverse change, and full disclosure.</p> <p>Borrower, Project Sponsor and each guarantor will also make representations and warranties as of the closing customary to NMTC transactions of similar size and type.</p>
<p>QALICB Indemnifications:</p>	<p>Borrower, Project Sponsor and Fund Lender shall provide an indemnity for the benefit of Investor for the recapture or disallowance of NMTCs, including, without limitation, the recapture of disallowance of NMTCs arising from any of the following:</p> <ul style="list-style-type: none"> (i) Borrower failing or ceasing to be a QALICB; (ii) any portion of the QLICI Loans not constituting a QLICI; (iii) fraud, material misrepresentation, abuse, gross negligence or willful misconduct of Borrower, any other Indemnitor or affiliate thereof; (iv) prepayment of the QLICI Loans (whether voluntary or as a result of foreclosure or similar proceeding, and including any recapture resulting from a subsequent redemption by Sub-CDE of any portion of the QEI, or resulting from the Sub-CDE's failure to maintain substantially all of the QEI invested in QLICIs following such prepayment); (v) the use of QLICI proceeds constituted an inappropriate or abusive use of such proceeds or that such use is inconsistent with the purposes of Section 45D of the Code and the related Treasury Regulations, as provided in Treasury Regulation Section 1.45D-1(g); (vi) the failure of any tenant or subtenant of the Project to be classified as a tenant qualified business; or (vii) an event of default or other action or inaction of Borrower, any other indemnitor or affiliate thereof.
<p>Insurance:</p>	<p>Borrower will be required to maintain builder's risk, property and general liability insurance. Investor and Allocates will review and provide certain minimum insurance requirements that will be attached to the QLICI loan documents and/or other transaction documents.</p>
<p>Basic Conditions to the QLICI Loan Documentation:</p>	<p>Each QLICI described herein is predicated upon the QLICI Loans from Sub-CDE to Borrower qualifying as and remaining a Qualified Low-Income Community Investment as defined under the NMTC program. Borrower will be required to make standard NMTC representations, covenants and certifications, which will be required to be made by Borrower to Sub-CDE at closing and periodically</p>

	throughout the investment term. These representations, covenants and certifications will be incorporated in the transaction documents, and with prior written notice to Borrower from Investment Fund or Sub-CDE, may be changed or amended in the event of newly revised regulations or to the extent reasonably required by Investment Fund's or Sub-CDE's legal counsel.
Additional Closing Conditions:	<p>Investor shall perform such due diligence and legal review of the transactions contemplated herein, including but not limited to the following:</p> <ol style="list-style-type: none"> 1. All organizational documents for all entities involved in these transactions; 2. Standard construction / loan diligence, including without limitation construction contracts, title, survey, final plans and specifications, casualty, builders' risk and liability insurance, environmental reports, flood insurance (if applicable), and lease and management agreements (if applicable); 3. Financial statements on all entities involved in these transactions; 4. Final financial projections, "source and use" statements, etc. prepared by the Accountant; 5. All terms and conditions of all agreements, documents and similar items affecting the financing of the Project; 6. Final executed transaction documents; 7. Evidence of the funding and/or availability of all sources of funds necessary to complete the Project; 8. Executed state law and federal tax opinions as determined by Investor; and 9. All matters deemed reasonably necessary by Investor or Sub-CDE.
FIN 46 Disclaimer:	Any investor, Community Development Entity (a "CDE"), or lender (including any leveraged lender) involved in this transaction will undertake its own independent investigation and financial and accounting evaluation of the transaction and its investment or loan therein, including without limitation the consolidation requirement under FIN 46. No investor, CDE, or lender has sought or relied upon any representations, warranties or statements of any kind made by or on behalf of any other party in this regard.

This is not a commitment or offer to lend or invest, but is instead only a brief description of the proposed terms of the proposed transaction and is intended for discussion purposes only. This letter does not purport to summarize all terms, conditions, representations, warranties and other provisions that may be contained in loan and equity documentation. Except as set forth in the "Transaction Costs", "Deposit", "Timing", "Termination" and "Confidentiality" sections above, neither the proposed terms herein nor any oral understandings relating to an investment or loan are binding and shall not create any obligation on the part of Investor, Project Sponsor, Borrower or any other parties until and unless such terms or understandings have been reduced to a written agreement executed and delivered by, as applicable, Investor, Investment Fund, Borrower, Project Sponsor, Fund Lender and the applicable guarantor(s). The terms of this proposal are for Borrower's, Project Sponsor's and Investor's confidential use and may not be disclosed by it to any other person other than its respective employees, attorneys and financial advisors, and then only in connection with the transaction being discussed and on a confidential basis, except where disclosure is required by law, or where the other party consents to the proposed disclosure. Each party shall bear its own expenses and proceed at its own risk, except as set forth above in the section labeled "Transaction Costs."

WAIVER OF JURY TRIAL. EACH OF INVESTOR, PROJECT SPONSOR AND BORROWER IRREVOCABLY WAIVES ANY AND ALL RIGHTS IT MAY HAVE TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR CLAIM OF ANY NATURE RELATING TO THIS TERM SHEET, ANY DOCUMENTS EXECUTED IN CONNECTION WITH THIS TERM SHEET, OR ANY TRANSACTION CONTEMPLATED IN ANY OF SUCH DOCUMENTS. EACH OF BORROWER, PROJECT SPONSOR AND INVESTOR ACKNOWLEDGES THAT THE FOREGOING WAIVER IS KNOWING AND VOLUNTARY.

Thank you for giving Mascoma Bank the opportunity to present these preliminary terms of the tax credit financing of your project. While these terms are subject to credit approval, we will seek such approval quickly in order to meet your project timeline.

If the terms of this Term Sheet are acceptable to you, we ask that you return to us an executed copy of this Term Sheet by 5:00 p.m. Eastern Time on October 26, 2020 (the "Term Sheet Expiration Date"). Failure to deliver an executed copy of this Term Sheet to Investor by the Term Sheet Expiration Date shall result in the expiration of this Term Sheet and any offer of commitment set forth therein shall become null and void. As stated above, by execution of this Term Sheet, Project Sponsor hereby agrees that it has a binding and enforceable obligation to pay (i) the Deposit and (ii) Transaction Costs in accordance with the terms and provisions of this Term Sheet.

Term Sheet Offered this 25th day of October, 2020 by:

INVESTOR:

MASCOMA BANK,
a benefit corporation organized and existing
under the laws of the State of New Hampshire

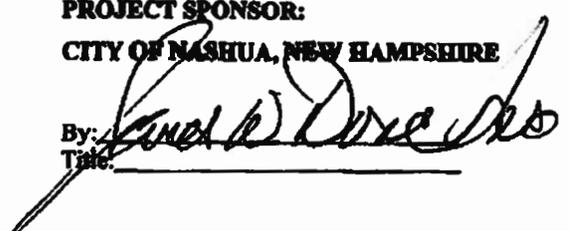
By: 
Title: Senior Vice President

Please indicate your acceptance of the terms above by signing and returning an original copy of this Term Sheet to us prior to the expiration date of the offer.

Accepted this ___ day of October, 2020

PROJECT SPONSOR:

CITY OF NASHUA, NEW HAMPSHIRE

By: 
Title: _____

Nashua Performing Arts Center – NMTC Term Sheet
October 14, 2020

Confidential

Exhibit A

Draft Structure Diagram

[Attached hereto]

The Apollo Performing Arts Center
 20,700,000 LEAFIC Investment
 Thruston Regis - A/B/I

